

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from to

Commission file number: 001-40543

Pop Culture Group Co., Ltd

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

**Room 1207-08, No. 2488 Huandao East Road
Huli District, Xiamen City, Fujian Province
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At the address of the Company set forth above

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Ordinary Shares	CPOP	The Nasdaq Stock Market LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

An aggregate of 3,362,733 Class A ordinary shares, par value \$0.01 per share, 576,308 Class B ordinary shares and 0 Class C ordinary shares, par value \$0.01 per share, as of June 30, 2024.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D 1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP <input checked="" type="checkbox"/>	International Financial Reporting Standards as issued by the International Accounting Standards Board <input type="checkbox"/>	Other <input type="checkbox"/>
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* If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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INTRODUCTION

In this annual report on Form 20-F, unless the context otherwise requires, references to:

- “China” or the “PRC” are to the People’s Republic of China;
- “Class A Ordinary Shares” or “Class A ordinary shares” are to Class A ordinary shares of Pop Culture Group (defined below), par value \$0.01 per share. On October 26, 2023, we effected a 10-to-1 Share Consolidation (as defined below), as a result of which the par value of Class A Ordinary Shares of the Company increased from \$0.001 per share to \$0.01 per share;
- “Class B Ordinary Shares” or “Class B ordinary shares” are to Class B ordinary shares of Pop Culture Group, par value \$0.01 per share. On October 26, 2023, we effected a 10-to-1 Share Consolidation, as a result of which the par value of Class B Ordinary Shares of the Company increased from \$0.001 per share to \$0.01 per share;
- “Class C Ordinary Shares” or “Class C ordinary shares” are to Class C ordinary shares of Pop Culture Group, par value \$0.01 per share. On February 5, 2024, shareholders of the Company held an extraordinary general meeting and approved the creation of a new class of shares, Class C Ordinary Shares. The terms of the Class C ordinary shares are the same as Class A ordinary shares, except that holders of Class C ordinary shares are not entitled to vote;
- “Heliheng” are to Heliheng Culture Co., Ltd., a limited liability company organized under the laws of the PRC, which is wholly owned by Pop Culture HK (defined below);
- “Ordinary Shares” or “ordinary shares” are to are to Class A Ordinary Shares, Class B Ordinary Shares, and Class C Ordinary Shares, as the context requires;
- “PRC operating entities” are to Xiamen Pop Culture (defined below) and its subsidiaries;
- “Pop Culture Group,” “we,” “us,” “our Company,” or the “Company” are to Pop Culture Group Co., Ltd, an exempted company limited by shares incorporated under the laws of Cayman Islands and when describing the group’s consolidated financial information, also includes the Company’s subsidiaries, the VIE, and the VIE’s subsidiaries;
- “Pop Culture HK” are to Pop Culture (HK) Holding Limited, a Hong Kong corporation and wholly owned subsidiary of Pop Culture Group;
- “PRC laws and regulations” are to the laws and regulations of mainland China;
- “Renminbi” or “RMB” are to the legal currency of China;
- “U.S. dollars,” “\$,” and “dollars” are to the legal currency of the United States;
- “VIE” are to variable interest entity;
- “VIE Agreements” are to the contractual arrangements among Heliheng, Xiamen Pop Culture, and the Xiamen Pop Culture Shareholders (defined below);
- “WFOE” are to wholly foreign-owned enterprise;
- “Xiamen Pop Culture” or the “VIE” are to Xiamen Pop Culture Co., Ltd., a limited liability company organized under the laws of the PRC; and
- “Xiamen Pop Culture Shareholders” are to Zhuoqin Huang, Weiye Lin, Rongdi Zhang, Chunxiao Cui, Xiayu Cui, Junlong He, Yu Huang, Azhen Lin, and Wuyang Chen, who collectively hold 100% of the equity interests in Xiamen Pop Culture.

On October 9, 2023, we held an extraordinary meeting of shareholders (the “Meeting”), during which the shareholders approved a proposal to effect a share consolidation of each 10 ordinary shares with par value of \$0.001 each in our issued and unissued share capital into one ordinary share with par value of \$0.01 each (the “Share Consolidation”). The Share Consolidation became effective on October 26, 2023, and the Class A Ordinary Shares began trading on a post-Share Consolidation basis on the Nasdaq Capital Market when the market opened on October 27, 2023 under the same symbol “CPOP” but under a new CUSIP number of G71700 119. No fractional shares were issued in connection with the Share Consolidation. All fractional shares were rounded up to the whole number of shares. Each 10 pre-split ordinary shares outstanding were automatically consolidated to one issued and outstanding ordinary share without any action on the part of the shareholders.

Immediately following the Share Consolidation, the authorized share capital of the Company became \$50,000.00 divided into 4,400,000 Class A Ordinary Shares of par value \$0.01 each and 600,000 Class B Ordinary Shares of par value \$0.01 each.

From a Cayman Islands legal perspective, the Share Consolidation does not have any retroactive effect on our shares prior to the effective date on October 26, 2023. However, references to our ordinary shares in this annual report are stated as having been retroactively adjusted and restated to give effect to the Share Consolidation, as if the Share Consolidation had occurred by the relevant earlier date.

On February 5, 2024, shareholders of the Company held an extraordinary general meeting and approved (1) the increase of the authorized share capital of the Company from \$50,000 divided into 4,400,000 Class A ordinary shares of par value \$0.01 each and 600,000 Class B ordinary shares of par value \$0.01 each, to \$60,000 divided into 5,400,000 Class A ordinary shares of par value \$0.01 each and 600,000 Class B ordinary shares of par value \$0.01 each, and (2) the re-designation and re-classification of 1,000,000 of its authorized but unissued Class A ordinary shares into Class C ordinary shares such that the Company’s authorized share capital is \$60,000 divided into 4,400,000 Class A ordinary shares of par value \$0.01 each, 600,000 Class B ordinary share of par value \$0.01 each, and 1,000,000 Class C ordinary shares of par value \$0.01 each. The terms of the Class C ordinary shares are the same as Class A ordinary shares, except that holders of Class C ordinary shares are not entitled to vote.

On March 26, 2024, shareholders of the Company held an extraordinary general meeting at which (1) holders of Class A ordinary shares passed a special resolution approving the variation of the rights of each class of shares currently issued by the Company in such manner and to such extent such that each holder of Class B ordinary shares shall be entitled to exercise 100 votes for each Class B ordinary share they hold (the “Class B Variation”), (2) all shareholders (voting as one class) passed an ordinary resolution approving the increase of the authorized share capital of the Company from \$60,000 divided into 4,400,000 Class A ordinary shares of par value \$0.01 each, 600,000 Class B ordinary shares of par value \$0.01 each and 1,000,000 Class C ordinary shares of par value \$0.01 each, to \$760,000 divided into 64,400,000 Class A ordinary shares of par value \$0.01 each, 10,600,000 Class B ordinary shares of par value \$0.01 each and 1,000,000 Class C ordinary shares of par value \$0.01 each (the “Share Capital Increase”), and (3) all shareholders (voting as one class) passed a special resolution approving the Company’s adoption of amended and restated memorandum and articles of association reflecting the Class B Variation and Share Capital Increase. The Company separately received written consent from the sole holder of Class B ordinary shares to the Class B variation on January 8, 2024.

This annual report on Form 20-F includes our audited consolidated financial statements for the fiscal years ended June 30, 2024, 2023, and 2022. In this annual report, we refer to assets, obligations, commitments, and liabilities in our consolidated financial statements in United States dollars. These dollar references are based on the exchange rate of RMB to United States dollars, determined as of a specific date or for a specific period. Changes in the exchange rate will affect the amount of our obligations and the value of our assets in terms of United States dollars which may result in an increase or decrease in the amount of our obligations and the value of our assets.

This annual report contains translations of certain RMB amounts into U.S. dollars at specified rates. Unless otherwise stated, the following exchange rates are used in this annual report:

US\$ Exchange Rate	June 30,		
	2024	2023	2022
At the end of the year - RMB	RMB7.2672 to \$1.00	RMB7.2513 to \$1.00	RMB6.6981 to \$1.00
Average rate for the year - RMB	RMB7.2248 to \$1.00	RMB6.9536 to \$1.00	RMB6.4554 to \$1.00

FORWARD-LOOKING INFORMATION

This annual report contains statements that constitute forward-looking statements. Many of the forward-looking statements contained in this annual report can be identified by the use of forward-looking words such as “anticipate,” “believe,” “could,” “expect,” “should,” “plan,” “intend,” “estimate,” and “potential,” among others.

Forward-looking statements appear in a number of places in this annual report and include, but are not limited to, statements regarding our intent, belief or current expectations. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to, those identified under the section entitled “Item 3. Key Information—3.D. Risk Factors” in this annual report. These risks and uncertainties include factors relating to:

- assumptions about our future financial and operating results, including revenue, income, expenditures, cash balances, and other financial items;
- our ability to execute our growth, and expansion, including our ability to meet our goals;
- current and future economic and political conditions;
- our ability to compete in the highly-competitive hip-hop industry;
- our capital requirements and our ability to raise any additional financing that we may require;
- our ability to attract clients and further enhance our brand recognition;
- our ability to hire and retain qualified management personnel and key employees in order to enable us to develop our business;
- trends and competition in the hip-hop industry; and
- other assumptions described in this annual report underlying or relating to any forward-looking statements.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Other sections of this annual report include additional factors that could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. You should read thoroughly this annual report and the documents that we refer to with the understanding that our actual future results may be materially different from, or worse than, what we expect. We qualify all of our forward-looking statements by these cautionary statements.

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

Part I

Item 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable.

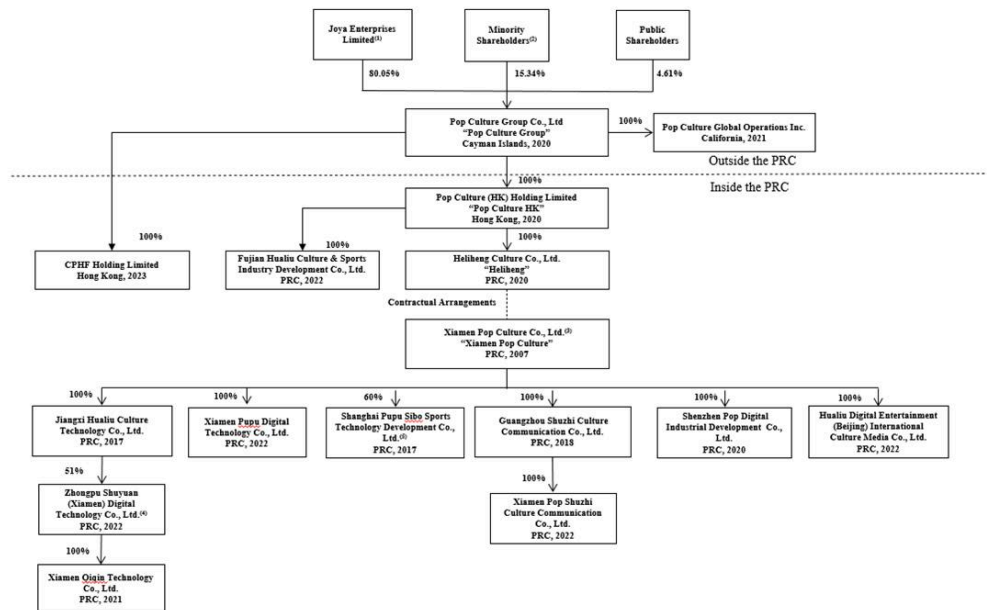
Item 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

Item 3. KEY INFORMATION

We are a holding company incorporated in the Cayman Islands as an exempted company on January 3, 2020 and not a Chinese operating company. As a holding company, we conduct most of our operations through the VIE and its subsidiaries in the PRC. As of the date of this annual report, the Cayman holding company has conducted certain business operations, include contracting with third-party companies for developing metaverse platforms and operating live music concerts of two popular mandarin singers during 2022 to 2025. For accounting purposes, we control and receive the economic benefits of the business operations of the VIE and its subsidiaries through the VIE Agreements, which enables us to consolidate the financial results of the VIE and its subsidiaries in our consolidated financial statements under generally accepted accounting principles in the United States (“U.S. GAAP”), and the structure involves unique risks to investors. Our securities are securities of Pop Culture Group, the offshore holding company in the Cayman Islands, instead of securities of the VIE or its subsidiaries in the PRC. The VIE structure provides contractual exposure to foreign investment in China-based companies where PRC laws and regulations prohibit direct foreign investment in the operating companies. As a result of our use of the VIE structure, investors may never hold equity interests in the VIE or its subsidiaries.

The following diagram illustrates our corporate structure, including our subsidiaries and the VIE and its subsidiaries, as of November 7, 2024:



Notes: All percentages reflect the voting ownership interests instead of the equity interests held by each of our shareholders given that each holder of Class B Ordinary Shares is entitled to 100 votes per one Class B Ordinary Share and each holder of Class A Ordinary Shares is entitled to one vote per one Class A Ordinary Share. Holders of our Class C Ordinary Shares carry no vote. As of the date of this annual report, there is no shareholder holding our Class C Ordinary Shares.

- (1) Represents 57,630,800 votes underlying the 576,308 Class B Ordinary Shares indirectly held by Zhuoqin Huang, the 100% owner of Joya Enterprises Limited, as of the date of this annual report.
- (2) Represents 11,043,337 votes underlying an aggregate of 11,043,337 Class A Ordinary Shares held by 34 shareholders of Pop Culture Group, each one of which holds less than 5% of our voting ownership interests, as of the date of this annual report.
- (3) As of the date of this annual report, Xiamen Pop Culture is held by Zhuoqin Huang as to 61.58%, Weiyi Lin as to 10.02%, Rongdi Zhang as to 9.10%, Chunxiao Cui as to 6.11%, Xiayu Cui as to 6.11%, Junlong He as to 4.42%, Yu Huang as to 2.42%, Azhen Lin as to 0.12%, and Wuyang Chen as to 0.12%, respectively, together holding 100% of the shares.
- (4) Zhongpu Shuyuan (Xiamen) Digital Technology Co., Ltd. is held by Jiangxi Hualiu Culture Technology Co., Ltd. ("Jiangxi Hualiu"), Junpu Jiyuan (Xiamen) Digital Industry Co., Ltd. ("Junpu Jiyuan") and two unrelated parties. Jiangxi Hualiu holds 30% of the equity interests in Junpu Jiyuan.
- (5) Lei Wang, an employee of the Company, holds 40% of the equity interests in Shanghai Pupu Sibo Sports Technology Development Co., Ltd. ("Pupu Sibo").

The VIE Agreements

Neither we nor our subsidiaries own any share in Xiamen Pop Culture or its subsidiaries. Instead, for accounting purposes, we control and receive the economic benefits of the business operations of the VIE and its subsidiaries through the VIE Agreements, which enables us to consolidate the financial results of the VIE and its subsidiaries in our consolidated financial statements under U.S. GAAP. Heliheng, Xiamen Pop Culture, and the Xiamen Pop Culture Shareholders entered into the VIE Agreements on March 30, 2020, which were amended and restated on February 19, 2021. The VIE Agreements are designed to provide Heliheng with the power, rights, and obligations with respect to Xiamen Pop Culture as set forth under the VIE Agreements. We have evaluated the guidance in Financial Accounting Standards Board Accounting Standards Codification 810 and determined that we are regarded as the primary beneficiary of the VIE for accounting purposes, as a result of our direct ownership in Heliheng and the provisions of the VIE Agreements.

Each of the agreements in the VIE Agreements is described in detail below.

Exclusive Services Agreement

Pursuant to the Exclusive Services Agreement between Xiamen Pop Culture and Heliheng, Heliheng provides Xiamen Pop Culture with technical support, intellectual services, and other management services relating to its day-to-day business operations and management, on an exclusive basis, utilizing its advantages in technology, human resources, and information. For services rendered to Xiamen Pop Culture by Heliheng under the Exclusive Services Agreement, Heliheng is entitled to collect a service fee equal to 100% of the net income of Xiamen Pop Culture, which is Xiamen Pop Culture's earnings before tax after deducting relevant costs and reasonable expenses.

The Exclusive Services Agreement became effective on March 30, 2020, was amended and restated on February 19, 2021, and will remain effective unless otherwise terminated as required by laws or regulations, or by relevant governmental or regulatory authorities. Nevertheless, the Exclusive Services Agreement will be terminated after all shares in Xiamen Pop Culture held by the Xiamen Pop Culture Shareholders and/or all the assets of Xiamen Pop Culture have been legally transferred to Heliheng and/or its designee in accordance with the Exclusive Option Agreement.

The Exclusive Services Agreement does not prohibit related party transactions. Our audit committee is required to review and approve in advance any related party transactions, including transactions involving Heliheng or Xiamen Pop Culture.

Share Pledge Agreement

Under the Share Pledge Agreement between Heliheng and the Xiamen Pop Culture Shareholders, together holding 100% of the shares in Xiamen Pop Culture, the Xiamen Pop Culture Shareholders pledged their shares in Xiamen Pop Culture to Heliheng to guarantee the performance of Xiamen Pop Culture's obligations under the Exclusive Services Agreement. Under the terms of the Share Pledge Agreement, in the event that Xiamen Pop Culture or the Xiamen Pop Culture Shareholders breach their respective contractual obligations under the Exclusive Services Agreement, Heliheng, as pledgee, will be entitled to certain rights, including, but not limited to, the right to collect dividends generated by the pledged shares. The Xiamen Pop Culture Shareholders also agreed that upon occurrence of any event of default, as set forth in the Share Pledge Agreement, Heliheng is entitled to dispose of the pledged shares in accordance with applicable PRC laws and regulations. The Xiamen Pop Culture Shareholders further agreed not to dispose of the pledged shares or take any action that would prejudice Heliheng's interest.

The Share Pledge Agreement is effective until the full payment of the service fees under the Exclusive Services Agreement and upon termination of Xiamen Pop Culture's obligations under the Exclusive Services Agreement, or upon the transfer of shares under the Exclusive Option Agreement.

The purposes of the Share Pledge Agreement are to (1) guarantee the performance of Xiamen Pop Culture's obligations under the Exclusive Services Agreement and (2) make sure the Xiamen Pop Culture Shareholders do not transfer or assign the pledged shares, or create or allow any encumbrance that would prejudice Heliheng's interests without Heliheng's prior written consent. In the event Xiamen Pop Culture breaches its contractual obligations under the Exclusive Services Agreement, Heliheng will be entitled to dispose of the pledged shares in accordance with relevant PRC laws and regulations.

As of the date of this annual report, the share pledges under the Share Pledge Agreement have been registered with the competent PRC regulatory authority.

Exclusive Option Agreement

Under the Exclusive Option Agreement, the Xiamen Pop Culture Shareholders, together holding 100% of the shares in Xiamen Pop Culture, irrevocably granted Heliheng (or its designee) an exclusive option to purchase, to the extent permitted under PRC laws and regulations, once or at multiple times, at any time, part or all of their shares in Xiamen Pop Culture. The option price is RMB10 or the minimum amount to the extent permitted under PRC laws and regulations, whichever is lower.

Under the Exclusive Option Agreement, Heliheng may at any time under any circumstances, purchase or have its designee purchase, at its discretion, to the extent permitted under PRC laws and regulations, all or part of the Xiamen Pop Culture Shareholders' shares in Xiamen Pop Culture. The Exclusive Option Agreement, together with the Share Pledge Agreement, the Exclusive Services Agreement, and the Shareholders' Powers of Attorney, enable us to consolidate the financial results of Xiamen Pop Culture and its subsidiaries in our consolidated financial statements under U.S. GAAP.

The Exclusive Option Agreement remains effective until all the equity of Xiamen Pop Culture is legally transferred under the name of Heliheng and/or other entity or individual designated by it, unless terminated earlier by Heliheng with a 30-day prior notice.

Shareholders' Powers of Attorney

Under each of the Powers of Attorney, the Xiamen Pop Culture Shareholders authorized Heliheng to act on their behalf as their exclusive agent and attorney with respect to all rights as shareholders, including but not limited to: (a) attending shareholders' meetings; (b) exercising all the shareholder's rights, including voting, that shareholders are entitled to under PRC laws and regulations and the Articles of Association, including but not limited to the sale or transfer or pledge or disposition of shares in part or in whole; and (c) designating and appointing on behalf of shareholders the legal representative, the executive director, supervisor, the chief executive officer, and other senior management members of Xiamen Pop Culture.

The Powers of Attorney are irrevocable and continuously valid from the date of execution of the Powers of Attorney, so long as the Xiamen Pop Culture Shareholders are shareholders of Xiamen Pop Culture.

Spousal Consents

The spouses of certain of the Xiamen Pop Culture Shareholders agreed, via a spousal consent, to the execution of the “Transaction Documents” including: (a) Exclusive Option Agreement entered into with Heliheng and Xiamen Pop Culture; (b) Share Pledge Agreement entered into with Heliheng; and (c) Powers of Attorney executed by the Xiamen Pop Culture Shareholders, and the disposal of the shares of Xiamen Pop Culture held by the Xiamen Pop Culture Shareholders and registered in their names.

The spouses of certain of the Xiamen Pop Culture Shareholders further undertook not to make any assertions in connection with the shares of Xiamen Pop Culture which are held by the Xiamen Pop Culture Shareholders. The spouses of certain of the Xiamen Pop Culture Shareholders confirmed that the Xiamen Pop Culture Shareholders can perform, amend, or terminate the Transaction Documents without their authorization or consent. They undertook to execute all necessary documents and take all necessary actions to ensure appropriate performance of the agreements.

The spouses of certain of the Xiamen Pop Culture Shareholders also undertook that if they obtain any share of Xiamen Pop Culture which are held by the Xiamen Pop Culture Shareholders for any reasons, they will be bound by the Transaction Documents and comply with the obligations thereunder as shareholders of Xiamen Pop Culture. For this purpose, upon Heliheng’s request, they will sign a series of written documents in substantially the same format and content as the Transaction Documents and Exclusive Services Agreement (as amended from time to time).

Risks Associated with Our Corporate Structure and the VIE Agreements

Because we do not directly hold equity interests in the VIE and its subsidiaries, we are subject to risks and uncertainties of the interpretations and applications of PRC laws and regulations, including but not limited to, regulatory review of overseas listing of companies in the PRC through special purpose vehicles and the validity and enforcement of the VIE Agreements. We are also subject to the risks and uncertainties about any future actions of the PRC government in this regard that could disallow the VIE structure, which would likely result in a material change in the VIE’s operations, and the value of our Class A Ordinary Shares may depreciate significantly or become worthless. See “—D. Risk Factors—Risks Relating to Our Corporate Structure,” “—D. Risk Factors—Risks Relating to Doing Business in the PRC,” and “—D. Risk Factors—Risks Relating to Our Class A Ordinary Shares and the Trading Market.” The VIE Agreements have not been tested in a court of law in the PRC as of the date of this annual report.

The VIE Agreements may not be as effective as direct ownership in providing operational control. For instance, Xiamen Pop Culture and the Xiamen Pop Culture Shareholders could breach the VIE Agreements, by, among other things, failing to conduct their operations in an acceptable manner or taking other actions that are detrimental to our interests. The Xiamen Pop Culture Shareholders may not act in the best interests of our Company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate certain portions of our business through the VIE Agreements. In the event that Xiamen Pop Culture or the Xiamen Pop Culture Shareholders fail to perform their respective obligations under the VIE Agreements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. In addition, even if legal actions are taken to enforce such arrangements, there is uncertainty as to whether the courts of the PRC would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the U.S. or any state. See “—D. Risk Factors—Risks Relating to Our Corporate Structure—If the PRC government determines that the VIE Agreements do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations,” “—D. Risk Factors—Risks Relating to Doing Business in the PRC—Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protection available to you and us,” “—D. Risk Factors—Risks Relating to Our Corporate Structure—The VIE Agreements may not be effective in providing control over Xiamen Pop Culture,” and “—D. Risk Factors—Risks Relating to Our Corporate Structure—The VIE Agreements are governed by the laws of the PRC and we may have difficulty in enforcing any rights we may have under the VIE Agreements.”

Risks Associated with being based in the PRC

We are subject to certain legal and operational risks associated with being based in the PRC, which could result in a material change in the PRC operating entities' operations and/or the value of our securities, or could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. PRC laws and regulations governing our current business operations are sometimes vague and uncertain. Recently, the PRC government adopted a series of regulatory actions and issued statements to regulate business operations in the PRC with little advance notice, including cracking down on illegal activities in the securities market, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement. For example, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the *Opinions on Severely Cracking Down on Illegal Securities Activities According to Law*, or the Opinions, which were made available to the public on July 6, 2021. The Opinions emphasized the need to strengthen the administration over illegal securities activities and the need to strengthen the supervision over overseas listings by Chinese companies. On December 28, 2021, the Cyberspace Administration of China, together with 12 other governmental departments of the PRC, jointly promulgated the *Measures for Cybersecurity Review (2021 version)* (the "Cybersecurity Review Measures"), which became effective on February 15, 2022. The Cybersecurity Review Measures requires that an online platform operator which possesses the personal information of at least one million users must apply for a cybersecurity review by the Cyberspace Administration of China, or the "CAC," if it intends to be listed in foreign countries. In addition, if a critical information infrastructure operator ("CIIO") purchases Internet products and services that affect or may affect national security, it should be subject to cybersecurity review by the CAC. In addition, on March 22, 2024, the CAC issued the Provisions on Promoting and Standardizing Cross-Border Data Flows, which set forth the circumstances exempted from performing the security assessment or filing procedures for cross-border data transfer and further clarify the thresholds and scenarios for data processors to go through these procedures as stipulated under the aforementioned measures. As of the date of this annual report, we, our subsidiaries, and the PRC operating entities have not been involved in any investigations on cybersecurity review initiated by any PRC regulatory authority, nor has any of them received any inquiry, notice, or sanction. As confirmed by our PRC counsel, AllBright Law Offices (Xiamen) ("AllBright"), as of the date of this annual report, we are not subject to cybersecurity review with the CAC, under the Cybersecurity Review Measures, or national security review under the Security Administration, as illustrated below, or any other security assessment or filing procedures for cross-border data transfer, since (i) as companies that host entertainment events, operate hip-hop related online programs, and provide event planning and execution services and brand promotion services to corporate clients, we and the PRC operating entities are unlikely to be classified as CIIOs by the PRC regulatory agencies; (ii) we and the PRC operating entities currently possess personal information of a relatively small number of users in their business operations, significantly less than the one million user threshold set for a data processing operator applying for listing on a foreign exchange that may be required to pass such cybersecurity review, and they do not anticipate that they will be collecting over one million users' personal information in the foreseeable future; (iii) we and the PRC operating entities do not conduct cross-border transfer of any sensitive personal information or more than one hundred thousand user's personal information during our business operations, and (iv) since we and the PRC operating entities are in the hip-hop industry, data processed in their business is unlikely to have a bearing on national security and therefore is unlikely to be classified as core or important data by the authorities. There remains uncertainty, however, as to how the Cybersecurity Review Measures and the Security Administration will be interpreted or implemented and whether the PRC regulatory agencies, including the CAC, may adopt new laws, regulations, rules, or detailed implementation and interpretation related to the Cybersecurity Review Measures and the Security Administration. See "—D. Risk Factors—Risks Relating to Doing Business in the PRC—Recent greater oversight by the Cyberspace Administration of China over data security, particularly for companies seeking to list on a foreign exchange, could adversely impact our business and our offering."

On February 17, 2023, the China Securities Regulatory Commission (the “CSRC”) promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the “Trial Measures”) and five supporting guidelines, which came into effect on March 31, 2023. As our registration statement on Form F-1 in connection with our initial public offering was declared effective on June 29, 2021 and we completed our initial public offering and listing on July 2, 2021, we are currently not required to complete the filing procedures pursuant to the Trial Measures. However, in the event that we undertake new offerings or fundraising activities in the future, we may be required to complete the filing procedures. In connection with the Acquisition of Yi Caishen (as defined below in “Item 4. Information on the Company—A. History and Development of the Company”) and the August 2024 PIPE, we are required to complete the filing procedures. According to the Trial Measures, those Chinese companies failing to complete filing procedures may receive a warning from CSRC and be required to rectify the situation, accompanied by a fine ranging from RMB1 million to RMB10 million. The person in charge may receive a warning and be imposed by a fine between RMB500 thousand and RMB5 million. If the controlling shareholder or actual controller of such companies orchestrates or instructs the commission of non-compliance with filing procedures, they will be fined between RMB1 million and RMB10 million. If a securities company or securities service provider fails to perform its duty to urge companies to comply with filing procedures as required by the Trial Measures, it may be warned and face a fine ranging from RMB500 thousand to RMB5 million. The responsible managers and other directly liable personnel may receive a warning and be fined between RMB200 thousand and RMB2 million. As of the date of this annual report, we have not completed the filing procedures for the above transactions nor received any related warnings or fines. Other than the foregoing, as of the date of this annual report, according to AllBright, our PRC legal counsel, no relevant PRC laws or regulations in effect require that we obtain permission from any PRC authorities to issue securities to foreign investors, and we have not received any inquiry, notice, warning, sanction, or any regulatory objection to our offerings from the CSRC, the CAC, or any other PRC authorities that have jurisdiction over our operations. The Standing Committee of the National People’s Congress (the “SCNPC”) or PRC regulatory authorities may in the future promulgate additional laws, regulations, or implementing rules that require us, our subsidiaries, the VIE, and/or the VIE’s subsidiaries to obtain regulatory approval from Chinese authorities for our continued listing in the U.S. If we do not receive or maintain such approval, or inadvertently conclude that such approval is not required, or applicable laws, regulations, or interpretations change such that we are required to obtain approval in the future, we may be subject to an investigation by competent regulators, fines or penalties, or an order prohibiting us from conducting a subsequent offering, and these risks could result in a material adverse change in our operations and the value of our Class A Ordinary Shares, significantly limit or completely hinder our ability to offer or continue to offer securities to investors, or cause such securities to significantly decline in value or become worthless. See “—D. Risk Factors—Risks Relating to Doing Business in the PRC—The Chinese government may exert more oversight and control over overseas public offerings conducted by China-based issuers, which could significantly limit or completely hinder our ability to offer or continue to offer our securities to investors and could cause the value of our securities to significantly decline or become worthless.”

Since 2021, the Chinese government has strengthened its anti-monopoly supervision, mainly in three aspects: (i) establishing the National Anti-Monopoly Bureau; (ii) revising and promulgating anti-monopoly laws and regulations, including: the Anti-Monopoly Law of the PRC (amended on June 24, 2022 and effective on August 1, 2022), the anti-monopoly guidelines for various industries, and the Detailed Rules for the Implementation of the Fair Competition Review System; and (iii) expanding the anti-monopoly law enforcement targeting Internet companies and large enterprises. As of the date of this annual report, the Chinese government’s recent statements and regulatory actions related to anti-monopoly concerns have not impacted our or the PRC operating entities’ ability to conduct business, our ability to accept foreign investments or issue our securities to foreign investors because neither we and our subsidiaries, nor the PRC operating entities engage in monopolistic behaviors that are subject to these statements or regulatory actions.

Permissions Required from PRC Authorities

As of the date of this annual report, we, our PRC subsidiaries, and the PRC operating entities, (i) are not covered by additional permissions or approval requirements from any governmental agency that is required to approve the PRC operating entities’ operations, (ii) have received from PRC authorities all requisite licenses, permissions, and approvals needed to engage in the businesses currently conducted in the PRC, and (iii) no such permission or approval has been denied. These licenses, permissions, and approvals, which have been successfully obtained, are: (i) business licenses; (ii) the Electronic Data Interchange (“EDI”) and Internet Content Provider (“ICP”) Licenses; (iii) the Commercial Performance License; and (iv) the filing-for-record procedures before engaging in non-commercial Internet content service operations.

As advised by our PRC counsel, AllBright, as of the date of this annual report, our Company, our subsidiaries, and the PRC operating entities, (i) are not required to obtain additional permissions or approvals to operate their current business, (ii) are not required to obtain permission from the CSRC, the CAC, or any other Chinese authorities to maintain our listing status on U.S. exchange based on PRC laws and regulations currently in effect, and (iii) have not received or were denied such permission by any Chinese authorities. However, we cannot assure you that the PRC regulatory agencies, including the CAC or the CSRC, would take the same view as we do, and there is no assurance that our PRC subsidiaries and the PRC operating entities are always able to successfully update or renew the licenses or permits required for the relevant business in a timely manner or that these licenses or permits are sufficient to conduct all of their present or future business. If our PRC subsidiaries or the PRC operating entities (i) do not receive or maintain required permissions or approvals, (ii) inadvertently conclude that such permissions or approvals are not required, or (iii) applicable laws, regulations, or interpretations change and our PRC subsidiaries and the PRC operating entities are required to obtain such permissions or approvals in the future, they could be subject to fines, legal sanctions, or an order to suspend their relevant services, which may materially and adversely affect our financial condition and results of operations and cause our securities to significantly decline in value or become worthless.

Recently, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the Opinions, which were made available to the public on July 6, 2021. The Opinions emphasized the need to strengthen the administration over illegal securities activities and the need to strengthen the supervision over overseas listings by Chinese companies. See “—D. Risk Factors—Risks Relating to Doing Business in the PRC—The Chinese government may exert more oversight and control over overseas public offerings conducted by China-based issuers, which could significantly limit or completely hinder our ability to offer or continue to offer our securities to investors and could cause the value of our securities to significantly decline or become worthless.”

According to the Notice on the Administrative Arrangements for the Filing of the Overseas Securities Offering and Listing by Domestic Companies from the CSRC, or “the CSRC Notice,” the domestic companies that have already been listed overseas before the effective date of the Trial Measures (namely, March 31, 2023) shall be deemed as existing issuers (the “Existing Issuers”). Existing Issuers are not required to complete the filing procedures immediately, and they shall be required to file with the CSRC for any subsequent offerings. Further, according to the CSRC Notice, domestic companies that have obtained approval from overseas regulatory authorities or securities exchanges (for example, the effectiveness of a registration statement for offering and listing in the U.S. has been obtained) for their indirect overseas offering and listing prior to March 31, 2023 but have not yet completed their indirect overseas issuance and listing, are granted a six-month transition period from March 31, 2023 to September 30, 2023. Those that complete their indirect overseas offering and listing within such six-month period are deemed as Existing Issuers and are not required to file with the CSRC for their indirect overseas offerings and listings. Within such six-month transition period, however, if such domestic companies fail to complete their indirect overseas issuance and listing, they shall complete the filing procedures with the CSRC.

Based on the foregoing, as our registration statement on Form F-1 in connection with our initial public offering was declared effective on June 29, 2021 and we completed our initial public offering and listing on July 2, 2021, we are currently not required to complete the filing procedures pursuant to the Trial Measures. However, in the event that we undertake new offerings or fundraising activities in the future, we may be required to complete the filing procedures. In connection with the Acquisition of Yi Caishen and the August 2024 PIPE, we are required to complete the filing procedures. According to the Trial Measures, those Chinese companies failing to complete filing procedures may receive a warning from CSRC and be required to rectify the situation, accompanied by a fine ranging from RMB1 million to RMB10 million. The person in charge may receive a warning and be imposed by a fine between RMB500 thousand and RMB5 million. If the controlling shareholder or actual controller of such companies orchestrates or instructs the commission of non-compliance with filing procedures, they will be fined between RMB1 million and RMB10 million. If a securities company or securities service provider fails to perform its duty to urge companies to comply with filing procedures as required by the Trial Measures, it may be warned and face a fine ranging from RMB500 thousand to RMB5 million. The responsible managers and other directly liable personnel may receive a warning and be fined between RMB200 thousand and RMB2 million. As of the date of this annual report, we have not completed the filing procedures for the above transactions nor received any related warnings or fines.

On February 24, 2023, the CSRC, together with the MOF, National Administration of State Secrets Protection and National Archives Administration of China, revised the Provisions on Strengthening Confidentiality and Archives Administration for Overseas Securities Offering and Listing, which were issued by the CSRC and National Administration of State Secrets Protection and National Archives Administration of China in 2009, or the “Provisions.” The revised Provisions were issued under the title the “Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies,” and came into effect on March 31, 2023 together with the Trial Measures. One of the major revisions to the revised Provisions is expanding their application to cover indirect overseas offering and listing, as is consistent with the Trial Measures. The revised Provisions require that, among other things, (a) a domestic company that plans to, either directly or indirectly through its overseas listed entity, publicly disclose or provide to relevant individuals or entities, including securities companies, securities service providers, and overseas regulators, any documents and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level; and (b) a domestic company that plans to, either directly or indirectly through its overseas listed entity, publicly disclose or provide to relevant individuals and entities, including securities companies, securities service providers, and overseas regulators, any other documents and materials that, if leaked, will be detrimental to national security or public interest, shall strictly fulfill relevant procedures stipulated by applicable national regulations. Any failure or perceived failure by our Company, our subsidiaries, the VIE, or the VIE’s subsidiaries to comply with the above confidentiality and archives administration requirements under the revised Provisions and other PRC laws and regulations may result in the relevant entities being held legally liable by competent authorities, and referred to the judicial organ to be investigated for criminal liability if suspected of committing a crime.

As there are still uncertainties regarding the interpretation and implementation of such regulatory guidance, we cannot assure you that we will be able to comply with new regulatory requirements relating to our future overseas capital-raising activities and we may become subject to more stringent requirements with respect to matters such as cross-border investigation, data privacy, and enforcement of legal claims. See “—D. Risk Factors—Risks Relating to Doing Business in the PRC—The Opinions, the Trial Measures, and the revised Provisions recently issued by the PRC authorities may subject us to additional compliance requirements in the future.”

Other than the foregoing, as of the date of this annual report, we are not aware of any other PRC laws or regulations in effect requiring that we obtain permission or approval from any PRC authorities for our subsidiaries or the PRC operating entities' operations and to issue securities to foreign investors, and we have not received any inquiry, notice, warning, sanction, or any regulatory objection to our offerings from the CSRC, the CAC, or any other PRC authorities that have jurisdiction over our operations.

In addition, our securities may be prohibited from trading on a national exchange or over-the-counter under the Holding Foreign Companies Accountable Act, as amended by the Consolidated Appropriations Act (as defined below), if the Public Company Accounting Oversight Board (United States), or the "PCAOB," is unable to inspect our auditor for two consecutive years. Our auditor, WWC, P.C., is an independent registered public accounting firm with the PCAOB, and as an auditor of publicly traded companies in the U.S., is subject to laws in the U.S., pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. The PCAOB currently has access to inspect the working papers of our auditor and our auditor is not subject to the determinations announced by the PCAOB on December 16, 2021. If trading in our Class A Ordinary Shares is prohibited under the Holding Foreign Companies Accountable Act in the future because the PCAOB determines that it cannot inspect or fully investigate our auditor at such future time, Nasdaq may determine to delist our Class A Ordinary Shares. On June 22, 2021, the U.S. Senate passed the Accelerating Holding Foreign Companies Accountable Act, and on December 29, 2022, legislation entitled "Consolidated Appropriations Act, 2023" (the "Consolidated Appropriations Act") was signed into law by President Biden, which contained, among other things, an identical provision to the Accelerating Holding Foreign Companies Accountable Act and amended the Holding Foreign Companies Accountable Act by requiring the U.S. Securities and Exchange Commission (the "SEC") to prohibit an issuer's securities from trading on any U.S. stock exchanges if its auditor is not subject to PCAOB inspections for two consecutive years instead of three, thus reducing the time period for triggering the prohibition on trading. On August 26, 2022, the CSRC, the Ministry of Finance of the PRC (the "MOF"), and the PCAOB signed a Statement of Protocol (the "Protocol") governing inspections and investigations of audit firms based in mainland China and Hong Kong, taking the first step toward opening access for the PCAOB to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong. Pursuant to the fact sheet with respect to the Protocol disclosed by the SEC, the PCAOB shall have independent discretion to select any issuer audits for inspection or investigation and has the unfettered ability to transfer information to the SEC. On December 15, 2022, the PCAOB Board determined that the PCAOB was able to secure complete access to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong and voted to vacate its previous determinations to the contrary. However, should PRC authorities obstruct or otherwise fail to facilitate the PCAOB's access in the future, the PCAOB Board will consider the need to issue a new determination. See "—D. Risk Factors—Risks Relating to Doing Business in the PRC—Joint statement by the SEC and the PCAOB, rule changes by Nasdaq, and the Holding Foreign Companies Accountable Act all call for additional and more stringent criteria to be applied to emerging market companies upon assessing the qualification of their auditors, especially the non-U.S. auditors who are not inspected by the PCAOB. These developments could add uncertainties to our continued listing or future offerings of our securities in the U.S."

Asset Transfers Between Our Company, Our Subsidiaries, and the VIE

As of the date of this annual report, our Company, our subsidiaries, and the VIE have not distributed any earnings or settled any amounts owed under the VIE Agreements. Our Company, our subsidiaries, and the VIE do not have any plan to distribute earnings or settle amounts owed under the VIE Agreements in the foreseeable future.

The Company's management is directly supervising cash management. Our finance department is responsible for establishing the cash management policies and procedures among our subsidiaries and departments and the PRC operating entities. Each subsidiary, department, or PRC operating entity initiates a cash request by putting forward a cash demand plan, which explains the specific amount and timing of cash requested, and submitting it to designated management members of the Company, based on the amount and the use of cash requested. The designated management member examines and approves the allocation of cash based on the sources of cash and the priorities of the needs, and submit it to the cashier specialists of our finance department for a second review. Other than the above, we currently do not have other cash management policies or procedures that dictate how funds are transferred.

During the fiscal years ended June 30, 2024, 2023, and 2022, cash transfers and transfers of other assets between our Company, our subsidiaries, and the VIE were as follows: in July 2021, Pop Culture Group transferred approximately \$7,081,000 of the net proceeds from our initial public offering to Pop Culture HK, which in turn transferred approximately \$7,050,000 to Heliheng; and in May and June 2022, Pop Culture Group transferred approximately \$3,019,000 to Pop Culture HK, which in turn transferred approximately \$3,008,400 to Heliheng; and in September 2022 and January 2023, Pop Culture Group transferred approximately \$3,807,000 to Pop Culture HK. In September 2022, October 2022, November 2022, December 2022, February 2023, and April 2023, Heliheng transferred approximately \$1,766,000 to Xiamen Pop Culture. During the fiscal year ended June 30, 2024, Pop Culture Group transferred \$703,000 to Pop Culture HK and Pop Culture HK transferred \$900,000 to Pop Culture Group. During the fiscal year ended June 30, 2024, Xiamen Pop Culture transferred RMB4,972,000 (approximately \$684,170) to Heliheng, and Heliheng transferred RMB10,220,000 (approximately \$1,415,572) to Xiamen Pop Culture.

Dividends or Distributions Made to Our Company and U.S. Investors and Tax Consequences

As of the date of this annual report, none of our subsidiaries or the VIE have made any dividends or distributions to our Company and our Company has not made any dividends or distributions to our shareholders. We intend to keep any future earnings to finance the expansion of our business, and we do not anticipate that any cash dividends will be paid in the foreseeable future. Subject to the passive foreign investment company (“PFIC”) rules, the gross amount of distributions we make to investors with respect to our securities (including the amount of any taxes withheld therefrom) will be taxable as a dividend, to the extent that the distribution is paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles.

Under Cayman Islands law, a Cayman Islands company may pay a dividend on its shares out of either profit or share premium amount, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts due in the ordinary course of business.

Cash is transferred among our Company, our subsidiaries, and the VIE, in the following manners: (i) funds are transferred to Heliheng, our WFOE, from our Company as needed through Pop Culture HK, our Hong Kong subsidiary, in the form of capital contributions or shareholder loans, as the case may be; (ii) funds may be paid by the VIE to Heliheng, as service fees according to the VIE Agreements; (iii) dividends or other distributions may be paid by Heliheng, to our Company through Pop Culture HK; and (iv) Heliheng and the VIE, lend to and borrow from each other from time to time for business operation purposes.

Relevant PRC laws and regulations permit the companies in the PRC to pay dividends only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Additionally, each of the companies in the PRC are required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. The companies in the PRC are also required to further set aside a portion of their after-tax profits to fund the employee welfare fund, although the amount to be set aside, if any, is determined at their discretion. These reserves are not distributable as cash dividends. Furthermore, in order for us to pay dividends to our shareholders, we will rely on payments made from Xiamen Pop Culture to Heliheng, pursuant to the VIE Agreements, and the distribution of such payments to Pop Culture HK as dividends from Heliheng, and then to our Company. If our PRC subsidiaries and the PRC operating entities incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us.

Our cash dividends, if any, will be paid in U.S. dollars. If we are considered a tax resident enterprise of the PRC for tax purposes, any dividends we pay to our overseas shareholders may be regarded as PRC-sourced income and as a result may be subject to PRC withholding tax. See “—D. Risk Factors—Risks Relating to Doing Business in the PRC—Under the PRC Enterprise Income Tax Law, we may be classified as a PRC ‘resident enterprise’ for PRC enterprise income tax purposes. Such classification would likely result in unfavorable tax consequences to us and our non-PRC shareholders and have a material adverse effect on our results of operations and the value of your investment.”

The PRC government also imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. The majority of our and the PRC operating entities’ income is received in Renminbi and shortages in foreign currencies may restrict our ability to pay dividends or other payments, or otherwise satisfy our foreign currency denominated obligations, if any. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange as long as certain procedural requirements are met. Approval from appropriate government authorities is required if Renminbi is converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may, at its discretion, impose restrictions on access to foreign currencies for current account transactions and if this occurs in the future, we may not be able to pay dividends in foreign currencies to our shareholders.

Any limitation on the ability of our PRC subsidiaries and the PRC operating entities to distribute dividends or other payments to their respective shareholders could materially and adversely limit our ability to conduct operations, make investments, engage in acquisitions, or undertake other activities requiring working capital. However, our operations and business, including investment and/or acquisitions by our PRC subsidiaries and the PRC operating entities within the PRC, will not be affected as long as the capital is not transferred in or out of the PRC.

Selected Condensed Consolidating Financial Schedule

As a holding company, we conduct most of our operations through our subsidiaries and the VIE and its subsidiaries in the PRC. As of the date of this annual report, the operations conducted by us, the Cayman holding company, include contracting third-party companies for developing metaverse platforms and operating live music concerts of two popular mandarin singers during 2022 to 2025. Our subsidiaries and the VIE and its subsidiaries as of the date of this annual report are described below:

Name of Entity	Date of Incorporation/ Acquisition	Place of Incorporation/ Acquisition	Effective Interest Held Through Equity Ownership/ Contractual Arrangements	Principal Activities
Pop Culture Group	January 3, 2020	Cayman Islands	100%	Parent Holding
Subsidiaries				
Pop Culture HK	January 20, 2020	Hong Kong	100%	Investment holding
Heliheng	March 13, 2020	PRC	100%	WFOE, consultancy and information technology support
Pop Culture Global Operations Inc. ("Pop Culture Global")	December 3, 2021	California	100%	Overseas hip-hop resource integration and business development
CPHF Holding Limited	December 21, 2023	Hong Kong	100%	Digital collection and digital currency
Fujian Hualiu Culture & Sports Industry Development Co., Ltd. ("Fujian Hualiu")	July 21, 2022	PRC	100%	Holding sports performance activities
VIE				
Xiamen Pop Culture	March 29, 2007	PRC	VIE	Event planning, execution, and hosting
VIE's subsidiaries				
Pupu Sibo	March 30, 2017	PRC	60% owned by the VIE	Event planning and execution
Jiangxi Hualiu	June 6, 2017	PRC	100% owned by the VIE	Marketing
Guangzhou Shuzhi Culture Communication Co., Ltd. ("Guangzhou Shuzhi")	December 19, 2018	PRC	100% owned by the VIE	Event planning and execution
Shenzhen Pop Digital Industry Development Co., Ltd. ("Shenzhen Pop")	January 17, 2020	PRC	100% owned by the VIE	Event planning and execution
Xiamen Pupu Digital Technology Co., Ltd. ("Pupu Digital")	June 20, 2022	PRC	100% owned by the VIE	Cultural technology
Hualiu Digital Entertainment (Beijing) International Culture Media Co., Ltd. ("Hualiu Digital")	April 14, 2022	PRC	100% owned by the VIE	Acting broker and self-branding development
Zhongpu Shuyuan (Xiamen) Digital Technology Co., Ltd. ("Zhongpu Shuyuan")	March 30, 2022	PRC	54% owned by the VIE *	Digital collection and Metaverse
Xiamen Qiqin Technology Co., Ltd. ("Xiamen Qiqin")	October 18, 2021	PRC	54% owned by the VIE	IPC License
Xiamen Pop Shuzhi Culture Communication Co., Ltd. ("Pop Shuzhi")	May 16, 2022	PRC	100% owned by the VIE	Online and offline advertising marketing and exhibitions

* Zhongpu Shuyuan is 51% owned by Jiangxi Hualiu and 10% owned by Junpu Jiyuan. Junpu Jiyuan is 30% owned by Jiangxi Hualiu.

The following tables present selected condensed consolidated financial data of Pop Culture Group and its subsidiaries and the VIE and its subsidiaries for the fiscal years ended June 30, 2024, 2023, and 2022, and balance sheet data as of June 30, 2024 and 2023.

SELECTED CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (LOSS)

For the Fiscal Year Ended June 30, 2024					
	Pop Culture Group	Subsidiaries	VIE and its Subsidiaries	Eliminations	Consolidated Total
Revenue	\$ 150,000	\$ 60,066	\$ 47,171,852	\$ -	\$ 47,381,918
Cost of revenue	\$ 139,414	\$ 897	\$ 44,360,887	\$ -	\$ 44,501,198
Gross profit	\$ 10,586	\$ 59,169	\$ 2,810,965	\$ -	\$ 2,880,720
Net income	\$ (6,277,109)	\$ (379,370)	\$ (5,975,636)	\$ -	\$ (12,632,115)
Comprehensive income	\$ (6,277,109)	\$ (396,456)	\$ (5,939,998)	\$ (82,236)	\$ (12,695,799)

For the Fiscal Year Ended June 30, 2023					
	Pop Culture Group	Subsidiaries	VIE and its Subsidiaries	Eliminations	Consolidated Total
Revenue	\$ 257,169	\$ -	\$ 18,286,074	\$ -	\$ 18,543,243
Cost of revenue	\$ 150,000	\$ 312,198	\$ 21,743,860	\$ -	\$ 22,206,058
Gross profit	\$ 107,169	\$ (312,198)	\$ (3,457,786)	\$ -	\$ (3,662,815)
Net income	\$ (25,257,696)	\$ (1,273,299)	\$ (14,053,844)	\$ 15,327,143	\$ (25,257,696)
Comprehensive income	\$ (25,257,696)	\$ (2,065,384)	\$ (14,936,399)	\$ 15,327,143	\$ (26,932,336)

For the Fiscal Year Ended June 30, 2022					
	Pop Culture Group	Subsidiaries	VIE and its Subsidiaries	Eliminations	Consolidated Total
Revenue	\$ -	\$ 7,520,431	\$ 24,761,112	\$ -	\$ 32,281,543
Cost of revenue	\$ -	\$ 6,542,201	\$ 19,493,810	\$ -	\$ 26,036,011
Gross profit	\$ -	\$ 978,230	\$ 5,267,302	\$ -	\$ 6,245,532
Net income	\$ (1,583,761)	\$ 389,137	\$ 1,882,512	\$ -	\$ 687,888
Comprehensive income	\$ (1,583,761)	\$ 124,256	\$ 1,273,590	\$ -	\$ (185,915)

SELECTED CONDENSED CONSOLIDATED BALANCE SHEETS

As of June 30, 2024					
	Pop Culture Group	Subsidiaries	VIE and its Subsidiaries	Eliminations	Consolidated Total
Cash	\$ 10,711	\$ 25,390	\$ 194,462	\$ -	\$ 230,563
Receivable from the VIE	\$ 4,408,299	\$ -	\$ -	\$ (4,408,299)	\$ -
Total current assets	\$ 8,969,510	\$ 11,212,627	\$ 54,695,177	\$ (33,213,926)	\$ 40,932,053
Investments in subsidiaries and the VIE	\$ 6,372,217	\$ -	\$ -	\$ (6,372,217)	\$ -
Total assets	\$ 15,341,727	\$ 21,870,052	\$ 55,345,910	\$ (50,322,932)	\$ 42,234,757
Total liabilities	\$ 32,795	\$ 2,768,155	\$ 57,307,054	\$ (33,198,421)	\$ 26,909,583
Total shareholders' equity	\$ 15,308,932	\$ 19,101,897	\$ (1,961,144)	\$ (17,124,511)	\$ 15,325,174
Total liabilities and shareholders' equity	\$ 15,341,727	\$ 21,870,052	\$ 55,345,910	\$ (50,322,932)	\$ 42,234,757

As of June 30, 2023

	Pop Culture Group	Subsidiaries	VIE and its Subsidiaries	Eliminations	Consolidated Total
Cash	\$ 1,095,007	\$ 955,375	\$ 700,928	\$ -	\$ 2,751,309
Receivable from the VIE	\$ -	\$ 8,403,898	\$ -	\$ (8,403,898)	\$ -
Total current assets	\$ 7,882,234	\$ 17,570,698	\$ 15,204,680	\$ (8,403,898)	\$ 32,253,714
Investments in subsidiaries and the VIE	\$ 2,564,498	\$ -	\$ -	\$ (2,564,498)	\$ -
Total assets	\$ 26,209,748	\$ 7,028,174	\$ 16,775,802	\$ (10,968,396)	\$ 39,045,328
Total liabilities	\$ 31,600	\$ 498,970	\$ 12,336,610	\$ -	\$ 12,867,180
Total shareholders' equity	\$ 26,178,148	\$ 6,529,204	\$ 4,439,192	\$ (10,968,396)	\$ 26,178,148
Total liabilities and shareholders' equity	\$ 26,209,748	\$ 7,028,174	\$ 16,775,802	\$ (10,968,396)	\$ 39,045,328

SELECTED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Fiscal Year Ended June 30, 2024

	Pop Culture Group	Subsidiaries	VIE and its Subsidiaries	Eliminations	Consolidated Total
Net cash used in operating activities	\$ (3,384,519)	\$ 2,334,157	\$ (4,106,484)	\$ -	\$ (5,156,846)
Net used in investing activities	\$ -	\$ (539,915)	\$ (132,899)	\$ -	\$ (672,814)
Net cash used in (provided by) financing activities	\$ 2,300,223	\$ (2,658,102)	\$ 3,731,488	\$ -	\$ 3,373,609

For the Fiscal Year Ended June 30, 2023

	Pop Culture Group	Subsidiaries	VIE and its Subsidiaries	Eliminations	Consolidated Total
Net cash used in operating activities	\$ (3,390,075)	\$ 100,151	\$ (2,672,557)	\$ -	\$ (5,962,481)
Net used in investing activities	\$ (4,600,000)	\$ (885,824)	\$ (680,272)	\$ -	\$ (6,166,096)
Net cash used in (provided by) financing activities	\$ -	\$ -	\$ 683,277	\$ -	\$ 683,277

For the Fiscal Year Ended June 30, 2022

	Pop Culture Group	Subsidiaries	VIE and its Subsidiaries	Eliminations	Consolidated Total
Net cash used in operating activities	\$ (7,365,529)	\$ (8,376,329)	\$ 4,365,662	\$ -	\$ (11,376,196)
Net used in investing activities	\$ (18,302,281)	\$ 10,100,049	\$ (589,351)	\$ -	\$ (8,791,583)
Net cash used in (provided by) financing activities	\$ 34,748,634	\$ (10,327)	\$ (1,679,374)	\$ -	\$ 33,058,932

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Risks Relating to Our Corporate Structure

Our corporate structure, in particular the VIE Agreements, is subject to significant risks, as set forth in the following risk factors.

If the PRC government determines that the VIE Agreements do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership of Internet content services and radio and television program production and distribution business is prohibited under current PRC laws and regulations. See “Item 4. Information on the Company—B. Business Overview—Regulations.” Accordingly, we currently operate our radio and television program production and distribution business through Xiamen Pop Culture, a VIE, pursuant to the VIE Agreements. For a description of the VIE Agreements, see “Item 4. Information on the Company—A. History and Development of the Company—The VIE Agreements.”

According to our PRC counsel, AllBright, based on its understandings of the relevant PRC laws and regulations, (i) the ownership structure of Xiamen Pop Culture and Heliheng is currently not in violation of applicable PRC laws and regulations currently in effect; and (ii) each of the VIE Agreements is legal, valid, binding, and enforceable in accordance with its terms and applicable PRC laws and regulations. Our PRC counsel, AllBright, however, has also advised us that there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. The VIE Agreements have not been tested in a court of law in the PRC as of the date of this annual report. Accordingly, the PRC regulatory authorities may ultimately take a view contrary to the opinion of our PRC counsel. It is uncertain whether any new PRC laws or regulations relating to VIE structures will be adopted or, if adopted, what they would provide.

If our corporate structure and the VIE Agreements are determined as illegal or invalid by the competent court in the PRC, arbitral tribunal, or regulatory authorities, we may be unable to consolidate the financial results of the VIE and its subsidiaries in our consolidated financial statements under U.S. GAAP and have to modify such structure to comply with regulatory requirements. However, there can be no assurance that we can achieve this without material disruption to our business. Further, if our corporate structure and the VIE Agreements are found to be in violation of any existing or future PRC laws or regulations, or we or Xiamen Pop Culture fails to obtain or maintain any required permits or approvals, the relevant regulatory authorities would have broad discretion in dealing with such violations, including:

- revoking the business and/or operating licenses of Heliheng or Xiamen Pop Culture;
- discontinuing or restricting the operations of Heliheng or Xiamen Pop Culture;
- imposing conditions or requirements with which we, Heliheng, or Xiamen Pop Culture may not be able to comply;
- requiring us, Heliheng, or Xiamen Pop Culture to change our corporate structure and the VIE Agreements;
- restricting or prohibiting our use of the proceeds from our public offering to finance the PRC operating entities’ business and operations in the PRC; and
- imposing fines.

The imposition of any of these penalties would result in a material and adverse effect on the PRC operating entities’ ability to conduct their business. In addition, it is unclear what impact the PRC government actions would have on us and on our ability to consolidate the financial results of Xiamen Pop Culture in our consolidated financial statements, if the PRC government authorities were to find our legal structure and the VIE Agreements to be in violation of PRC laws and regulations. If the imposition of any of these government actions causes us to lose our right to direct the activities of Xiamen Pop Culture or our right to receive substantially all the economic benefits and residual returns from Xiamen Pop Culture and we are not able to restructure our ownership structure and operations in a satisfactory manner, we would no longer be able to consolidate the financial results of Xiamen Pop Culture in our consolidated financial statements. Either of these results, or any other significant penalties that might be imposed on us in this event, would have a material adverse effect on our financial condition and results of operations, and our securities may significantly decline in value or become worthless.

The VIE Agreements may not be effective in providing control over Xiamen Pop Culture.

We are a holding company incorporated in the Cayman Islands and not a Chinese operating entity. As a holding company, we conduct a substantial majority of our operations through the PRC operating entities. As of the date of this annual report, the operations conducted by us, the Cayman holding company, include contracting third-party companies for develop metaverse platforms and operating live music concerts of two popular mandarin singers during 2022 to 2025. For accounting purposes, we control and receive the economic benefits of the PRC operating entities’ business operations through the VIE Agreements, which enables us to consolidate the financial results of Xiamen Pop Culture in our consolidated financial statements under U.S. GAAP. Our Class A Ordinary Shares are shares of our offshore holding company instead of shares of the PRC operating entities.

The VIE Agreements, however, may not be as effective in providing us with the necessary control over Xiamen Pop Culture and its operations. For example, Xiamen Pop Culture and the Xiamen Pop Culture Shareholders could breach the VIE Agreements by, among other things, failing to conduct their operations in an acceptable manner or taking other actions that are detrimental to our interests. If we had direct ownership of Xiamen Pop Culture, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of Xiamen Pop Culture, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. Under the current VIE Agreements, however, we rely on the performance by Xiamen Pop Culture and the Xiamen Pop Culture Shareholders of their respective obligations under the contracts to exercise control over Xiamen Pop Culture for accounting purposes. The Xiamen Pop Culture Shareholders may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate certain portions of our business through the VIE Agreements with Xiamen Pop Culture. If any disputes relating to these contracts remain unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation, and other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. Therefore, the VIE Agreements may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be.

The VIE Agreements are governed by the laws of the PRC and we may have difficulty in enforcing any rights we may have under the VIE Agreements.

As the VIE Agreements are governed by PRC laws and provide for the resolution of disputes through arbitration in the PRC, they would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. Disputes arising from the VIE Agreements will be resolved through arbitration in the PRC, although these disputes do not include claims arising under the United States federal securities law and thus do not prevent you from pursuing claims under the United States federal securities law. The legal environment in the PRC is not as developed as in the United States. As a result, uncertainties in the PRC legal system could further limit our ability to enforce the VIE Agreements, through arbitration, litigation, and other legal proceedings remain in the PRC, which could limit our ability to enforce the VIE Agreements, and we may not be deemed to have a controlling financial interest in, or be the primary beneficiary of Xiamen Pop Culture for accounting purposes. Furthermore, these contracts may not be enforceable in the PRC if the PRC government authorities or courts take a view that such contracts contravene PRC laws and regulations or are otherwise not enforceable for public policy reasons. In the event we are unable to enforce the VIE Agreements, we may not be able to exert effective control over Xiamen Pop Culture for accounting purposes, and our ability to conduct our business may be materially and adversely affected.

We may not be able to consolidate the financial results of Xiamen Pop Culture or such consolidation could materially and adversely affect our operating results and financial condition.

Our business is conducted through Xiamen Pop Culture, which currently is considered for accounting purposes as a VIE, and we are considered the primary beneficiary, enabling us to consolidate the financial results of Xiamen Pop Culture in our consolidated financial statements. In the event that in the future Xiamen Pop Culture would no longer meet the definition of a VIE, or we are deemed not to be the primary beneficiary, we would not be able to consolidate line by line its financial results in our consolidated financial statements for PRC purposes. Also, if in the future an affiliate company becomes a VIE and we become the primary beneficiary, we would be required to consolidate that entity's financial results in our consolidated financial statements for PRC purposes. If such entity's financial results were negative, this could have a corresponding negative impact on our operating results for PRC purposes. However, any material variations in the accounting principles, practices, and methods used in preparing financial statements for PRC purposes from the principles, practices, and methods generally accepted in the United States and in the SEC accounting regulations must be discussed, quantified, and reconciled in financial statements for the U.S. GAAP and SEC purposes.

The VIE Agreements may result in adverse tax consequences.

PRC laws and regulations emphasize the requirement of an arm's length basis for transfer pricing arrangements between related parties. The laws and regulations also require enterprises with related party transactions to prepare transfer pricing documentation to demonstrate the basis for determining pricing, the computation methodology, and detailed explanations. Related party arrangements and transactions may be subject to challenge or tax inspection by the PRC tax authorities.

Under a tax inspection, if our transfer pricing arrangements between Heliheng and Xiamen Pop Culture are judged as tax avoidance, or related documentation does not meet the requirements, Heliheng and Xiamen Pop Culture may be subject to material adverse tax consequences, such as transfer pricing adjustment. A transfer pricing adjustment could result in a reduction, for PRC tax purpose, of adjustments recorded by Heliheng, which could adversely affect us by (i) increasing Xiamen Pop Culture's tax liabilities without reducing Heliheng's tax liabilities, which could further result in interest being levied to us for unpaid taxes; or (ii) imposing late payment fees and other penalties on Xiamen Pop Culture for the adjusted but unpaid taxes according to the applicable regulations. In addition, if Heliheng requests the Xiamen Pop Culture Shareholders to transfer their shares in Xiamen Pop Culture at nominal or no value pursuant to the VIE Agreements, such transfer may be viewed as a gift and subject Heliheng to PRC income tax. As a result, our financial position could be materially and adversely affected if Xiamen Pop Culture's tax liabilities increase or if it is required to pay late payment fees and other penalties.

The Xiamen Pop Culture Shareholders have potential conflicts of interest with our Company which may adversely affect our business and financial condition.

The Xiamen Pop Culture Shareholders may have potential conflicts of interest with us. These shareholders may not act in the best interest of our Company or may breach, or cause Xiamen Pop Culture to breach the VIE Agreements, which would have a material and adverse effect on our ability to effectively control Xiamen Pop Culture and receive economic benefits from it for accounting purposes. For example, the shareholders may be able to cause the VIE Agreements to be performed in a manner adverse to us by, among other things, failing to remit payments due under the VIE Agreements to us on a timely basis. We cannot assure you that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our Company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our Company, except that we could exercise our purchase option under the exclusive option agreements with these shareholders to request them to transfer all of their equity interests in Xiamen Pop Culture to a PRC entity or individual designated by us, to the extent permitted by PRC law. If we cannot resolve any conflicts of interest or disputes between us and those shareholders, we would have to rely on legal proceedings, which may materially disrupt our business. There is also substantial uncertainty as to the outcome of any such legal proceeding.

We rely on the approvals, certificates, and business licenses held by Xiamen Pop Culture and any deterioration of the relationship between Heliheng and Xiamen Pop Culture could materially and adversely affect our overall business operations.

Pursuant to the VIE Agreements, most of our business in the PRC will be undertaken on the basis of the approvals, certificates, business licenses, and other requisite licenses held by Xiamen Pop Culture. See "Item 3. Key Information—Permissions Required from PRC Authorities." There is no assurance that Xiamen Pop Culture will be able to renew its licenses or certificates when their terms expire with substantially similar terms as the ones they currently hold.

Further, our relationship with Xiamen Pop Culture is governed by the VIE Agreements, which are intended to enable us, through our indirect ownership of Heliheng, to have a controlling financial interest in, and be the primary beneficiary of, Xiamen Pop Culture for accounting purposes. The VIE Agreements, however, may not be effective in providing control over the applications for and maintenance of the licenses required for our business operations. Xiamen Pop Culture could violate the VIE Agreements, go bankrupt, suffer from difficulties in its business, or otherwise become unable to perform its obligations under the VIE Agreements and, as a result, our operations, reputation, business, and stock price could be severely harmed.

The exercise of our option to purchase part or all of the shares in Xiamen Pop Culture under the exclusive option agreement might be subject to certain limitations and substantial costs.

Our exclusive option agreement with Xiamen Pop Culture and the Xiamen Pop Culture Shareholders gives Heliheng the option to purchase up to 100% of the shares in Xiamen Pop Culture. Such transfer of shares may be subject to approvals from, filings with, or reporting to competent PRC authorities, such as the Ministry of Commerce of the PRC ("MOFCOM"), the State Administration for Market Regulation, and/or their local competent branches. In addition, the shares transfer price may be subject to review and tax adjustment by the relevant tax authorities. The shares transfer price to be received by Xiamen Pop Culture under the VIE Agreements may also be subject to enterprise income tax, and these amounts could be substantial.

Risks Relating to Doing Business in the PRC

There are uncertainties under the Foreign Investment Law relating to the status of businesses in China controlled by foreign invested projects primarily through contractual arrangements, such as our business.

MOFCOM and the National Development and Reform Commission, or the “NDRC,” promulgated the *Special Measures for Foreign Investment Access (2024 version)*, or the “Negative List,” on September 6, 2024, which became effective on November 1, 2024. According to the Negative List, the value-added telecommunication businesses covered by EDI and ICP, in which the PRC operating entities engage, falls in the “restrictions” category for foreign investors. To comply with PRC laws and regulations, we rely on the VIE Agreements to operate such business in China.

On March 15, 2019, the National People’s Congress approved the *Foreign Investment Law of the PRC*, which came into effect on January 1, 2020, repealing simultaneously the Law of the PRC on Sino-foreign Equity Joint Ventures, the Law of the PRC on Wholly Foreign-owned Enterprises, and the Law of the PRC on Sino-foreign Cooperative Joint Ventures, together with their implementation rules and ancillary regulations. Pursuant to the Foreign Investment Law, foreign investment refers to any investment activity directly or indirectly carried out by foreign natural persons, enterprises, or other organizations, including investment in new construction project, establishment of foreign funded enterprise or increase of investment, merger and acquisition, and investment in any other way stipulated under laws, administrative regulations, or provisions of the State Council of the PRC (the “State Council”). The Foreign Investment Law does not explicitly stipulate the contractual arrangements as a form of foreign investment. On December 26, 2019, the State Council promulgated the *Implementation Regulations on the Foreign Investment Law*, which came into effect on January 1, 2020. However, the Implementation Regulations on the Foreign Investment Law still remain silent on whether contractual arrangements should be deemed as a form of foreign investment. Though these regulations do not explicitly classify contractual arrangements as a form of foreign investment, there is still uncertainty regarding whether the VIE would be identified as a foreign-invested enterprise in the future. As a result, there is no assurance that foreign investment via contractual arrangements would not be interpreted as a type of indirect foreign investment activities under the definition in the future.

If we are deemed to have a non-PRC entity as a controlling shareholder, the provisions regarding control through contractual arrangements could apply to the VIE Agreements, and as a result Xiamen Pop Culture could become subject to restrictions on foreign investment, which may materially impact the viability of its current and future operations. Specifically, we may be required to modify our corporate structure, change the PRC operating entities’ current scope of operations, obtain approvals, or face penalties or other additional requirements, compared to entities which do have PRC controlling shareholders. Uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance, and business operations.

It is uncertain whether we would be considered as ultimately controlled by Chinese parties. Mr. Zhuoqin Huang, our chief executive officer, director, and chairman of our board of directors and a PRC citizen, beneficially and indirectly owns 576,308 Class B Ordinary Shares, representing approximately 80.05% of the voting rights in our Company. It is uncertain, however, if these factors would be sufficient to give him control over us under the Foreign Investment Law. If future revisions or implementation rules of the Foreign Investment Law mandate further actions, such as the MOFCOM market entry clearance or certain restructuring of our corporate structure and operations, there may be substantial uncertainties as to whether we can complete these actions in a timely manner, if at all, and our business and financial condition may be materially and adversely affected.

Changes in China's economic, political, or social conditions or government policies could have a material adverse effect on the PRC operating entities' business and operations.

Substantially all of the PRC operating entities' assets and operations are currently located in China. Accordingly, the PRC operating entities' business, financial condition, results of operations, and prospects may be influenced to a significant degree by political, economic, and social conditions in China generally. The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, including the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. Any adverse changes in economic conditions in China, in the policies of the Chinese government, or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect the PRC operating entities' business and operating results, reduce demand for their products, and weaken their competitive position. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on the PRC operating entities. For example, the PRC operating entities' financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate adjustments, to control the pace of economic growth. These measures may cause decreased economic activities in China, which may adversely affect the PRC operating entities' business and operating results.

Furthermore, our Company, the PRC operating entities, and our investors may face uncertainty about future actions by the government of China that could significantly affect the PRC operating entities' financial performance and operations, including the enforceability of the VIE Agreements. As of the date of this annual report, neither our Company nor the VIE has received or was denied permission from Chinese authorities to list on U.S. exchanges. However, there is no guarantee that our Company or the VIE will receive or not be denied permission from Chinese authorities to list on U.S. exchanges in the future.

Uncertainties in the interpretation and enforcement of PRC laws and regulations and changes in policies, rules, and regulations in China, which may be quick with little advance notice, could limit the legal protection available to you and us.

There are substantial uncertainties regarding the interpretation and application of PRC laws and regulations including, but not limited to, the laws and regulations governing our business and the enforcement and performance of our arrangements with third parties in certain circumstances. The laws and regulations are sometimes vague and may be subject to future changes, and their official interpretation and enforcement could be unpredictable, with little advance notice. The effectiveness and interpretation of newly enacted laws or regulations, including amendments to existing laws and regulations, may be delayed, and our business may be affected if we rely on laws and regulations which are subsequently adopted or interpreted in a manner different from our current understanding of these laws and regulations. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. We cannot predict what effect the interpretation of existing or new PRC laws or regulations may have on our business.

The legal system in the PRC is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. In addition, any new or changes in PRC laws and regulations related to foreign investment in the PRC could affect the business environment and our ability to operate our business in the PRC.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. Any administrative and court proceedings in the PRC may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, however, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy in the legal system in the PRC than in more developed legal systems. Furthermore, the legal system in the PRC is based in part on government policies, internal rules, and regulations (some of which are not published in a timely manner or at all) that may have retroactive effect and may change quickly with little advance notice. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainties over the scope and effect of our contractual, property (including intellectual property), and procedural rights, and any failure to respond to changes in the regulatory environment in the PRC could materially and adversely affect our business and impede our ability to continue our operations.

Such uncertainties, including the promulgation of new laws, or changes to existing laws or the interpretation or enforcement thereof, could limit the legal protections available to us and our investors, including you.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments, or bringing actions in China against us or our management named in this annual report based on foreign laws. It may also be difficult for you or overseas regulators to conduct investigations or collect evidence within China.

As a company incorporated under the laws of the Cayman Islands, we conduct a majority of our operations in China and a majority of our assets are located in China. In addition, all of our senior executive officers reside within China for a significant portion of the time and are PRC nationals. As a result, it may be difficult for you to effect service of process upon those persons inside mainland China. It may be difficult for you to enforce judgements obtained in U.S. courts based on civil liability provisions of the U.S. federal securities laws against us and our officers and directors who do not currently reside in the U.S. or have substantial assets in the U.S. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the U.S. or any state.

The recognition and enforcement of foreign judgments are provided for under the *PRC Civil Procedures Law*. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the *PRC Civil Procedures Law* based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other forms of written arrangement with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the *PRC Civil Procedures Law*, the PRC courts will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security, or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States.

It may also be difficult for you or overseas regulators to conduct investigations or collect evidence within China. For example, in China, there are significant legal and other obstacles to obtaining information needed for shareholder investigations or litigation outside China or otherwise with respect to foreign entities. Although the authorities in China may establish a regulatory cooperation mechanism with its counterparts of another country or region to monitor and oversee cross border securities activities, such regulatory cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of a practical cooperation mechanism. Furthermore, according to Article 177 of the *PRC Securities Law*, or “Article 177,” which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigations or evidence collection activities within the territory of the PRC. Article 177 further provides that Chinese entities and individuals are not allowed to provide documents or materials related to securities business activities to foreign agencies without prior consent from the securities regulatory authority of the State Council and the competent departments of the State Council. While detailed interpretation of or implementing rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by you in protecting your interests.

Given the Chinese government's significant oversight and discretion over the conduct of our business, the Chinese government may intervene or influence our operations at any time, which could result in a material change in our operations and/or the value of our securities.

The Chinese government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. Substantially all of our operations are located in the PRC. Our ability to operate in the PRC may be harmed by changes in its laws and regulations, including those relating to taxation, foreign investment, information security, Internet, and other matters. The central or local governments of the PRC may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations. Accordingly, government actions in the future, including any decision not to continue to support recent economic reforms and to return to a more centrally planned economy or regional or local variations in the implementation of economic policies, could have a significant effect on economic conditions in the PRC or particular regions thereof, and could require us to divest ourselves of any interest we then hold in Chinese properties.

For example, the Chinese cybersecurity regulator announced on July 2, 2021, that it had begun an investigation of Didi Global Inc. and two days later ordered that the company's app be removed from smartphone app stores. On July 24, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly released the Guidelines for Further Easing the Burden of Excessive Homework and Off-campus Tutoring for Students at the Stage of Compulsory Education, pursuant to which foreign investment in such firms via mergers and acquisitions, franchise development, and variable interest entities are banned from this sector. We cannot rule out the possibility that the Chinese government will in the future release regulations or policies regarding our industry that could adversely affect our business, financial condition, and results of operations.

As such, the PRC operating entities' business segments may be subject to various government and regulatory interference, and they could be subject to new regulation by various political and regulatory entities, including various local and municipal agencies and government sub-divisions. The PRC operating entities may incur increased costs necessary to comply with existing and newly adopted laws and regulations or penalties for any failure to comply. As a result, we face uncertainty about future actions by the PRC government that could significantly affect our ability to offer or continue to offer securities to investors and cause the value of our securities to significantly decline or be worthless.

Any actions by the Chinese government, including any decision to intervene or influence the operations of the PRC operating entities or to exert control over any offering of securities conducted overseas and/or foreign investment in China-based issuers, may cause us to make material changes to the operations of the PRC operating entities, may limit or completely hinder our ability to offer or continue to offer securities to investors, and may cause the value of such securities to significantly decline or be worthless.

The Chinese government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. The ability of the PRC operating entities to operate in China may be impaired by changes in its laws and regulations, including those relating to taxation, environmental regulations, land use rights, foreign investment limitations, and other matters. The central or local governments of China may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on our part to ensure the PRC operating entities' compliance with such regulations or interpretations. As such, the PRC operating entities may be subject to various government and regulatory interference in the provinces in which they operate. They could be subject to regulation by various political and regulatory entities, including various local and municipal agencies and government sub-divisions. They may incur increased costs necessary to comply with existing and newly adopted laws and regulations or penalties for any failure to comply.

Furthermore, it is uncertain when and whether we will be required to obtain permission from the PRC government to list on U.S. exchanges in the future, and even when such permission is obtained, whether it will be denied or rescinded. Although we believe our Company and the PRC operating entities are currently not required to obtain permission from any Chinese authorities and have not received any notice of denial of permission to list on the U.S. exchange, our operations could be adversely affected, directly or indirectly, by existing or future laws and regulations relating to our business or industry, particularly in the event permission to list on U.S. exchanges may be later required, or withheld or rescinded once given.

Accordingly, government actions in the future, including any decision to intervene or influence the operations of the PRC operating entities at any time or to exert control over an offering of securities conducted overseas and/or foreign investment in China-based issuers, may cause us to make material changes to the operations of the PRC operating entities, may limit or completely hinder our ability to offer or continue to offer securities to investors, and/or may cause the value of such securities to significantly decline or be worthless.

The Chinese government may exert more oversight and control over overseas public offerings conducted by China-based issuers, which could significantly limit or completely hinder our ability to offer or continue to offer our securities to investors and could cause the value of our securities to significantly decline or become worthless.

Recent statements made by the Chinese government have indicated an intent to increase the government's oversight and control over offerings of companies with significant operations in the PRC that are to be conducted in foreign markets, as well as foreign investment in China-based issuers. For example, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the Opinions, which were made available to the public on July 6, 2021. The Opinions emphasized the need to strengthen the administration over illegal securities activities and the need to strengthen the supervision over overseas listings by Chinese companies.

On February 17, 2023, the CSRC promulgated the Trial Measures and five supporting guidelines, which came into effect on March 31, 2023. Pursuant to the Trial Measures, domestic companies that seek to offer or list securities overseas, both directly and indirectly, shall complete filing procedures with the CSRC pursuant to the requirements of the Trial Measures within three working days following its submission of initial public offerings or listing application. If a domestic company fails to complete required filing procedures or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as an order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Mergers & Acquisitions and Overseas Listings."

According to the CSRC Notice, the domestic companies that have already been listed overseas before the effective date of the Trial Measures (namely, March 31, 2023) shall be deemed as Existing Issuers. Existing Issuers are not required to complete the filing procedures immediately, and they shall be required to file with the CSRC for any subsequent offerings. Further, according to the CSRC Notice, domestic companies that have obtained approval from overseas regulatory authorities or securities exchanges (for example, the effectiveness of a registration statement for offering and listing in the U.S. has been obtained) for their indirect overseas offering and listing prior to March 31, 2023 but have not yet completed their indirect overseas issuance and listing, are granted a six-month transition period from March 31, 2023 to September 30, 2023. Those that complete their indirect overseas offering and listing within such six-month period are deemed as Existing Issuers and are not required to file with the CSRC for their indirect overseas offerings and listings. Within such six-month transition period, however, if such domestic companies fail to complete their indirect overseas issuance and listing, they shall complete the filing procedures with the CSRC.

Based on the foregoing, as our registration statement on Form F-1 in connection with our initial public offering was declared effective on June 29, 2021, and we completed our initial public offering and listing on July 2, 2021, we are currently not required to complete the filing procedures pursuant to the Trial Measures. However, in the event that we undertake new offerings or fundraising activities in the future, we may be required to complete the filing procedures. In connection with the Acquisition of Yi Caishen and the August 2024 PIPE, we are required to complete the filing procedures. According to the Trial Measures, those Chinese companies failing to complete filing procedures may receive a warning from CSRC and be required to rectify the situation, accompanied by a fine ranging from RMB1 million to RMB10 million. The person in charge may receive a warning and be imposed by a fine between RMB500 thousand and RMB5 million. If the controlling shareholder or actual controller of such companies orchestrates or instructs the commission of non-compliance with filing procedures, they will be fined between RMB1 million and RMB10 million. If a securities company or securities service provider fails to perform its duty to urge companies to comply with filing procedures as required by the Trial Measures, it may be warned and face a fine ranging from RMB500 thousand to RMB5 million. The responsible managers and other directly liable personnel may receive a warning and be fined between RMB200 thousand and RMB2 million. As of the date of this annual report, we have not completed the filing procedures for the above transactions nor received any related warnings or fines.

On February 24, 2023, the CSRC, together with the MOF, National Administration of State Secrets Protection and National Archives Administration of China, revised the Provisions issued by the CSRC and National Administration of State Secrets Protection and National Archives Administration of China in 2009. The revised Provisions were issued under the title the “Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies,” and came into effect on March 31, 2023 together with the Trial Measures. One of the major revisions to the revised Provisions is expanding their application to cover indirect overseas offering and listing, as is consistent with the Trial Measures. The revised Provisions require that, among other things, (a) a domestic company that plans to, either directly or indirectly through its overseas listed entity, publicly disclose or provide to relevant individuals or entities, including securities companies, securities service providers, and overseas regulators, any documents and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level; and (b) a domestic company that plans to, either directly or indirectly through its overseas listed entity, publicly disclose or provide to relevant individuals and entities, including securities companies, securities service providers, and overseas regulators, any other documents and materials that, if leaked, will be detrimental to national security or public interest, shall strictly fulfill relevant procedures stipulated by applicable national regulations. Any failure or perceived failure by our Company, our subsidiaries, or the PRC operating entities to comply with the above confidentiality and archives administration requirements under the revised Provisions and other PRC laws and regulations may result in the relevant entities being held legally liable by competent authorities, and referred to the judicial organ to be investigated for criminal liability if suspected of committing a crime.

The Opinions, the Trial Measures, the revised Provisions and any related implementing rules to be enacted may subject us to additional compliance requirements in the future. As there are still uncertainties regarding the interpretation and implementation of such regulatory guidance, we cannot assure you that we will be able to comply with all new regulatory requirements of the Opinions, the Trial Measures, the revised Provisions, or any future implementing rules on a timely basis, or at all.

Recent greater oversight by the CAC over data security, particularly for companies seeking to list on a foreign exchange, could adversely impact our business and our offering.

On December 28, 2021, the CAC and other relevant PRC governmental authorities jointly promulgated the *Cybersecurity Review Measures*, which became effective on February 15, 2022. The Cybersecurity Review Measures provide that, in addition to CIIOs that intend to purchase Internet products and services, online platform operators engaging in data processing activities that affect or may affect national security must be subject to cybersecurity review by the Cybersecurity Review Office of the PRC. According to the Cybersecurity Review Measures, a cybersecurity review assesses potential national security risks that may be brought about by any procurement, data processing, or overseas listing. The Cybersecurity Review Measures require that an online platform operator which possesses the personal information of at least one million users must apply for a cybersecurity review by the CAC if it intends to be listed in foreign countries.

On September 30, 2024, the State Council of the PRC promulgated the Regulations on the Security Administration of Network Data (“Security Administration”), which becomes effective on January 1, 2025. According to the Security Administration, network data processing operators engaging in network data processing activities that affect or may affect national security must be subject to national security review. “Network data processors” refer to individuals or organizations that independently determine the purpose and method of processing in network data processing activities.

As of the date of this annual report, we have not received any notice from any authorities identifying our PRC subsidiaries or the PRC operating entities as CIIOs or requiring us to go through cybersecurity review or network data security review by the CAC. As confirmed by our PRC counsel, AllBright, neither the operations of our PRC subsidiaries, nor of the PRC operating entities, nor our offerings are expected to be affected, and that we will not be subject to cybersecurity review by the CAC under the Cybersecurity Review Measures, nor will any such entity be subject to the Security Administration, given that our PRC subsidiaries and the PRC operating entities possess personal data of fewer than one million individual clients and do not collect data that affects or may affect national security in their business operations as of the date of this annual report and do not anticipate that they will be collecting over one million users’ personal information or data that affects or may affect national security in the near future. In general, we believe we are compliant with the regulations or policies that have been issued by the CAC to date. There remains uncertainty, however, as to how the Cybersecurity Review Measures and the Security Administration will be interpreted or implemented and whether the PRC regulatory agencies, including the CAC, may adopt new laws, regulations, rules, or detailed implementation and interpretation related to the Cybersecurity Review Measures and the Security Administration. If any such new laws, regulations, rules, or implementation and interpretation come into effect, we will take all reasonable measures and actions to comply and to minimize the adverse effect of such laws on us. We cannot assure you that PRC regulatory agencies, including the CAC, would take the same view as we do. In the event that we are subject to any mandatory cybersecurity review and other specific actions required by the CAC, we face uncertainty as to whether any clearance or other required actions can be timely completed, or at all. If we inadvertently conclude that such approval is not required, fail to obtain and maintain such approvals, licenses, or permits required for our business or respond to changes in the regulatory environment, we could be subject to liabilities, penalties and operational disruption, which may materially and adversely affect our business, operating results, financial condition, and the value of our securities, significantly limit or completely hinder our ability to offer or continue to offer securities to investors, or cause such securities to significantly decline in value or become worthless.

Joint statement by the SEC and the PCAOB, rule changes by Nasdaq, and the Holding Foreign Companies Accountable Act all call for additional and more stringent criteria to be applied to emerging market companies upon assessing the qualification of their auditors, especially the non-U.S. auditors who are not inspected by the PCAOB. These developments could add uncertainties to our continued listing or future offerings of our securities in the U.S.

On April 21, 2020, SEC Chairman Jay Clayton and PCAOB Chairman William D. Duhnke III, along with other senior SEC staff, released a joint statement highlighting the risks associated with investing in companies based in or have substantial operations in emerging markets including China. The joint statement emphasized the risks associated with lack of access for the PCAOB to inspect auditors and audit work papers in China and higher risks of fraud in emerging markets.

On May 18, 2020, Nasdaq filed three proposals with the SEC to (i) apply a minimum offering size requirement for companies primarily operating in a “Restrictive Market,” (ii) adopt a new requirement relating to the qualification of management or the board of directors for Restrictive Market companies, and (iii) apply additional and more stringent criteria to an applicant or listed company based on the qualifications of the company’s auditor. On October 4, 2021, the SEC approved Nasdaq’s revised proposal for the rule changes.

On May 20, 2020, the U.S. Senate passed the Holding Foreign Companies Accountable Act requiring a foreign company to certify it is not owned or controlled by a foreign government if the PCAOB is unable to audit specified reports because the company uses a foreign auditor not subject to PCAOB inspection. If the PCAOB is unable to inspect the company’s auditors for three consecutive years, the issuer’s securities are prohibited to trade on a national exchange. On December 2, 2020, the U.S. House of Representatives approved the Holding Foreign Companies Accountable Act. On December 18, 2020, the Holding Foreign Companies Accountable Act was signed into law.

On March 24, 2021, the SEC adopted interim final rules relating to the implementation of certain disclosure and documentation requirements of the Holding Foreign Companies Accountable Act.

On September 22, 2021, the PCAOB adopted a final rule implementing the Holding Foreign Companies Accountable Act, which provides a framework for the PCAOB to use when determining, as contemplated under the Holding Foreign Companies Accountable Act, whether the board of directors of a company is unable to inspect or investigate completely registered public accounting firms located in a foreign jurisdiction because of a position taken by one or more authorities in that jurisdiction.

On December 2, 2021, the SEC adopted amendments to finalize rules implementing the submission and disclosure requirements in the Holding Foreign Companies Accountable Act.

On December 16, 2021, the PCAOB issued a report on its determinations that it is unable to inspect or investigate completely PCAOB-registered public accounting firms headquartered in the PRC and in Hong Kong because of positions taken by the PRC and Hong Kong authorities in those jurisdictions.

On August 26, 2022, the CSRC, the MOF, and the PCAOB signed the Protocol governing inspections and investigations of audit firms based in mainland China and Hong Kong, taking the first step toward opening access for the PCAOB to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong. Pursuant to the fact sheet with respect to the Protocol disclosed by the SEC, the PCAOB shall have independent discretion to select any issuer audits for inspection or investigation and has the unfettered ability to transfer information to the SEC. On December 15, 2022, the PCAOB Board determined that the PCAOB was able to secure complete access to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong and voted to vacate its previous determinations to the contrary. However, should PRC authorities obstruct or otherwise fail to facilitate the PCAOB’s access in the future, the PCAOB Board will consider the need to issue a new determination.

Our auditor, WWC, P.C., is an independent registered public accounting firm with the PCAOB, and as an auditor of publicly traded companies in the U.S., is subject to laws in the U.S., pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. The PCAOB currently has access to inspect the working papers of our auditor and our auditor is not subject to the determinations announced by the PCAOB on December 16, 2021. However, the recent developments would add uncertainties to our offering and we cannot assure you whether the national securities exchange we apply to for listing or regulatory authorities would apply additional and more stringent criteria to us after considering the effectiveness of our auditors' audit procedures and quality control procedures, adequacy of personnel and training, or sufficiency of resources, geographic reach, or experience as it relates to our audit. In addition, the Holding Foreign Companies Accountable Act, which requires that the PCAOB be permitted to inspect an issuer's public accounting firm within three years, may result in the delisting of our Company or prohibition of trading in our Class A Ordinary Shares in the future if the PCAOB is unable to inspect our accounting firm at such future time. On June 22, 2021, the U.S. Senate passed the Accelerating Holding Foreign Companies Accountable Act, and on December 29, 2022, the Consolidated Appropriations Act was signed into law by President Biden, which contained, among other things, an identical provision to the Accelerating Holding Foreign Companies Accountable Act and amended the Holding Foreign Companies Accountable Act by requiring the SEC to prohibit an issuer's securities from trading on any U.S. stock exchanges if its auditor is not subject to PCAOB inspections for two consecutive years instead of three, thus reducing the time period for triggering the prohibition on trading.

Increases in labor costs in the PRC may adversely affect the PRC operating entities' business and profitability.

China's economy has experienced increases in labor costs in recent years. China's overall economy and the average wage in China are expected to continue to grow. The average wage level for the PRC operating entities' employees has also increased in recent years. We expect that their labor costs, including wages and employee benefits, will continue to increase. Unless the PRC operating entities are able to pass on these increased labor costs to their customers by increasing prices for their products or services, their profitability and results of operations may be materially and adversely affected.

In addition, the PRC operating entities have been subject to stricter regulatory requirements in terms of entering into labor contracts with their employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance to designated government agencies for the benefit of their employees. Pursuant to the *PRC Labor Contract Law*, or the "Labor Contract Law," that became effective in January 2008 and its amendments that became effective in July 2013 and its implementing rules that became effective in September 2008, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation, and unilaterally terminating labor contracts. In the event that the PRC operating entities decide to terminate some of their employees or otherwise change their employment or labor practices, the Labor Contract Law and its implementation rules may limit their ability to effect those changes in a desirable or cost-effective manner, which could adversely affect their business and results of operations.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that the PRC operating entities' employment practice does not and will not violate labor-related laws and regulations in China, which may subject the PRC operating entities to labor disputes or government investigations. If the PRC operating entities are deemed to have violated relevant labor laws and regulations, they could be required to provide additional compensation to their employees and their business, financial condition, and results of operations could be materially and adversely affected.

If the PRC operating entities fail to obtain or renew any of the requisite approvals, licenses, or permits applicable to their business, it could materially and adversely affect their business and results of operations.

In accordance with the relevant PRC laws and regulations, the PRC operating entities are required to maintain various approvals, licenses, and permits and complete certain statutory procedures to operate their business, including the business license, the Value-added Telecommunications Business Operation License, or the EDI and ICP Licenses, the Commercial Performance License, and the filing-for-record procedures before engaging in Internet information service operations. In particular, the EDI and ICP Licenses and the Commercial Performance License the PRC operating entities hold are subject to periodic renewal. In addition, evolving laws and regulations and inconsistent enforcement thereof could lead to their failure to obtain or maintain licenses and permits to do business in China. If the PRC operating entities fail to obtain or renew approvals, licenses, or permits required for their business or to respond to changes in the regulatory environment, they may be subject to fines or the suspension of operations, which could adversely affect their business and results of operations.

The PRC operating entities have not made adequate social insurance and housing fund contributions for all employees as required by PRC regulations, which may subject them to penalties.

According to the *PRC Social Insurance Law* and the *Administrative Regulations on the Housing Funds*, companies operating in China are required to participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance (collectively known as "social insurance"), and housing funds plans, and the employers must pay all or a portion of the social insurance premiums and housing funds for their employees. For more details, please see "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Related to Employment and Social Welfare—Social Insurance and Housing Fund." The requirement of social insurance and housing fund has not been implemented consistently by the local governments in China given the different levels of economic development in different locations.

The PRC operating entities have not made adequate social insurance and housing fund contributions for all employees. The PRC operating entities may be required to make up the social insurance contributions as well as to pay late fees at the rate of 0.05% per day of the outstanding amount from the due date. If they fail to make up for the shortfalls within the prescribed time limit, the relevant administrative authorities will impose a fine of one to three times the outstanding amount upon them. With respect to housing fund plans, the PRC operating entities may be required to pay and deposit housing funds in full and on time within the prescribed time limit. If they fail to do so, relevant authorities could file applications to competent courts for compulsory enforcement of payment and deposit. Accordingly, if the relevant PRC authorities determine that the PRC operating entities shall make supplemental social insurance and housing fund contributions or that they are subject to fines and legal sanctions in relation to their failure to make social insurance and housing fund contributions in full for their employees, their business, financial condition, and results of operations may be adversely affected. As of the date of this annual report, however, no records of violation were found on the PRC operating entities for social insurance and/or housing fund contribution obligations." Further, the PRC operating entities have never received any demand or order from the competent authorities. Therefore, our PRC counsel, AllBright, believes that the risk that the relevant authorities may impose regulatory penalty on the PRC operating entities for our underpayment of social insurance and housing funds is remote.

PRC regulations relating to offshore investment activities by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase its registered capital or distribute profits to us, or may otherwise adversely affect us.

On July 4, 2014, State Administration of Foreign Exchange ("SAFE") issued the *Circular on Issues Concerning Foreign Exchange Control over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles*, or "SAFE Circular 37." According to SAFE Circular 37, prior registration with the local SAFE branch is required for PRC residents, (including PRC individuals and PRC corporate entities as well as foreign individuals that are deemed as PRC residents for foreign exchange administration purpose), in connection with their direct or indirect contribution of domestic assets or interests to offshore special purpose vehicles, or "SPVs." SAFE Circular 37 further requires amendments to the SAFE registrations in the event of any changes with respect to the basic information of the offshore SPV, such as change of a PRC individual shareholder, name, and operation term, or any significant changes with respect to the offshore SPV, such as an increase or decrease of capital contribution, share transfer or exchange, or mergers or divisions. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we make in the future. In February 2015, SAFE promulgated a *Circular on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment*, or "SAFE Circular 13," effective in June 2015. Under SAFE Circular 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under SAFE Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

In addition to SAFE Circular 37 and SAFE Circular 13, our ability to conduct foreign exchange activities in China may be subject to the interpretation and enforcement of the *Implementation Rules of the Administrative Measures for Individual Foreign Exchange* promulgated by SAFE in January 2007 (as amended and supplemented, the "Individual Foreign Exchange Rules"). Under the Individual Foreign Exchange Rules, any PRC individual seeking to make a direct investment overseas or engage in the issuance or trading of negotiable securities or derivatives overseas must make the appropriate registrations in accordance with SAFE provisions, the failure of which may subject such PRC individual to warnings, fines, or other liabilities.

As of the date of this annual report, all of the Xiamen Pop Culture Shareholders who are subject to the SAFE Circular 37 and Individual Foreign Exchange Rules have completed the initial registrations with the qualified banks as required by the regulations. We may not be informed of the identities of all the PRC residents holding direct or indirect interest in our company, however, and we have no control over any of our future beneficial owners. Thus, we cannot provide any assurance that our current or future PRC resident beneficial owners will comply with our request to make or obtain any applicable registrations or continuously comply with all registration procedures set forth in these SAFE regulations. Such failure or inability of our PRC residents beneficial owners to comply with these SAFE regulations may subject us or our PRC resident beneficial owners to fines and legal sanctions, restrict our cross-border investment activities, or limit our PRC subsidiaries' ability to distribute dividends to or obtain foreign-exchange-dominated loans from us, or prevent us from being able to make distributions or pay dividends, as a result of which our business operations and our ability to distribute profits to you could be materially and adversely affected.

PRC regulation of parent/subsidiary loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of offshore offerings to make loans or additional capital contributions to our PRC subsidiaries and to make loans to Xiamen Pop Culture, which could materially and adversely affect their liquidity and their ability to fund and expand their business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries, Xiamen Pop Culture, and subsidiaries of Xiamen Pop Culture. We may make loans to these entities, or we may make additional capital contributions to Heliheng, or we may establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries.

Most of these ways are subject to PRC regulations and approvals or registration. For example, any loans to Heliheng, which is treated as a foreign-invested enterprise under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to Heliheng to finance its activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE, or filed with SAFE in its information system. Pursuant to relevant PRC regulations, we may provide loans to Heliheng up to the larger amount of (i) the balance between the registered total investment amount and registered capital of Heliheng, or (ii) twice the amount of the net assets of Heliheng calculated in accordance with the *Circular on Full-Coverage Macro-Prudent Management of Cross-Border Financing*, or the "PBOC Circular 9." Moreover, any medium or long-term loan to be provided by us to Heliheng or other domestic PRC entities must also be filed and registered with the NDRC. We may also decide to finance Heliheng by means of capital contributions. These capital contributions are subject to registration with the State Administration for Market Regulation or its local branch, reporting of foreign investment information with MOFCOM, or registration with other governmental authorities in China. Due to the restrictions imposed on loans in foreign currencies extended to PRC domestic companies, we are not likely to make such loans to Xiamen Pop Culture, which is a PRC domestic company. Further, we are not likely to finance the activities of Xiamen Pop Culture and its subsidiaries by means of capital contributions due to regulatory restrictions relating to foreign investment in PRC domestic enterprises engaged in certain business.

On March 30, 2015, SAFE issued the *Circular of the State Administration of Foreign Exchange on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capital of Foreign-invested Enterprises*, or “SAFE Circular 19,” which took effect and replaced previous regulations effective on June 1, 2015, and was amended on December 30, 2019. Pursuant to SAFE Circular 19, up to 100% of foreign currency capital of a foreign-invested enterprise may be converted into RMB capital according to the actual operation, and within the business scope, of the enterprise at its will. Although SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC, the restrictions continue to apply as to foreign-invested enterprises’ use of the converted RMB for purposes beyond their business scope, for entrusted loans or for inter-company RMB loans. On June 9, 2016, SAFE promulgated the *Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account*, or “SAFE Circular 16,” effective on June 9, 2016, which reiterates some rules set forth in Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-affiliated enterprises. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer any foreign currency we hold, including the net proceeds from our offshore offerings, to Heliheng, which may adversely affect our liquidity and our ability to fund and expand our business in China. On October 23, 2019, the SAFE issued the *Notice of the State Administration of Foreign Exchange on Further Facilitating Cross-border Trade and Investment*, or “SAFE Circular 28,” which, among other things, expanded the use of foreign exchange capital to domestic equity investment area. Non-investment foreign-funded enterprises are allowed to lawfully make domestic equity investments by using their capital on the premise without violation to prevailing special administrative measures for access of foreign investments (negative list) and the authenticity and compliance with the regulations of domestic investment projects. However, since SAFE Circular 28 is newly promulgated, it is unclear how SAFE and competent banks will carry it out in practice.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, including SAFE Circular 19, SAFE Circular 16, and other relevant rules and regulations, we cannot assure you that we will be able to complete the necessary registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to Heliheng, Xiamen Pop Culture, or subsidiaries of Xiamen Pop Culture, or future capital contributions by us to Heliheng. As a result, uncertainties exist as to our ability to provide prompt financial support to Heliheng, Xiamen Pop Culture, or subsidiaries of Xiamen Pop Culture when needed. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we received or expect to receive from our offshore offerings and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect the PRC operating entities’ business, including their liquidity and their ability to fund and expand their business.

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

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in China and by China’s foreign exchange policies. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the RMB to the U.S. dollar, and the RMB appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the RMB and the U.S. dollar remained within a narrow band. Since June 2010, the RMB has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

Our business is conducted in the PRC by the PRC operating entities, and the PRC operating entities' books and records are maintained in RMB, which is the currency of the PRC. The financial statements that we file with the SEC and provide to our shareholders are presented in U.S. dollars. Changes in the exchange rates between the RMB and U.S. dollar affect the value of the PRC operating entities' assets and results of operations, when presented in U.S. dollars. The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions and perceived changes in the economy of the PRC and the United States. Any significant revaluation of the RMB may materially and adversely affect our cash flows, revenue, and financial condition. Further, our Class A Ordinary Shares offered in the U.S. are offered in U.S. dollars, we need to convert the net proceeds we receive into RMB in order to use the funds for the PRC operating entities' business. Changes in the conversion rate between the U.S. dollar and the RMB will affect the amount of proceeds we will have available for the PRC operating entities' business.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into more hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

Under the PRC Enterprise Income Tax Law, we may be classified as a PRC "resident enterprise" for PRC enterprise income tax purposes. Such classification would likely result in unfavorable tax consequences to us and our non-PRC shareholders and have a material adverse effect on our results of operations and the value of your investment.

Under the PRC Enterprise Income Tax Law, or the "EIT Law," that became effective in January 2008, an enterprise established outside the PRC with "de facto management bodies" within the PRC is considered a "resident enterprise" for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. Under the implementation rules to the EIT Law, a "de facto management body" is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances, and properties of an enterprise. In April 2009, the State Administration of Taxation, or the "SAT," issued the *Circular on Issues Concerning the Identification of Chinese-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance with the Actual Standards of Organizational Management*, or "SAT Circular 82," which was amended in December 2017. SAT Circular 82 specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if the following are located or resident in the PRC: senior management personnel and departments that are responsible for daily production, operation and management; financial and personnel decision making bodies; key properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings; and half or more of the senior management or directors having voting rights. Further to SAT Circular 82, the SAT issued the *Measures for the Administration of Enterprise Income Tax of Chinese-Controlled Overseas Registered Enterprises as Resident Enterprises (for Trial Implementation)*, or "SAT Bulletin 45," which took effect in September 2011 and was amended in April 2015, to provide more guidance on the implementation of SAT Circular 82 and clarify the reporting and filing obligations of such "Chinese-controlled offshore incorporated resident enterprises." SAT Bulletin 45 provides procedures and administrative details for the determination of resident status and administration on post-determination matters. Although both SAT Circular 82 and SAT Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign individuals, the determining criteria set forth in SAT Circular 82 and SAT Bulletin 45 may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, PRC enterprise groups, or by PRC or foreign individuals.

If the PRC tax authorities determine that the actual management organ of Pop Culture Group is within the territory of China, Pop Culture Group may be deemed to be a PRC resident enterprise for PRC enterprise income tax purposes and a number of unfavorable PRC tax consequences could follow. First, we will be subject to the uniform 25% enterprise income tax on our world-wide income, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Finally, dividends payable by us to our investors and gains on the sale of our shares may become subject to PRC withholding tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our shares. Although up to the date of this annual report, Pop Culture Group has not been notified or informed by the PRC tax authorities that it has been deemed to be a resident enterprise for the purpose of the EIT Law, we cannot assure you that it will not be deemed to be a resident enterprise in the future.

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

In February 2015, SAT issued a *Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises*, or “SAT Circular 7.” SAT Circular 7 provides comprehensive guidelines relating to indirect transfers of PRC taxable assets (including equity interests and real properties of a PRC resident enterprise) by a non-resident enterprise. In addition, in October 2017, SAT issued an *Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises*, or “SAT Circular 37,” effective in December 2017, which, among others, amended certain provisions in SAT Circular 7 and further clarify the tax payable declaration obligation by non-resident enterprise. Indirect transfer of equity interest and/or real properties in a PRC resident enterprise by their non-PRC holding companies are subject to SAT Circular 7 and SAT Circular 37.

SAT Circular 7 provides clear criteria for an assessment of reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. As stipulated in SAT Circular 7, indirect transfers of PRC taxable assets are considered as reasonable commercial purposes if the shareholding structure of both transaction parties falls within the following situations: i) the transferor directly or indirectly owns 80% or above equity interest of the transferee, or vice versa; ii) the transferor and the transferee are both 80% or above directly or indirectly owned by the same party; iii) the percentages in bullet points i) and ii) shall be 100% if over 50% the share value of a foreign enterprise is directly or indirectly derived from PRC real properties. Furthermore, SAT Circular 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets. Where a non-resident enterprise transfers PRC taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is an indirect transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such indirect transfer to the relevant tax authority and the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding, or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

According to SAT Circular 37, where the non-resident enterprise fails to declare the tax payable pursuant to Article 39 of the EIT Law, the tax authority may order it to pay the tax due within required time limits, and the non-resident enterprise shall declare and pay the tax payable within such time limits specified by the tax authority. If the non-resident enterprise, however, voluntarily declares and pays the tax payable before the tax authority orders it to do so within required time limits, it shall be deemed that such enterprise has paid the tax in time.

We face uncertainties as to the reporting and assessment of reasonable commercial purposes and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries, and investments. In the event of being assessed as having no reasonable commercial purposes in an indirect transfer transaction, we may be subject to filing obligations or taxed if we are a transferor in such transactions, and may be subject to withholding obligations (to be specific, a 10% withholding tax for the transfer of equity interests) if we are a transferee in such transactions, under SAT Circular 7 and SAT Circular 37. For transfer of shares by investors who are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under the SAT circulars. As a result, we may be required to expend valuable resources to comply with the SAT circulars or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that we should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

Our PRC subsidiaries are subject to restrictions on paying dividends or making other payments to us, which may have a material adverse effect on our ability to conduct our business.

We are a holding company incorporated in the Cayman Islands. We may need dividends and other distributions on equity from our PRC subsidiaries to satisfy our liquidity requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. In addition, the PRC tax authorities may require our PRC subsidiaries to adjust their taxable income under the contractual agreements. Heliheng currently has in place with Xiamen Pop Culture in a manner that would materially and adversely affect its ability to pay dividends and other distribution to us. See “—Risks Relating to Our Corporate Structure—The VIE Agreements may result in adverse tax consequences.”

Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their respective accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiaries are required to set aside at least 10% of its respective accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of their respective registered capital. Our PRC subsidiaries may also allocate a portion of their respective after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends. These limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments, or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

Governmental control of currency conversion may affect the value of your investment and our payment of dividends.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenue in RMB. Under our current corporate structure, Pop Culture Group may rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by our shareholders or the ultimate shareholders of our corporate shareholders who are PRC residents. Approval from or registration with appropriate government authorities is, however, required where the RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demand, we may not be able to pay dividends in foreign currencies to our shareholders.

To the extent cash or assets of our business, of our subsidiaries, or of the PRC operating entities, are in the PRC, such cash or assets may not be available to fund operations or for other use outside of the PRC, due to interventions in or the imposition of restrictions and limitations by the PRC government to the transfer of cash or assets.

Relevant PRC laws and regulations permit companies in the PRC to pay dividends only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Additionally, each of the companies in the PRC are required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. Companies in the PRC are also required to further set aside a portion of their after-tax profits to fund the employee welfare fund, although the amount to be set aside, if any, is determined at their discretion. These reserves are not distributable as cash dividends. If we determine to pay dividends on any of our Class A Ordinary Shares in the future, as a holding company, we will be dependent on receipt of funds from our subsidiaries or the PRC operating entities. As a result, in the event that any of our subsidiaries or the PRC operating entities incurs debt on their own behalf in the future, the instruments governing the debt may restrict any such entity’s ability to pay dividends or make other distributions to us.

Our cash dividends, if any, will be paid in U.S. dollars. If we are considered a tax resident enterprise of the PRC for tax purposes, any dividends we pay to our overseas shareholders may be regarded as China-sourced income and as a result may be subject to PRC withholding tax.

The PRC government also imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC. The majority of our, our subsidiaries’, and the PRC operating entities’ income is received in RMB and shortages in foreign currencies may restrict our ability to pay dividends or other payments, or otherwise satisfy our foreign currency denominated obligations, if any. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments, and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE as long as certain procedural requirements are met. Approval from appropriate government authorities is required if RMB is converted into foreign currency and remitted out of the PRC to pay capital expenses such as the payment of loans denominated in foreign currencies. The PRC government may, at its discretion, impose restrictions on access to foreign currencies for current account transactions and if this occurs in the future, we may not be able to pay dividends in foreign currencies to our shareholders.

There are significant uncertainties under the EIT Law relating to the withholding tax liabilities of our PRC subsidiaries, and dividends payable by our PRC subsidiaries to our offshore subsidiaries may not qualify to enjoy certain treaty benefits.

Under the EIT Law and its implementation rules, the profits of a foreign-invested enterprise generated through operations, which are distributed to its immediate holding company outside the PRC, will be subject to a withholding tax rate of 10%. Pursuant to the *Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income*, or the “Double Tax Avoidance Arrangement,” a withholding tax rate of 10% may be lowered to 5% if the PRC enterprise is at least 25% held by a Hong Kong enterprise for at least 12 consecutive months prior to distribution of the dividends and is determined by the relevant PRC tax authority to have satisfied other conditions and requirements under the Double Tax Avoidance Arrangement and other applicable PRC laws.

However, based on the *Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties*, or the “SAT Circular 81,” which became effective 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. According to *Circular on Several Issues regarding the “Beneficial Owner” in Tax Treaties*, which became effective as of April 1, 2018, when determining an applicant’s status as the “beneficial owner” regarding tax treatments in connection with dividends, interests, or royalties in the tax treaties, several factors will be taken into account. Such factors include whether the business operated by the applicant constitutes actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax, grant tax exemption on relevant incomes, or levy tax at an extremely low rate. This circular further requires any applicant who intends to be proved of being the “beneficial owner” to file relevant documents with the relevant tax authorities. Our PRC subsidiaries are wholly owned by our Hong Kong subsidiary. However, we cannot assure you that our determination regarding our qualification to enjoy the preferential tax treatment will not be challenged by the relevant PRC tax authority or we will be able to complete the necessary filings with the relevant PRC tax authority and enjoy the preferential withholding tax rate of 5% under the Double Tax Avoidance Arrangement with respect to dividends to be paid by our PRC subsidiaries to our Hong Kong subsidiary, in which case, we would be subject to the higher withdrawing tax rate of 10% on dividends received.

If we become directly subject to the scrutiny, criticism, and negative publicity involving U.S.-listed Chinese companies, we may have to expend significant resources to investigate and resolve the matter which could harm our business operations, stock price, and reputation.

U.S. public companies that have substantially all of their operations in China have been the subject of intense scrutiny, criticism, and negative publicity by investors, financial commentators, and regulatory agencies, such as the SEC. Much of the scrutiny, criticism, and negative publicity has centered on financial and accounting irregularities and mistakes, a lack of effective internal controls over financial accounting, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result of the scrutiny, criticism, and negative publicity, the publicly traded stock of many U.S. listed Chinese companies sharply decreased in value and, in some cases, has become virtually worthless. Many of these companies are now subject to shareholder lawsuits and SEC enforcement actions and are conducting internal and external investigations into the allegations. It is not clear what effect this sector-wide scrutiny, criticism, and negative publicity will have on us, our business, and the price of our Class A Ordinary Shares. If we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we will have to expend significant resources to investigate such allegations and/or defend our company. This situation will be costly and time consuming and distract our management from developing our business. If such allegations are not proven to be groundless, we and our business operations will be severely affected and you could sustain a significant decline in the value of our Class A Ordinary Shares.

The disclosures in our reports and other filings with the SEC and our other public pronouncements are not subject to the scrutiny of any regulatory bodies in the PRC.

We are regulated by the SEC, and our reports and other filings with the SEC are subject to SEC review in accordance with the rules and regulations promulgated by the SEC under the Securities Act and the Exchange Act. Our SEC reports and other disclosure and public pronouncements are not subject to the review or scrutiny of any PRC regulatory authority. For example, the disclosure in our SEC reports and other filings are not subject to the review by the CSRC, a PRC regulator that is responsible for oversight of the capital markets in China. Accordingly, you should review our SEC reports, filings, and our other public pronouncements with the understanding that no local regulator has done any review of us, our SEC reports, other filings, or any of our other public pronouncements.

The approval of the CSRC may be required in connection with our offerings under a regulation adopted in August 2006, and, if required, we cannot assure you that we will be able to obtain such approval, in which case we may face sanctions by the CSRC or other PRC regulatory agencies for failure to seek the CSRC approval for our offerings.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the “M&A Rules,” adopted by six PRC regulatory agencies in 2006 and amended in 2009, requires an overseas SPV formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals to obtain the approval of the CSRC, prior to the listing and trading of such SPV’s securities on an overseas stock exchange. In September 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by an SPV seeking the CSRC approval of its overseas listings. The application of the M&A Rules remains unclear.

Our PRC legal counsel, AllBright, has advised us based on their understanding of the current PRC law, rules, and regulations that the CSRC’s approval is not required for the listing and trading of our Class A Ordinary Shares on the Nasdaq Capital Market in the context of our offerings under the M&A Rules, given that:

- we established Heliheng by means of direct investment rather than by merger with or acquisition of PRC domestic companies as defined in the M&A Rules; and
- no explicit provision in the M&A Rules classifies the VIE Agreements as a type of acquisition transaction subject to the M&A Rules.

Our PRC legal counsel, however, has further advised us that there remains some uncertainty as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules. We cannot assure you that relevant PRC governmental agencies, including the CSRC, would reach the same conclusion as we do. If it is determined that the CSRC approval is required for our offerings in the U.S., we may face sanctions by the CSRC or other PRC regulatory agencies for failure to seek the CSRC approval for our offerings in the U.S. These sanctions may include fines and penalties on our operations in the PRC, limitations on our operating privileges in the PRC, delays in or restrictions on the repatriation of the proceeds from our offerings in the U.S. into the PRC, restrictions on or prohibition of the payments or remittance of dividends by our PRC subsidiaries, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation, and prospects, as well as the trading price of our Class A Ordinary Shares. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to halt our offerings in the U.S. before the settlement and delivery of the Class A Ordinary Shares that we are offering. Consequently, if you engage in market trading or other activities in anticipation of and prior to the settlement and delivery of the shares we are offering, you would be doing so at the risk that the settlement and delivery may not occur.

The M&A Rules and certain other PRC regulations establish complex procedures for certain acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The M&A Rules and recently adopted PRC regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. For example, the M&A Rules require that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Mergers or acquisitions that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to MOFCOM when the threshold under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, or the “Prior Notification Rules,” issued by the State Council in August 2008 is triggered. In addition, the *Provisions of the Ministry of Commerce on the Implementation of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors* (the “Security Review Rules”) issued by MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by MOFCOM, and the Security Review Rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions. It is clear that our business would not be deemed to be in an industry that raises “national defense and security” or “national security” concerns. MOFCOM or other government agencies, however, may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

Risks Related to Our Business

The PRC operating entities have in recent years shifted their focus to the Event Hosting business, which makes it difficult to predict our prospects and our business and financial performance.

The PRC operating entities have in recent years shifted their focus from providing event planning and execution services to developing and hosting their own hip-hop events. During the fiscal years ended June 30, 2024, 2023, and 2022, revenue from the Event Hosting business accounted for 9%, 23%, and 46% of our total revenue, respectively, while revenue from the Event Planning and Execution business accounted for 7%, 22%, and 26% of our total revenue, respectively. The recent operation results of the PRC operating entities in this business may not serve as an adequate basis for evaluating our prospect and operating results, including gross billings, net revenue, cash flows, and operating margins for the Event Hosting business. The PRC operating entities have encountered, and may continue to encounter in the future, risks, challenges, and uncertainties associated with the development of their Event Hosting business, such as adapting to the fast-evolving hip-hop ecosystem, addressing regulatory compliance and uncertainty, engaging, training, and retaining high-quality employees, and improving and expanding their hip-hop intellectual property portfolio. If the PRC operating entities do not manage these risks successfully, our operating and financial results may differ materially from our expectations and our business and financial performance may suffer.

If the PRC operating entities are unable to retain the existing clients for their Event Planning and Execution and Brand Promotion businesses, our results of operations will be materially and adversely affected.

The PRC operating entities provide event planning and execution services and brand promotion services to corporate clients primarily pursuant to service agreements with typical terms ranging from one to six months but usually less than three months. These contracts may not be renewed or, if renewed, may not be renewed on the same or more favorable terms for the PRC operating entities. The PRC operating entities may not be able to accurately predict future trends in corporate client renewals, and their corporate clients' renewal rates may decline or fluctuate due to factors such as level of satisfaction with their services and solutions and their fees and charges, as well as factors beyond their control, such as level of competition faced by their corporate clients, their level of success in marketing efforts, and their spending levels. In particular, some of the existing corporate clients of the PRC operating entities, including Xiamen Maisite Education Technology Co., Ltd and Guangzhou Taiji Advertising Co., Ltd., have been their clients for many years and the PRC operating entities generated a significant portion of their revenue through services provided to them. If some of the existing corporate clients of the PRC operating entities, in particular historic corporate clients, terminate or do not renew their business relationships with the PRC operating entities, renew on less favorable terms or for fewer services and solutions, and the PRC operating entities do not acquire replacement corporate clients or otherwise grow their corporate client base, our results of operations may be materially and adversely affected.

A substantial portion of the PRC operating entities' revenue and accounts receivable are currently derived from a small number of customers. If any of these customers experiences a material business disruption, the PRC operating entities would likely incur substantial losses of revenue.

For the fiscal year ended June 30, 2024, two major customers, Lianzhang Digital Designing (Xiamen) Co., Ltd. and Xiamen Maisite Education Technology Co., Ltd., accounted for approximately 34% and 10% of the PRC operating entities' total revenue, respectively. For the fiscal year ended June 30, 2023, three major customers, Zhejiang Liangxiao Culture Media Co., Ltd., Guangzhou Taiji Advertising Co., Ltd., and Guangdong Hongshi Digital Media Co., Ltd., accounted for approximately 10%, 10%, and 9% of the PRC operating entities' total revenue, respectively. For the fiscal year ended June 30, 2022, three major customers, Fujian Maibo Culture Communication Co., Ltd, Guangzhou Taiji Advertising Co., Ltd., and Heng'an (China) Paper Industry Co., Ltd., accounted for approximately 29%, 12%, and 7% of the PRC operating entities' total revenue, respectively. As of June 30, 2024, the PRC operating entities' top five customers accounted for approximately 75% of their accounts receivable balance, with each customer representing 27%, 17%, 16%, 10%, and 5% of the accounts receivable balance, respectively. As of June 30, 2023, the PRC operating entities' top five customers accounted for approximately 68% of their accounts receivable balance, with each customer representing 31%, 19%, 7%, 6%, and 5% of the accounts receivable balance, respectively. As of June 30, 2022, the PRC operating entities' top five customers accounted for approximately 72% of their accounts receivable balance, with each customer representing 35%, 14%, 9%, 7%, and 7% of the accounts receivable balance, respectively. The PRC operating entities' major customers may change as they adjust marketing strategies or business focus, and any material business disruption affecting their major customers or any decrease in sales to their major customers may negatively impact the PRC operating entities' operations and cash flows if the PRC operating entities fail to increase their sales to other customers.

In their Event Hosting business, the PRC operating entities primarily generate revenue from sponsorship. If they fail to attract more sponsors to their concerts, hip-hop events, and online hip-hop programs, or if sponsors are less willing to sponsor them, their revenue may be adversely affected.

The PRC operating entities generate a growing portion of their revenue from sponsorship provided by advertisers in the Event Hosting business, which they expect to further develop and expand in the near future as viewership of their hip-hop event offerings expand. The PRC operating entities' revenue from sponsorship mainly depends on the number and attractiveness of their concerts, hip-hop events, and online hip-hop programs, and partly depends on the continual development of offline advertising industry in China and advertisers' willingness to allocate budgets to offline advertising in the hip-hop industry. In addition, companies that decide to advertise or promote their products or services may utilize online methods or channels, such as Internet portals or search engines, over sponsorship during the PRC operating entities' offline events. If the offline advertising and sponsorship market does not continue to grow, or if the PRC operating entities are unable to capture and retain a sufficient share of that market, their ability to maintain and increase their current level of sponsorship revenue and their profitability and prospects may be materially and adversely affected.

The PRC operating entities' success is tied to events generally and, in particular, to changes in popularity of hip-hop events on which they choose to focus.

The PRC operating entities are largely dependent on the continued popularity of corporate, marketing, and entertainment events in China generally and, in particular, the popularity of hip-hop events upon which they have chosen to focus. Changes in the popularity of hip-hop culture in China or in particular cities or regions in China could be influenced by competition from other forms of entertainment. A change in fans' tastes, or a change in perception relating to hip-hop culture, could result in the PRC operating entities' hip-hop events becoming less popular or otherwise reduce the value of their hip-hop focused intellectual property portfolio. This, in turn, could reduce sponsorship or other advertising demand relating to their hip-hop events. Adverse developments or scandals relating to stars or key stakeholders in the hip-hop industry could affect the PRC operating entities' ability to monetize acquired rights or possibly recover investments they have made in the relationships with the rights owners, and to the extent that any such star or stakeholder is material to their revenue, could have a material adverse effect on their business, results of operations, or prospects.

The PRC operating entities may be unable to maintain or enhance their portfolio of concerts, which is a key component of their growth strategy.

The PRC operating entities own, or otherwise have contractual rights to, an extensive portfolio of concerts and hip-hop events from which they seek to generate revenue through sponsorships and ticket sales for those concerts and events. The portfolio of concerts is derived from the PRC operating entities' performance agreements with artists and music companies, which generally are for fixed terms and specific concerts. The PRC operating entities are dependent upon relationships with these artists and music companies to maintain or obtain new rights. The PRC operating entities have in the past been, and may in the future be, subject to risks that their partners in hosting concerts cease to work with them, develop their own service offerings instead of using those of the PRC operating entities, use alternative intermediaries for certain services, or fail to renew existing contracts on terms favorable to the PRC operating entities, or at all, and to the extent that any such partner is material to the revenue of the PRC operating entities, it could have a material adverse effect on the business, results of operations, or prospects of the PRC operating entities.

The service agreements and performance agreements for the PRC operating entities' Event Planning and Execution and Event Hosting businesses impose numerous obligations on them.

In the PRC operating entities' Event Planning and Execution business and when hosting concerts in their Event Hosting business, the PRC operating entities rely on contractual arrangements to provide a comprehensive suite of event-related services through their execution and marketing capabilities, and otherwise to obtain the right to host concerts they can then monetize.

The contracts with their clients and artists or music companies that underpin these arrangements are complex, come in a number of different forms and impose numerous obligations on the PRC operating entities, including the obligations to:

- provide future payment obligations and minimum attendance guarantees for entertainment events;
- take adequate measures to monitor and prevent third parties from infringing or misusing intellectual property of our clients or partners;
- meet detailed and event specific minimum transmission, live coverage quality, host broadcaster, and media production requirements;
- maintain records of financial activities and grant clients or partners access to and rights to audit the records of the PRC operating entities; and
- comply with certain security and technical specifications.

If the PRC operating entities are unable to meet their obligations or if they breach any of the other terms of their contractual arrangements, they could be subject to monetary penalties and their rights under such arrangements could be terminated, or could be subject to other remedies including obligations to renegotiate terms. Any of the foregoing could have a material adverse effect on their business, results of operations, financial condition, or prospects.

The PRC operating entities depend on the success of live entertainment events, which are inherently susceptible to risks, and their exposure to such risks is potentially heightened as a result of the nature of entertainment events and the fan experiences they seek to create.

Live entertainment events, and, in particular those involving large numbers of performers or fans, require significant logistical capabilities, including substantial resources for safety and security, and sufficient infrastructure, which can be complex, difficult to coordinate, and costly to have in place. Even where logistics and infrastructure have been appropriately planned for, public live events, including events owned by the PRC operating entities, involve risks that may be beyond the PRC operating entities' control or the control of the relevant organizer (if not the PRC operating entities). Such risks may include terrorist attacks, gun violence, or other security threats, travel interruption or accidents, traffic incidents, weather-related interruptions, natural catastrophes, the spread of illness, equipment malfunction, labor strikes, or other disturbances. Any of these could result in personal injuries or deaths, canceled events, and other disruptions to events adversely affecting the success of the events or the PRC operating entities' ability to stage events in the future (such as if host cities or organizations choose not to partner with the PRC operating entities given event-related risks). The realization of these risks could also otherwise impact the profitability of the PRC operating entities' events and the PRC operating entities could also be exposed to liability or other losses for which they may not have insurance or suffer reputational harm.

The PRC operating entities focus on creating memorable entertainment event experiences for fans and cultivating highly-engaged and dedicated communities of fans. As a result, factors adversely impacting the enjoyment of fans during their entertainment events, even relatively minor issues, such as adverse weather conditions or poorly functioning infrastructure, to the extent they become associated with, and undercut, the PRC operating entities' events or, more generally, the PRC operating entities' brands, could lead to declining popularity of the PRC operating entities' events in future periods. As the PRC operating entities coordinate all aspects of these events, including executing the events on-site, and undertaking the many items in preparation for each event, poor execution could also lead to declining popularity of these events in the future. In addition, these events typically require the PRC operating entities to obtain permits from the relevant host cities or municipalities, and restrictive permit conditions, poor delivery of services including those not directly under their control or cancellation of entertainment events could also harm their brands.

The PRC operating entities use third-party services in connection with their business, and any disruption to these services could result in a disruption to their business, negative publicity, and a slowdown in the growth of their customer base, materially and adversely affecting their business, financial condition, and results of operations.

The PRC operating entities' business depends on services provided by, and relationships with, various third parties, including advertising companies and media companies, among others. In particular, for the fiscal year ended June 30, 2024, the PRC operating entities purchased 27.00% of their services from two major suppliers; for the fiscal year ended June 30, 2023, the PRC operating entities purchased 40.08% of their services from three major suppliers; and for the fiscal year ended June 30, 2022, the PRC operating entities purchased approximately 22.10% of their services from three major suppliers. The failure of these parties to perform in compliance with their agreements may negatively impact the PRC operating entities' business.



In addition, if such third parties increase the prices of their services, fail to provide their services effectively, terminate their services or agreements, or discontinue their relationships with the PRC operating entities, the PRC operating entities could suffer service interruptions, reduced revenue, or increased costs, any of which may have a material adverse effect on their business, financial condition, and results of operations.

The PRC operating entities' business could be harmed if the relationships on which they depend were to change adversely or terminate.

Some of the PRC operating entities' events involves an exhaustive check-list of items to be organized and coordinated among numerous parties. Therefore, good relationships with these parties are key to a successful event. In particular, for the successful operation and execution of their hip-hop events, the PRC operating entities often are dependent on relationships with local authorities and government agencies, which provide the PRC operating entities essential services that are integral to the success of the event, such as police and security services, traffic control, and assistance in obtaining the required approvals and permits. For the operation of many of the PRC operating entities' hip-hop events, they use third-party providers and may also rely on the support of volunteers. If the PRC operating entities are unable to rely on providers or volunteers in their event operations, it could cause disruptions to their events or otherwise adversely impact their relationships with their community of fans. Any adverse changes in or termination of any of these relationships could have a material adverse effect on their business, results of operations, financial condition, or prospects.

The PRC operating entities' business depends on the continued success of their brands, and if they fail to maintain and enhance the recognition of their brands, they may face difficulty increasing their network of partners and clients, and their reputation and operating results may be harmed.



We believe that market awareness of the PRC operating entities' brands, including , , and Hip Hop Master, have contributed significantly to the success of their business. Maintaining and enhancing their brands is critical to the PRC operating entities' efforts to increase their network of sponsors, clients, and fans.

The PRC operating entities' ability to attract new sponsors, clients, and fans depends not only on investment in their brands, their marketing efforts, and the success of their sales force, but also on the perceived value of their services versus competing alternatives among their client base. In addition, a failure by their clients to distinguish between the PRC operating entities' brands and the different services provided by their competitors may result in a reduction in sales volume, revenue, and margins. If the PRC operating entities' marketing initiatives are not successful or become less effective, if they are unable to further enhance their brand recognition, or if they incur excessive marketing and promotion expenses, they may not be able to attract new clients successfully or efficiently, and their business and results of operations may be materially and adversely affected.

In addition, negative publicity about the PRC operating entities' business, shareholders, affiliates, directors, officers, and other employees, and the industry in which the PRC operating entities operate, can harm the recognition of their brands. Negative publicity, regardless of merits, concerning the foregoing, could be related to a wide variety of matters, including but not limited to:

- alleged misconduct or other improper activities committed by the PRC operating entities' directors, officers, and other employees, including misrepresentation made by their employees to potential partners, clients, and fans during sales and marketing activities, and other fraudulent activities to artificially inflate the popularity of their service offerings;
- false or malicious allegations or rumors about the PRC operating entities or their directors, shareholders, affiliates, officers, and other employees;
- complaints by fans, clients, sponsors, or partners about the PRC operating entities' events, services, sales, and marketing activities;
- security breaches of confidential partner, client, or employee information;
- employment-related claims relating to alleged employment discrimination, wage, and hour violations; and
- governmental and regulatory investigations or penalties resulting from the PRC operating entities' failure to comply with applicable laws and regulations.

In addition to traditional media, there has been an increasing use of social media platforms and similar devices in China, including instant messaging applications, social media websites, and other forms of Internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability of information on instant messaging applications and social media platforms is virtually immediate as its impact without affording the PRC operating entities an opportunity for redress or correction. The opportunity for dissemination of information, including inaccurate information, is readily available. Information concerning the PRC operating entities, and their shareholders, affiliates, directors, officers, and other employees, may be posted on such platforms at any time. The risks associated with any such negative publicity or incorrect information cannot be completely eliminated by the PRC operating entities' strategies to maintain their brand and may materially harm the recognition of their brand, their reputation, business, financial condition, and results of operations.

The PRC operating entities could be adversely affected by a failure to protect their intellectual property or the intellectual property of their partners.



The PRC operating entities have significant intellectual property rights, in particular with respect to their event brands, such as , and related events, as well as their business brands, such as the Hip Hop Master brand. See also “—The PRC operating entities’ business depends on the continued success of their brands, and if they fail to maintain and enhance the recognition of their brands, they may face difficulty increasing their network of partners and clients, and their reputation and operating results may be harmed” and “Item 4. Information on the Company—B. Business Overview—Intellectual Property.” The PRC operating entities regard their intellectual properties as critical to their success, and they depend, to a large extent, on their ability to develop and maintain their intellectual property rights. To do so, they rely upon a combination of trade secrets, confidential policies, nondisclosure, and other contractual arrangements and copyrights, software copyrights, trademarks, and other intellectual property laws. The PRC operating entities also make use of the intellectual property rights from partners, such as artists and music companies, to monetize the concerts they host. Despite their efforts to protect their or their partners’ intellectual property rights, the steps the PRC operating entities take in this regard might not be adequate to prevent, or deter, infringement or other misappropriation of their or their partners’ intellectual property by competitors, former employees, or other third parties.

Monitoring and preventing any unauthorized use of the PRC operating entities’ or their partners’ intellectual property is difficult and costly, and any of their or their partners’ intellectual property rights could be challenged, invalidated, circumvented, or misappropriated, or such intellectual property may not be sufficient to provide the PRC operating entities with competitive advantages. Litigation or proceedings before governmental authorities, or administrative and judicial bodies may be necessary to enforce their intellectual property rights and to determine the validity and scope of their rights. The PRC operating entities’ efforts to protect their intellectual property in such litigation and proceedings may be ineffective and could result in substantial costs and diversion of resources and management time, each of which could substantially harm their operating results. Any failure in protecting or enforcing their or their partners’ intellectual property rights could have a material adverse effect on their business, results of operations, financial condition, or prospects.

Advertisements shown during the PRC operating entities’ events may subject them to penalties and other administrative actions.

Under PRC advertising laws and regulations, the PRC operating entities are obligated to monitor the advertising content shown during their events to ensure that such content is true, accurate, and in full compliance with applicable laws and regulations. In addition, where a special government review is required for specific types of advertisements prior to posting, such as advertisements relating to pharmaceuticals, medical instruments, agrochemicals, and veterinary pharmaceuticals, they are obligated to confirm that such review has been performed and approval has been obtained from competent governmental authority. To fulfill these monitoring functions, the PRC operating entities include clauses in all of their service contracts requiring that all advertising content provided by advertising agencies and advertisers must comply with relevant laws and regulations. Under PRC law, the PRC operating entities may have claims against advertising agencies and advertisers for all damages to the PRC operating entities caused by their breach of such representations. Violation of these laws and regulations may subject the PRC operating entities to penalties, including fines, confiscation of our advertising income, orders to cease dissemination of the advertisements, and orders to publish an announcement correcting the misleading information. In circumstances involving serious violations, such as posting a pharmaceutical product advertisement without approval, or posting an advertisement for fake pharmaceutical product, PRC governmental authorities may force the PRC operating entities to terminate their advertising operation or revoke their licenses.

A majority of the advertisements shown during the PRC operating entities' events are provided to them by third parties. Although significant efforts have been made to ensure that the advertisements shown during their events are in full compliance with applicable laws and regulations, the PRC operating entities cannot assure you that all the content contained in such advertisements is true and accurate as required by the advertising laws and regulations, especially given the large number of advertisements and the uncertainty in the application of these laws and regulations. The inability of the PRC operating entities' procedures to adequately and timely discover such evasions may subject them to regulatory penalties or administrative sanctions. Although the PRC operating entities have not been subject to any penalties or administrative sanctions in the past for the advertisements shown during their events, if they are found to be in violation of applicable PRC advertising laws and regulations in the future, the PRC operating entities may be subject to penalties and their reputation may be harmed, which may have a material and adverse effect on their business, financial condition, results of operations, and prospects.

The markets in which the PRC operating entities operate are highly competitive.

In providing event planning and execution and brand promotion services, the PRC operating entities seek to build strong connections, raise the value of services they provide, create effective communication platforms for brands, events, and organizations, and ultimately provide the vital link between events and consumers. The PRC operating entities face competition in acquiring corporate clients. Notwithstanding prior relationships, corporate clients might choose alternative service providers. If the PRC operating entities are unable to maintain current clients or acquire new clients, their ability to grow their business will be limited. In a competitive environment, they may lose existing business to their competitors or they may win less profitable business, including to the extent they may be required to lower the service fees they charge to their clients. In China, a number of companies have already engaged in event planning and execution and brand promotion services, and certain large companies, such as Alibaba, Tencent, and Baidu, are increasingly investing in entertainment businesses, including in hip-hop-related content and media channel development. In addition, partners of the PRC operating entities may expand their internal capabilities or otherwise integrate themselves vertically and more systematically, which could result in a reduction in opportunities available to the PRC operating entities or otherwise lead to potential new competitors.

In the case of concerts, hip-hop events, and online hip-hop programs, the PRC operating entities face competition principally from other hosts or creator of concerts, hip-hop events, and online hip-hop programs. The events, concerts, or online programs offered by other hosts may offer fans the ability to participate in events that represent or are perceived to represent better value for money than what the PRC operating entities offer. The PRC operating entities may face competition in cities or markets from competitors that have or are able to establish a more significant local presence than they can. In addition, the PRC operating entities face competition from other entertainment and non-entertainment events that may be more attractive or appealing to potential fans.

The PRC operating entities' results of operations are subject to seasonality and their financial performance in any one interim period is unlikely to be indicative of, or comparable to, their financial performance in subsequent interim periods.

Ultimately, the PRC operating entities generate revenue from events, and these events occur at different times throughout the year. Most of their event-related revenue as well as event-related expenses are recognized in the month in which an event occurs. In particular for the PRC operating entities' Event Planning and Execution and Brand Promotion businesses, revenue and direct expenses tend to be higher in the fourth quarter of our fiscal year given the PRC operating entities' event calendar. Over the course of the four quarters, fluctuations in gross profit shows a largely similar pattern to fluctuations in revenue. The PRC operating entities' results of operations in their Event Hosting business tend to have less seasonal fluctuations compared to their other businesses. Comparing the PRC operating entities' operating results on a period-to-period basis may not be meaningful, and you should not rely on their past results as an indication of their future performance.

The PRC operating entities may be unable to expand successfully into new cities or markets or expand within cities or markets in which they are already present.

The PRC operating entities currently operate mainly in the coastal provinces of China. Expansion into new cities or markets or expansion within cities or markets in which they are already present could expose the PRC operating entities to significant legal and regulatory challenges, political, and economic instability or other adverse consequences. Such expansion may require the building of new relationships with stakeholders, which may have different interests or standards than stakeholders for which the PRC operating entities' operations have otherwise been designed and for which they may have limited capabilities to leverage. Their lack of experience and operational expertise in these cities or markets could put the PRC operating entities in a disadvantageous position relative to their competitors with more experience or capabilities to address the relevant challenges. These factors, among others, could cause their expansion into new cities or markets to be unsuccessful or less profitable than what they are otherwise able to achieve, could cause their operating costs to increase unexpectedly or their revenue to decrease, or, in general, could otherwise negatively affect their expansion ambitions.

The PRC operating entities may be unable to pursue strategic partnership, acquisitions, and investment opportunities to further complement their service offerings.

The PRC operating entities may selectively partner with, invest in, or acquire companies that complement or enhance their existing operations as well as those that are strategically beneficial to their long-term goals, including opportunities that help broaden their corporate client base, expand their service offerings, and grow the number of their events. The costs of identifying and consummating partnerships, acquisitions, and investments may be significant, and the PRC operating entities may not be able to find suitable opportunities at reasonable prices, or at all, in the future. Finding and consummating partnerships, acquisitions, or investments requires management time and effort, and finding and consummating such opportunities in new markets can be affected by availability of suitable targets and uncertain business cases in ways that pose greater risk than initiatives that target established markets. More broadly, opportunities in markets in which the PRC operating entities have limited or no prior experience may pose a greater risk. Failure to further expand their service offerings through strategic partnerships, acquisitions, and investment opportunities could have a material adverse effect on their business, results of operations, financial condition, or prospects.

Failure to maintain the quality of customer services could harm the PRC operating entities' reputation and their ability to retain existing clients and attract new clients, which may materially and adversely affect their business, financial condition, and results of operations.

The PRC operating entities depend on their customer service representatives to provide assistance to clients using their services. As such, the quality of customer services is critical to retaining their existing clients and attracting new clients. If their customer service representatives fail to satisfy clients' individual needs, the PRC operating entities may incur reputational harms and lose potential or existing business opportunities with their existing clients, which could have a material adverse effect on their business, financial condition, and results of operations.

We rely on the skills, experience, and relationships of our senior management team and other key personnel, the loss of which could adversely affect us.

We believe that our future success depends significantly on our continuing ability to attract, develop, motivate, and retain our senior management and a sufficient number of hip-hop, event planning and execution, and brand promotion specialists and other experienced and skilled employees. We benefit from the track record of our senior management team, including Mr. Zhuoqin Huang, in building strategic personal relationships with key stakeholders throughout the hip-hop ecosystem and successfully growing our operations through strategic partnerships. Our senior management team works closely with seasoned hip-hop, event planning and execution, and brand promotion specialists who offer deep execution and operational experience combined with their relationships with various stakeholders. Our combined team offers deep industry experience throughout the hip-hop ecosystem, as well as in-depth knowledge of the Chinese hip-hop market.

Qualified individuals are in high demand, particularly in the hip-hop ecosystem, and the PRC operating entities may have to incur significant costs to attract and retain them. The loss of any member of the senior management team or such specialists could be highly disruptive and adversely affect our business operations in respect of a particular stakeholder or more broadly impact our future growth. Moreover, if any of these individuals joins a competitor or undertakes a competing business, the PRC operating entities may lose crucial business secrets, personal relationships, technological know-how, and other valuable resources, notwithstanding their contractual arrangements designed to mitigate this loss.

A decline in general economic conditions or a disruption of financial markets may affect entertainment markets or the discretionary income of consumers, which in turn could adversely affect the PRC operating entities' profitability.

The PRC operating entities' operations are affected by general economic conditions and, in particular, conditions that have a direct impact on the demand for entertainment and leisure activities. Declines in general economic conditions could reduce the level of discretionary income that their fans have to spend on attending or participating in entertainment events or on entertainment-related programs or consumer products more generally (thereby potentially reducing sponsorship and advertising spending), any of which could adversely impact their revenue. Adverse economic conditions, including volatility and disruptions in financial markets, may also affect other stakeholders in the hip-hop ecosystem, thereby reducing their engagement. For example, declines in consumer spending more broadly could affect advertising spend, which in turn could adversely affect broadcasters. These factors could reduce the prices the PRC operating entities can obtain in their arrangements with partners and clients.

Demand for the PRC operating entities' content would be adversely affected by unauthorized distribution of that content.

To the extent that live hip-hop events are made available on the Internet by pirates or other unauthorized re-broadcasters and these are illegally streamed, demand for the PRC operating entities' services could decline and they could lose the benefit of any associated revenue, which could have a material adverse effect on their reputation, business, results of operations, financial conditions, or prospects.

The PRC operating entities' current insurance policies may not provide adequate levels of coverage against all claims and they may incur losses that are not covered by their insurance.

We believe the PRC operating entities maintain insurance coverage that is customary for businesses of their size and type. However, they may be unable to insure against certain types of losses or claims, or the cost of such insurance may be prohibitive. Uninsured losses or claims, if they occur, could have a material adverse effect on their reputation, business, results of operations, financial condition, or prospects.

Content related to hip-hop produced and/or distributed by the PRC operating entities may be found objectionable by PRC regulatory authorities, which may have an adverse effect on their business.

PRC laws and regulations impose certain restrictions on content of commercial performances, radio and television programs, and advertisements. See “Item 4. Information on the Company—B. Business Overview—Regulations.” These regulations provide that content is prohibited to, among other things, violate PRC laws and regulations, impair the national dignity of China or the public interest, or incite ethnic hatred, propagate cults and superstition, disturb social order, spread obscenity, gambling, or violence. In addition, PRC regulatory authorities may find any content objectionable, and accordingly such content may be limited or eliminated. For example, since the outset of 2018, the Chinese government has tightened its crackdown on content it deemed to be “vulgar” or “low taste,” which caused certain rap songs to be deleted or their lyrics redacted since the government deemed them inappropriate. The PRC operating entities currently engage in street dance, another area of hip-hop culture, which we do not believe has been deemed to be offensive or vulgar. However, the PRC operating entities also own an extensive portfolio of intellectual property rights related to hip-hop events, including a stage play, three dance competitions or events, two cultural and musical festivals, and two promotional parties, and online hip-hop programs, which usually feature rap songs. As of the date of this annual report, the PRC operating entities have not received any notice of warning or been subject to penalties or other disciplinary action regarding content we currently produce or distribute. However, we cannot assure you that content the PRC operating entities produce, promote, or distribute will not be found objectionable by regulatory authorities in the future. In the event that the PRC regulatory authorities find any content the PRC operating entities produce and/or distribute objectionable, such content may be deleted or restricted. As a result, the PRC operating entities' business, financial condition, and results of operations may be affected.

As the PRC operating entities have been engaged in digital collection sales since May 2022 and we are in the process of developing non-fungible token (“NFT”) products, the PRC operating entities and we may be subject to an extensive and highly-evolving regulatory landscape and any adverse changes to, or our failure to comply with, any laws and regulations could adversely affect our brand, reputation, business, operating results, and financial condition.

The PRC operating entities have been engaged in digital collection sales since May 2022 and we are in the process of developing NFT products. As a result, the PRC operating entities' and our business may be subject to extensive laws, rules, regulations, policies, orders, determinations, directives, treaties, and legal and regulatory interpretations and guidance in the markets in which the PRC operating entities and we operate, including those governing financial services and banking, trust companies, securities, commodities, credit, digital asset custody, exchange, and transfer, cross-border and domestic money and digital asset transmission, consumer and commercial lending, usury, foreign currency exchange, privacy, data governance, data protection, cybersecurity, fraud detection, payment services (including payment processing and settlement services), consumer protection, escheatment, antitrust and competition, bankruptcy, tax, anti-bribery, economic and trade sanctions, anti-money laundering, and counter-terrorist financing. Many of these legal and regulatory regimes were adopted prior to the advent of the Internet, mobile technologies, digital assets, and related technologies. As a result, they do not contemplate or address unique issues associated with the crypto economy, are subject to significant uncertainty, and vary widely across U.S. federal, state, and local and international jurisdictions. These legal and regulatory regimes, including the laws, rules, and regulations thereunder, evolve frequently and may be modified, interpreted, and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another. Moreover, the complexity and evolving nature of our business and the significant uncertainty surrounding the regulation of the crypto economy requires us to exercise our judgement as to whether certain laws, rules, and regulations apply to us, and it is possible that governmental bodies and regulators may disagree with our conclusions. To the extent we have not complied with such laws, rules, and regulations, we could be subject to significant fines, revocation of licenses, limitations on our products and services, reputational harm, and other regulatory consequences, each of which may be significant and could adversely affect our business, operating results, and financial condition.

Risks Relating to Our Class A Ordinary Shares and the Trading Market

Substantial future sales of our Class A Ordinary Shares or the anticipation of future sales of our Class A Ordinary Shares in the public market could cause the price of our Class A Ordinary Shares to decline.

Sales of substantial amounts of our Class A Ordinary Shares in the public market, or the perception that these sales could occur, could cause the market price of our Class A Ordinary Shares to decline. An aggregate of 14,362,733 Class A Ordinary Shares are outstanding as of the date of this annual report. Sales of these shares into the market could cause the market price of our Class A Ordinary Shares to decline.

We do not intend to pay dividends for the foreseeable future.

We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, you may only receive a return on your investment in our Class A Ordinary Shares if the market price of our Class A Ordinary Shares increases.

If securities or industry analysts do not publish research or reports about our business, or if they publish a negative report regarding our Class A Ordinary Shares, the price of our Class A Ordinary Shares and trading volume could decline.

Any trading market for our Class A Ordinary Shares may depend in part on the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade us, the price of our Class A Ordinary Shares would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause the price of our Class A Ordinary Shares and the trading volume to decline.

The market price of our Class A Ordinary Shares may be volatile or may decline regardless of our operating performance, and you may not be able to resell your shares at or above the public offering price.

The trading price of our Class A Ordinary Shares is likely to continue to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in their trading prices. The trading performances of other Chinese companies' securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States in general and consequently may impact the trading performance of our Class A Ordinary Shares, regardless of our actual operating performance.

The market price of our Class A Ordinary Shares may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our revenue and other operating results;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- announcements by us or our competitors of significant products or features, technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- lawsuits threatened or filed against us; and
- other events or factors, including those resulting from war or incidents of terrorism, or responses to these events.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. Stock prices of many companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, shareholders have filed securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business.

If we cease to qualify as a foreign private issuer, we would be required to comply fully with the reporting requirements of the Exchange Act applicable to U.S. domestic issuers, and we would incur significant additional legal, accounting, and other expenses that we would not incur as a foreign private issuer.

As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors, and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as United States domestic issuers, and we are not required to disclose in our periodic reports all of the information that United States domestic issuers are required to disclose. While we currently are deemed as a foreign private issuer, we may cease to qualify as a foreign private issuer in the future, in which case we would incur significant additional expenses that could have a material adverse effect on our results of operations.

Because we are a foreign private issuer and have taken advantage of exemptions from certain Nasdaq corporate governance standards applicable to U.S. issuers, you will have less protection than you would have if we were a domestic issuer.

As a Cayman Islands company listed on the Nasdaq Capital Market, we are subject to the Nasdaq corporate governance listing standards. Nasdaq rules, however, permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards.

Nasdaq Listing Rule 5635 generally provides that shareholder approval is required of U.S. domestic companies listed on Nasdaq prior to issuance (or potential issuance) of securities (i) equaling 20% or more of the company's common stock or voting power for less than the greater of market or book value (ii) resulting in a change of control of the company; and (iii) which is being issued pursuant to a stock option or purchase plan to be established or materially amended or other equity compensation arrangement made or materially amended. Notwithstanding this general requirement, Nasdaq Listing Rule 5615(a)(3)(A) permits foreign private issuers to follow their home country practice rather than these shareholder approval requirements. The Cayman Islands do not require shareholder approval prior to any of the foregoing types of issuances. We, therefore, are not required to obtain such shareholder approval prior to entering into a transaction with the potential to issue securities as described above. Specifically, our board of directors has elected to follow our home country rules and be exempt from the requirements to obtain shareholder approval for (1) shareholder approval for the issuance of securities in connection with the acquisition of the stock or assets of another company under the Nasdaq Listing Rule 5635(a), (2) the issuance of securities when the issuance or potential issuance will result in a change of control of our Company under Nasdaq Listing Rule 5635(b), (3) shareholder approval for share incentive plans under the Nasdaq Listing Rule 5635(c), and (4) the issuance of 20% or more of our outstanding ordinary shares under the Nasdaq Listing Rule 5635(d).

Nasdaq Listing Rule 5605(b)(1) requires listed companies to have, among other things, a majority of its board members be independent. As a foreign private issuer, however, we are permitted to, and we may follow home country practice in lieu of the above requirement. The corporate governance practice in our home country, the Cayman Islands, does not require a majority of our board to consist of independent directors. Currently, we have three independent directors. See "Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management." Our shareholders may be afforded less protection than they would otherwise enjoy under Nasdaq's corporate governance requirements applicable to U.S. domestic issuers.

Although as a foreign private issuer we are exempt from certain corporate governance standards applicable to U.S. issuers, if we cannot satisfy, or continue to satisfy, the continued listing requirements and other rules of the Nasdaq Capital Market, our securities may not be listed or may be delisted, which could negatively impact the price of our securities and your ability to sell them.

Our Class A Ordinary Shares are listed on the Nasdaq Capital Market. In order to maintain our listing on the Nasdaq Capital Market, we are required to comply with certain rules of the Nasdaq Capital Market, including those regarding minimum stockholders' equity, minimum share price, minimum market value of publicly held shares, and various additional requirements. Even if we currently meet the listing requirements and other applicable rules of the Nasdaq Capital Market, we may not be able to continue to satisfy these requirements and applicable rules. If we are unable to satisfy the Nasdaq Capital Market criteria for maintaining our listing, our securities could be subject to delisting.

If the Nasdaq Capital Market subsequently delists our securities from trading, we could face significant consequences, including:

- a limited availability for market quotations for our securities;
- reduced liquidity with respect to our securities;

- a determination that our Class A Ordinary Share is a “penny stock,” which will require brokers trading in our Class A Ordinary Share to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our Class A Ordinary Share;
- limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

Our board of directors may decline to register transfers of Class A Ordinary Shares in certain circumstances.

Our board of directors may, in its sole discretion, decline to register any transfer of any Class A Ordinary Share which is not fully paid up or on which we have a lien. Our directors may also decline to register any transfer of any share unless (i) the instrument of transfer is lodged with us, accompanied by the certificate for the shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer; (ii) the instrument of transfer is in respect of only one class of shares; (iii) the instrument of transfer is properly stamped, if required; (iv) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four; (v) the shares transferred are free of any lien in favor of us; or (vi) a fee of such maximum sum as the Nasdaq Capital Market may determine to be payable, or such lesser sum as our board of directors may from time to time require, is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal. The registration of transfers may, on 14 days’ notice being given by advertisement in one or more newspapers or by electronic means, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year.

This, however, is unlikely to affect market transactions of the Class A Ordinary Shares purchased by investors in our public offerings. The legal title to such Class A Ordinary Shares and the registration details of those Class A Ordinary Shares in our register of members remains with the Depository Trust Company. All market transactions with respect to those Class A Ordinary Shares are carried out without the need for any kind of registration by the directors, as the market transactions will all be conducted through the Depository Trust Company systems.

We are an “emerging growth company” within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to emerging growth companies, this will make it more difficult to compare our performance with other public companies.

We are an “emerging growth company” within the meaning of the Securities Act, as modified by the JOBS Act. Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This will make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Because we are an “emerging growth company,” we may not be subject to requirements that other public companies are subject to, which could affect investor confidence in us and our Class A Ordinary Shares.

For as long as we remain an “emerging growth company,” as defined in the JOBS Act, we will elect to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of shareholder approval of any golden parachute payments not previously approved. Because of these lessened regulatory requirements, our shareholders would be left without information or rights available to shareholders of more mature companies. If some investors find our Class A Ordinary Shares less attractive as a result, there may be a less active trading market for our Class A Ordinary Shares and our share price may be more volatile.

The laws of the Cayman Islands may not provide our shareholders with benefits comparable to those provided to shareholders of corporations incorporated in the United States.

Our corporate affairs are governed by our amended and restated memorandum and articles of association, by the Companies Act (Revised) of the Cayman Islands and by the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law in the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands and from English common law. Appeals from the Cayman Islands Courts to the Privy Council (which is the final Court of Appeal for British overseas territories such as the Cayman Islands) are binding on a court in the Cayman Islands. Decisions of the English courts, and particularly the Supreme Court and the Court of Appeal are generally of persuasive authority but are not binding in the courts of the Cayman Islands. Decisions of courts in other Commonwealth jurisdictions are similarly of persuasive but not binding authority. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, the Cayman Islands has a less developed body of securities laws relative to the United States. Therefore, our public shareholders may have more difficulty protecting their interests in the face of actions by our management, directors, or controlling shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

You may be unable to present proposals before annual general meetings or extraordinary general meetings not called by shareholders.

Cayman Islands law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. These rights, however, may be provided in a company's articles of association. Our articles of association allow our shareholders holding shares representing in aggregate not less than 10% of our voting share capital in issue, to requisition a general meeting of our shareholders, in which case our directors are obliged to call such meeting. Advance notice of at least 21 clear days is required for the convening of our annual general shareholders' meeting and at least 14 clear days' notice any other general meeting of our shareholders. A quorum required for a meeting of shareholders consists of at least one shareholder present or by proxy, representing not less than one-third of the total issued shares carrying the right to vote at a general meeting of our Company.

If we are classified as a PFIC, United States taxpayers who own our Class A Ordinary Shares may have adverse United States federal income tax consequences.

A non-U.S. corporation such as ourselves will be classified as a PFIC, for any taxable year if, for such year, either:

- At least 75% of our gross income for the year is passive income; or
- The average percentage of our assets (determined at the end of each quarter) during the taxable year which produce passive income or which are held for the production of passive income is at least 50%.

Passive income generally includes dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business), and gains from the disposition of passive assets.

If we are determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. taxpayer who holds our Class A Ordinary Shares, the U.S. taxpayer may be subject to increased U.S. federal income tax liability and may be subject to additional reporting requirements.

Depending on the amount of cash we have and any other assets held for the production of passive income, it is possible that, for our current taxable year or for any subsequent year, more than 50% of our assets may be assets which produce passive income, in which case we would be deemed a PFIC, which could have adverse U.S. federal income tax consequences for U.S. taxpayers who are shareholders. We will make this determination following the end of any particular tax year.

Although the law in this regard is unclear, we treat the PRC operating entities as being owned by us for United States federal income tax purposes, not only because we exercise effective control over the operations of such entities but also because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their operating results in our consolidated financial statements. For purposes of the PFIC analysis, in general, a non-U.S. corporation is deemed to own its pro rata share of the gross income and assets of any entity in which it is considered to own at least 25% of the equity by value.

For a more detailed discussion of the application of the PFIC rules to us and the consequences to U.S. taxpayers if we were or are determined to be a PFIC, see "Item 10. Additional Information—E. Taxation—United States Federal Income Taxation—PFIC Consequences."

Our shareholders may be held liable for claims by third parties against us to the extent of distributions received by them upon redemption of their shares.

If we are forced to enter into an insolvent liquidation, any distributions received by shareholders could be viewed as an unlawful payment if it was proved that immediately following the date on which the distribution was made, we were unable to pay our debts as they fall due in the ordinary course of business. As a result, a liquidator could seek to recover some or all amounts received by our shareholders. Furthermore, our directors may be viewed as having breached their fiduciary duties to us or our creditors and/or may have acted in bad faith, thereby exposing themselves and our company to claims, by paying public shareholders from the trust account prior to addressing the claims of creditors. We cannot assure you that claims will not be brought against us for these reasons. We and our directors and officers who knowingly and willfully authorized or permitted any distribution to be paid out of our share premium account while we were unable to pay our debts as they fall due in the ordinary course of business would be guilty of an offence and may be liable to a fine of Cayman Islands \$15,000 and to imprisonment for five years in the Cayman Islands.

Anti-takeover provisions in our amended and restated memorandum and articles of association may discourage, delay, or prevent a change in control.

Some provisions of our amended and restated memorandum and articles of association may discourage, delay, or prevent a change in control of our company or management that shareholders may consider favorable, including, among other things, the following:

- provisions that authorize our board of directors to issue shares with preferred, deferred or other special rights or restrictions without any further vote or action by our shareholders; and
- provisions that restrict the ability of our shareholders to call meetings and to propose special matters for consideration at shareholder meetings.

The triple class structure of our ordinary shares has the effect of concentrating voting control with our chief executive officer and chairman, and his interests may not be aligned with the interests of our other shareholders.

We have a triple-class structure consisting of Class A Ordinary Shares, Class B Ordinary Shares, and Class C Ordinary Shares. Under this structure, holders of Class A Ordinary Shares are entitled to one vote per one Class A Ordinary Share, holders of Class B Ordinary Shares are entitled to 100 votes per one Class B Ordinary Share, and holders of Class C Ordinary Shares do not have voting power, which may cause the holders of Class B Ordinary Shares to have an unbalanced, higher concentration of voting power. Mr. Zhuoqin Huang, our chief executive officer and chairman, indirectly holds 576,308, or 100% of our issued Class B Ordinary Shares, representing approximately 80.05% of the voting rights in our Company as of the date of this annual report. As a result, until such time as his collective voting power is below 50%, Mr. Huang as the controlling shareholder has substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors, and other significant corporate actions. He may take actions that are not in the best interests of us or our other shareholders. These corporate actions may be taken even if they are opposed by our other shareholders. Further, such concentration of voting power may discourage, prevent, or delay the consummation of recent change of control transactions that shareholders may consider favorable, including transactions in which shareholders might otherwise receive a premium for their shares. Future issuances of Class B Ordinary Shares may also be dilutive to the holders of Class A Ordinary Shares or Class C Ordinary Shares. As a result, the market price of our Class A Ordinary Shares could be adversely affected. As of the date of this annual report, we have not issued any Class C Ordinary Shares, and our Class C Ordinary Shares are not listed on Nasdaq, or any other stock exchange.

The triple-class structure of our ordinary shares may adversely affect the trading market for our Class A Ordinary Shares.

Several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the triple class structure of our ordinary shares may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A Ordinary Shares.

We are a “controlled company” within the meaning of the Nasdaq listing rules, and may follow certain exemptions from certain corporate governance requirements that could adversely affect our public shareholders.

Our largest shareholder, Mr. Zhuoqin Huang, owns more than a majority of the voting power of our outstanding ordinary shares. Under the Nasdaq listing rules, a company of which more than 50% of the voting power is held by an individual, group, or another company is a “controlled company” and is permitted to phase in its compliance with the independent committee requirements. Although we do not intend to rely on the “controlled company” exemptions under the Nasdaq listing rules even if we are deemed a “controlled company,” we could elect to rely on these exemptions in the future. If we were to elect to rely on the “controlled company” exemptions, a majority of the members of our board of directors might not be independent directors and our nominating and corporate governance and compensation committees might not consist entirely of independent directors. Accordingly, if we rely on the exemptions, during the period we remain a controlled company and during any transition period following a time when we are no longer a controlled company, you would not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

During the course of the audit of our consolidated financial statements, we and our independent registered public accounting firm identified a material weakness in our internal control over financial reporting. If we fail to establish and maintain an effective system of internal control over financial reporting, our ability to accurately and timely report our financial results or prevent fraud may be adversely affected, and investor confidence and the market price of our Class A Ordinary Shares may be adversely impacted.

We are subject to reporting obligations under U.S. securities laws. The SEC adopted rules pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 requiring every public company to include a management report on such company’s internal control over financial reporting in its annual report, which contains management’s assessment of the effectiveness of its internal control over financial reporting.

We and our independent registered public accounting firm, in connection with the preparation and external audit of our consolidated financial statements for the fiscal year ended June 30, 2024, identified a material weakness in our internal control over financial reporting, that is, we do not have sufficient in-house personnel in our accounting department with sufficient knowledge of U.S. GAAP and SEC reporting rules. See “Item 15. Controls and Procedures—Disclosure Controls and Procedures.” Our management is currently in the process of evaluating the steps necessary to remediate the ineffectiveness, such as (i) hiring more qualified accounting personnel with relevant U.S. GAAP and SEC reporting experience and qualifications to strengthen the financial reporting function and to set up a financial and system control framework, and (ii) implementing regular and continuous U.S. GAAP accounting and financial reporting training programs for our accounting and financial reporting personnel. Measures that we implement may not fully address the material weakness in our internal control over financial reporting and we may not be able to conclude that the material weakness has been fully remedied.

Failure to correct the material weakness and other control deficiencies or failure to discover and address any other control deficiencies could result in inaccuracies in our consolidated financial statements and could also impair our ability to comply with applicable financial reporting requirements and make related regulatory filings on a timely basis. As a result, our business, financial condition, results of operations, and prospects, as well as the trading price of our Class A Ordinary Shares, may be materially and adversely affected. Due to the material weakness in our internal control over financial reporting as described above, our management concluded that our internal control over financial reporting was not effective as of June 30, 2024. This could adversely affect the market price of our Class A Ordinary Shares due to a loss of investor confidence in the reliability of our reporting processes.

Item 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

On January 25, 2022, HeliHeng and Xiamen Pop Culture established a subsidiary, Xiamen Pupu Investment Co., Ltd (“Xiamen Pupu Investment”), under PRC laws and regulations. HeliHeng holds 60% equity interests in Xiamen Pupu Investment and Xiamen Pop Culture holds 40%. Xiamen Pupu Investment planned to engage in cross-border funds management for our Company. In March 2024, HeliHeng and Xiamen Pop Culture transferred their equity interests in Xiamen Pupu Investment to Zhuoqin Huang and Jiaming Wu, respectively. As of the date of this annual report, Xiamen Pupu Investment is no longer a subsidiary of the Company.

On December 1, 2022, Shenzhen Pop transferred 4% of the equity interests it held in Shenzhen JamBox Technology Co., Ltd. (“Shenzhen JamBox”) to Wanquan Yi, the legal representative and executive director of Shenzhen Pop, for a consideration of RMB200,000 (approximately \$27,333). The equity transfer was declared effective by the local authority on January 11, 2023. In January 2024, Shenzhen Pop sold out a 36% equity interest in Shenzhen JamBox and became a 20% equity shareholder of Shenzhen JamBox. Wanquan Yi, the legal representative and executive director of Shenzhen Pop, Shenzhen HipHopJust Information Technology Co., Ltd., and ZhaoWei Wu, two unrelated third parties, collectively hold 80% of the equity interests in Shenzhen JamBox. Shenzhen JamBox is not considered as a subsidiary of Pop Culture as of the date of this annual report.

On October 9, 2023, we held an extraordinary general meeting of shareholders, during which our shareholders passed an ordinary resolution to approve a share consolidation of each 10 ordinary shares with a par value of \$0.001 each in our issued and unissued share capital into one ordinary share with a par value of \$0.01, effective on such date as our board of directors of the Company shall determine.

On October 12, 2023, our board of directors adopted resolutions to set the effective date of the Share Consolidation to October 26, 2023, and the Share Consolidation was reflected with the Nasdaq Stock Market and in the marketplace at the opening of business on October 27, 2023.

On February 5, 2024, shareholders of the Company held an extraordinary general meeting and approved (1) the increase of the authorized share capital of the Company from \$50,000 divided into 4,400,000 Class A ordinary shares of par value \$0.01 each and 600,000 Class B ordinary shares of par value \$0.01 each, to \$60,000 divided into 5,400,000 Class A ordinary shares of par value \$0.01 each and 600,000 Class B ordinary shares of par value \$0.01 each, and (2) the re-designation and re-classification of 1,000,000 of its authorized but unissued Class A ordinary shares into Class C ordinary shares such that the Company’s authorized share capital is \$60,000 divided into 4,400,000 Class A ordinary shares of par value \$0.01 each, 600,000 Class B ordinary share of par value \$0.01 each, and 1,000,000 Class C ordinary shares of par value \$0.01 each. The terms of the Class C ordinary shares are the same as Class A ordinary shares, except that holders of Class C ordinary shares are not entitled to vote.

On March 19, 2024, the Company entered into a series of subscription agreements (collectively, the “March 2024 Subscription Agreements”) with three purchasers, each an unrelated third party to the Company (collectively, the “Purchasers”). Pursuant to the March 2024 Subscription Agreements, the Purchasers agreed to subscribe for and purchase, and the Company agreed to issue and sell to the Purchasers, an aggregate of 1,500,000 Class A ordinary shares of the Company, par value \$0.01 per share (the “Shelf Takedown Shares”), at a purchase price of \$2.86 per share, for an aggregate purchase price of \$4,290,000 (the “Shelf Takedown”). The Shelf Takedown Shares were offered under the Company’s registration statement on Form F-3 (File No. 333-266130), initially filed with the U.S. Securities and Exchange Commission on July 14, 2022 and declared effective on November 18, 2022 (the “F-3 Registration Statement”). A prospectus supplement to the F-3 Registration Statement in connection with this Shelf Takedown was filed with the U.S. Securities and Exchange Commission on March 19, 2024. The March 2024 Subscription Agreements, the transactions contemplated thereby, and the issuance of the Shelf Takedown Shares were approved by the Company’s board of directors. The closing of the transactions contemplated by the March 2024 Subscription Agreements took place on March 21, 2024. These transactions are collectively referred to as the “March 2024 Shelf Takedown.”

On March 26, 2024, shareholders of the Company held an extraordinary general meeting at which (1) holders of Class A ordinary shares passed a special resolution approving the Class B Variation, (2) all shareholders (voting as one class) passed an ordinary resolution approving the approved the Share Capital Increase, and (3) all shareholders (voting as one class) passed a special resolution approving the Company’s adoption of amended and restated memorandum and articles of association reflecting the Class B Variation and Share Capital Increase. The Company separately received written consent from the sole holder of Class B ordinary shares to the Class B variation on 8 January 2024.

On May 29, 2024, Hualiu Digital established a subsidiary, Xiamen Hualiu Music Culture Media Co., Ltd. (“Hualiu Music”), under PRC laws and regulations. Hualiu Digital holds 40% equity interests in Hualiu Music. As of the date of this annual report, Hualiu Music has not been operative, nor has it generated any revenue.

On May 29, 2024, the Company, through its wholly owned subsidiary Pop Culture HK, entered into a stock purchase agreement (the “Stock Purchase Agreement”) with Shaorong Zheng, a former shareholder of Yi Caishen (Xiamen) Trading Co., Ltd., a limited liability company incorporated in China (“Yi Caishen”), with respect to the Target Company. Pursuant to the Stock Purchase Agreement, Pop Culture HK agreed to acquire 98% of the equity interests in the Target Company (the “Target Equity”) from Shaorong Zheng. In consideration of the sale of the Target Equity, the Company agreed to issue to Shaorong Zheng 1,000,000 Class A ordinary shares, par value \$0.01 per share, of the Company with an aggregate value of \$1,100,000. This transaction is referred to as the “Acquisition of Yi Caishen.” As of the date of this annual report, the Acquisition of Yi Caishen has not been consummated.

On June 25, 2024, Xiamen Pop Culture transferred 40% equity interests it held in Pupu Sibo to Lei Wang. As of the date of this annual report, Xiamen Pop Culture holds 60% equity interests in Pupu Sibo.

On August 6, 2024, the Company, entered into the August 2024 Subscription Agreements with Subscribers. Pursuant to the August 2024 Subscription Agreements and in reliance on Rule 902 of Regulation S, the Company agreed to sell and the Subscribers agreed to purchase an aggregate of 10,000,000 Class A Ordinary Shares, par value \$0.01 per share, of the Company at a price of \$1.00 per Class A Ordinary Share. On August 23, 2024, the Company closed this transaction. This transaction is referred to as the “August 2024 PIPE.”

Corporate Information

Our principal executive offices are located at Room 1207-08, No. 2488, Huandao East Road, Huli District, Xiamen City, Fujian Province, the PRC, and our phone number is +86-0592-5968169. Our registered office in the Cayman Islands is located at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands, and the phone number of our registered office is +1-3459498599. We maintain a corporate website at <http://cpop.cn/>. The information contained in, or accessible from, our website or any other website does not constitute a part of this annual report. Our agent for service of process in the United States is Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, NY 10168.

The SEC maintains a website at www.sec.gov that contains reports, proxy, and information statements, and other information regarding issuers that file electronically with the SEC using its EDGAR system.

For information regarding our principal capital expenditures, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Capital Expenditures.”

B. Business Overview

Through services of the PRC operating entities, we aim to promote hip-hop culture and its values and to promote cultural exchange with respect to hip-hop between the United States and China. The PRC operating entities do this mainly by delivering event experiences with significant hip-hop elements to the younger generation.

Overview

With the values of hip-hop culture at their core and the younger generation as their primary target audience, the PRC operating entities host entertainment events, operate hip-hop related online programs, and provide event planning and execution services and brand promotion services to corporate clients, including online marketing and promotion, trademark and logo design, visual identity system design, brand positioning, brand personality design, and digital solutions for service fees to corporate clients. They seek to create value for stakeholders in all parts of the hip-hop ecosystem, from fans to artists, corporate clients, and sponsors.

The PRC operating entities have in recent years focused on developing and hosting their own hip-hop events. The PRC operating entities own an extensive portfolio of intellectual property rights related to hip-hop events, including a stage play, three dance competitions or events, two cultural and musical festivals, and two promotional parties that feature live hip-hop performances in karaoke bars or amusement parks to promote hip-hop culture, and they cooperate with music companies and artists to host various concerts in China; starting from March 2020, the PRC operating entities have been developing and operating hip-hop related online programs (collectively, “Event Hosting”). The PRC operating entities’ hip-hop events generated an aggregate attendance of 149,000, 269,000, and 203,233 during the fiscal years ended June 30, 2024, 2023, and 2022, respectively, and their online hip-hop programs generated over 357 million, 790 million, 210 million views during the fiscal years ended June 30, 2024, 2023, and 2022, respectively. The PRC operating entities generate revenue from their Event Hosting business by providing sponsorship packages to advertisers in exchange for sponsorship fees and by selling tickets for those concerts.

The PRC operating entities help corporate clients with the design, logistics, and layout of events, coordinate and supervise the actual event set-up and implementation, and generate revenue through service fees (“Event Planning and Execution”). Their services feature significant hip-hop elements and cover each aspect of corporate and marketing events, including communication, planning, design, production, reception, execution, and analysis. During the fiscal years ended June 30, 2024, 2023, and 2022, the PRC operating entities served 9, 31, and 21 clients in 23, 87, and 56 events with respect to event planning and execution, respectively.

The PRC operating entities provide brand promotion services, such as online marketing and promotion, trademark and logo design, visual identity system design, brand positioning, brand personality design, and digital solutions, to corporate clients for service fees (“Brand Promotion”).

We believe that the main reason corporate clients hire the PRC operating entities to plan and execute events and provide brand promotion services geared towards the younger generation is for their deep understanding of the taste and preferences of this generation.

The PRC operating entities also sell digital collections to individual collectors, provide software development and SaaS software services to hip-hop dance training institutions for service fees, and distribute advertisements for corporate customers for service fees (“Other Services”).

For the fiscal years ended June 30, 2024, 2023, and 2022, we had total revenue of \$47,381,918, \$18,543,243, and \$32,281,543, and net income of negative \$15,191,180, negative \$25,257,696, and \$687,888, respectively. Revenue derived from the Event Hosting business accounted for 9%, 23%, and 46% of our total revenue for those fiscal years, respectively. Revenue derived from the Event Planning and Execution business accounted for 7%, 22%, and 26%, of our total revenue for those fiscal years, respectively. Revenue derived from the Brand Promotion business accounted for 83%, 53%, and 27% of our total revenue for those fiscal years, respectively. Revenue derived from Other Services accounted for 1%, 2%, and 1% of our total revenue for those fiscal years, respectively.

Our Competitive Strengths

We believe the following competitive strengths are essential for the PRC operating entities’ success and differentiate them from their competitors:

An Extensive Portfolio of Iconic Hip-Hop Events

The PRC operating entities have a large pool of creative talents within their companies who incubate original hip-hop event ideas. Over the years, the PRC operating entities have developed an extensive portfolio of iconic hip-hop events, including, without limitation: China Battle Championships, an annual street dance competition with a 13-year history; Move It, the first street dance stage play in China; Cross-Straits Hip-Hop Culture Festival, an annual cultural festival focusing on hip-hop culture, with support from Department of Culture and Department of Education of Fujian Province; Hip-Hop Party and Popcity Music Festival, a series of hip-hop music events in Fujian Province; and Mini Master and Super Hip-Hop Dream, street dance events to promote street dance and hip-hop culture among kids and teenagers. For details on the PRC operating entities’ hip-hop events and related intellectual property, see “—The Business Model—Event Hosting—Representative Hip-Hop Events” and “—Intellectual Property.” These events have been well received by the audience and generated sponsorship fees from a large number of sponsors.

A Deep Understanding of the Younger Generation

The PRC operating entities began organizing hip-hop events and marketing campaigns in Chinese universities and colleges in 2007. For instance, the PRC operating entities planned and organized Pino Chinese University Street Dance Competition (“品诺全国高校街舞大赛”) in 2010, 2011, and 2012, respectively, which attracted the participation of approximately 20,000 university students in total. Given their long operating history, the PRC operating entities have a deep understanding of the younger generation’s preferences and behavior, which enables them to plan creative events and design attractive marketing campaigns tailored to this audience group. Event planners, creatives, and other members of the PRC operating entities are mostly young professionals who are enthusiastic about hip-hop culture, and they empathically understand and click with the younger generation. To keep up with the evolving trends among the younger generation, the PRC operating entities maintain and enhance engagement with this target audience by posting hip-hop-related content and interacting with followers on various digital channels, such as WeChat and Weibo, other social network groups, and online platforms.

A Highly-Recognized Brand Name in the Hip-Hop Culture and Street Dance Industries

The PRC operating entities have built a highly-recognized brand name in China as a promoter of hip-hop culture by providing services with significant hip-hop elements to corporate clients and by hosting concerts and hip-hop events. On September 22, 2016, the VIE, Xiamen Pop Culture was listed in China on the National Equities Exchange and Quotations Co., Ltd., or the “NEEQ,” which made Xiamen Pop Culture the first hip-hop related company to be listed on the NEEQ. To facilitate our initial public offering in the U.S., Xiamen Pop Culture applied to have itself delisted from the NEEQ in March 2019. On June 30, 2021, our Class A Ordinary Shares commenced trading on the Nasdaq Global Market, which further increased the awareness of the PRC operating entities’ brand name.

In addition, the PRC operating entities benefit from sponsorship and support from our shareholders, some of whom have extensive experience in the entertainment industry in China, including host Nic Li, talent agent Yamo Zhao, and street dancer and disc jockey Hailong Huang. These shareholders may use their presence and reputation to enhance the PRC operating entities' position in the growing Chinese hip-hop market and accelerate growth in their business.

A Strong and Loyal Corporate Client Base

The PRC operating entities' brand name and reputation have enabled them to develop and retain a strong and loyal corporate client base for their Event Planning and Execution and Brand Promotion businesses. The PRC operating entities' corporate client base mainly covers industries such as consumer goods, advertising and marketing, and media. From the start of the PRC operating entities' operations in 2007 to June 2024, the PRC operating entities had provided event planning and execution and brand promotion services to an aggregate of 442 corporate clients, of which 211 were returning clients to whom we provided services more than once. Our corporate clients include, to name a few, Xiamen Maisite Education Technology Co., Ltd., Fujian Yunbang Culture Communication Co., Ltd., Lianzhang Digital Marketing Designing (Xiamen) Co., Ltd., Tianjin Lemen Hudong Technology Co., Ltd., and Fujian Maibo Culture Communication Co., Ltd.

An Experienced Management Team Able to Leverage the Capabilities of Our Organization

The PRC operating entities' senior management team is led by Mr. Zhuoqin Huang, our chief executive officer, director, and chairman of the board of directors, who has over 20 years of experience in the marketing industry. Mr. Huang also has considerable experience in the hip-hop industry—he began learning street dance in 1998, cofounded JWM Crew Dance Club, a street dance club based in Fujian Province, in 2002, and was an advisor to the M-ZONE National Street Dance Competition held in 2008. The PRC operating entities' management team is comprised of highly skilled and dedicated professionals with wide ranging experience in event planning and execution, services, business development, and marketing. In addition, members of the PRC operating entities' management team have built extensive network in the entertainment industry over the years. We believe that the PRC operating entities' management will be able to effectively grow their business through continued operating improvement and relationship building.

The PRC operating entities have cultivated an experienced and skilled work force, emphasizing collaboration, individual accountability, flexibility, and willingness to deliver high-quality services to their clients. The PRC operating entities' senior management team is able to leverage the capabilities of this broader work force to facilitate their ongoing and long-term relationships that are key to their event planning and execution and brand promotion services and hip-hop events. The PRC operating entities' combined team offers substantial industry experience and in-depth knowledge of the Chinese hip-hop related markets.

Our Strategies

The PRC operating entities seek to be a leader in the promotion of hip-hop culture and its values in China, creating long-term value for fans, artists, corporate clients, and sponsors. Specially, the PRC operating entities plan to implement the following strategies:

Develop and Operate Online Content

As an attempt to explore additional revenue sources and in response to the COVID-19 pandemic, the PRC operating entities have accelerated the development and operation of online content since 2020. The PRC operating entities have created 16 hip-hop related online programs, such as music videos and street dance performance videos, since 2020 using their hip-hop related intellectual property portfolio. See “—The Business Model—Event Hosting—Online Hip-Hop Programs.” In addition, the PRC operating entities intend to cooperate with Internet and TV providers in China to develop and distribute online content tailored for their customers.

Expand and Enhance the PRC operating entities' Portfolio of Concerts and Hip-Hop Events

As the PRC operating entities have shifted their focus to developing the Event Hosting business in recent years, we believe that continually expanding and enhancing their portfolio of concerts and hip-hop events is essential to maintaining their growth momentum. The PRC operating entities intend to enter into performance agreements with artists and music companies with greater influence to attract a larger audience. The PRC operating entities plan to continue to increase the size and influence of their existing hip-hop events and develop new hip-hop intellectual property in-house based on participant, sponsor, and sales staff feedback and their in-house industry research. In March 2024, the PRC operating entities held a Super Music Hero concert at the Fuzhou Strait Olympic Sports Center Gymnasium, with an audience of over 25,000. In June 2024, the PRC operating entities held a Super Music Hero concert at the Chongqing Olympic Sports Center Gymnasium, with an audience of over 35,000.

Exploit Revenue-Generating Opportunities for the PRC operating entities' Hip-Hop Related Intellectual Property Portfolio

The PRC operating entities have primarily monetized their hip-hop related intellectual property portfolio by hosting hip-hop events and receiving sponsorship fees from advertisers. To maximize the potential of their hip-hop related intellectual property portfolio, the PRC operating entities intend to cooperate with third parties to develop a street dance training business and to create and monetize derivative works of their current intellectual property. For instance, the PRC operating entities plan to work with publishers and comics companies to create picture books, comics, and textbooks for teenagers based on “Hip Hop Master (image)” trademark. In addition, the PRC operating entities intend to enter into co-branding partnerships with manufacturers of shoes, clothing, food, and beverages, and create co-branded products.

Develop and Deepen Relationships with Corporate Clients

As more companies seek to expand their brand presence among the younger generation, the PRC operating entities intend to leverage their deep understanding of this generation and develop cooperation relationships with new corporate clients. The PRC operating entities plan to focus on companies in fast-moving consumer goods, communications, automobile, Internet product, and fashion industries. For example, Pupu Sibó had an event hosting agreement with COFCO Coca-Cola Beverages (Beijing) Limited during July 1, 2022 to June 30, 2024 under which Pupu Sibó was commissioned to host company events for COFCO Coca-Cola Beverages (Beijing) Limited.

The PRC operating entities strive to continuously exceed their corporate clients' expectations of their performance and will continue to bring their expertise and creative vision to refine and enhance their clients' event and marketing strategies. We believe this deepens the PRC operating entities' relationships with existing corporate clients and helps the PRC operating entities continue to be their trusted partner and their first choice for hosting events and executing marketing strategies.

Attract and Recruit Highly-Qualified Professionals to Join the PRC operating entities

In order to expand and grow their business, the PRC operating entities need to aggressively recruit and attract highly-qualified professionals to join their team. The events and marketing in the hip-hop industry are labor-intensive and they require experienced and skilled planning and design personnel. Further, given that the hip-hop event development and hosting require great creativity and a good insight about emerging cultural trends, it is even harder for companies to recruit and retain talents with necessary experience and skills.

Further Enhance the PRC operating entities' Brand Recognition

The PRC operating entities will continue to enhance their brand recognition in the hip-hop industry. The PRC operating entities plan to continue bidding for and carrying out corporate and marketing events in strategically selected locations to showcase their strong event planning and execution capabilities. The PRC operating entities plan to develop and host more hip-hop events to attract fans and enhance their brand recognition. Their branding strategy will fully embrace the latest trends in social-based marketing activities, in a cost-effective manner by leveraging their word-of-mouth reputation.

The Business Model

The PRC operating entities generate revenue from the following principal businesses:

- **Brand Promotion.** The PRC operating entities' Brand Promotion business including online marketing and promotion, trademark and logo design, visual identity system design, brand positioning, brand personality design, and digital solutions for service fees. It focuses on maximizing the potential of their experience in the marketing industry and their long-term relationship with advertising companies by assisting their clients in the creation and promotion of brands, especially among the younger generation.
- **Event Hosting.** The PRC operating entities' Event Hosting business is built around their portfolio of hip-hop intellectual property and strong cooperation with artists and music companies. The PRC operating entities host concerts and hip-hop related events, including a stage play, one dance competition, 11 cultural and musical festivals, and two promotional parties, and create hip-hop related online programs. The PRC operating entities generally organize, operate, and monetize these concerts, hip-hop events, and online hip-hop programs themselves, and derive revenue mainly through sponsorship fees provided by advertisers at those events and ticket sales.
- **Event Planning and Execution.** The PRC operating entities' Event Planning and Execution business is primarily built upon their deep understanding of the preferences of the younger generation, extensive event planning capabilities, and strong connections within the events industry. Instead of carrying out the execution of events themselves, the PRC operating entities typically engage third-party service providers to do so, allowing them to focus their time and energy on the general planning of events and coordination among the various parties at a specific event. To ensure the quality of execution services provided by third-party service providers, the PRC operating entities adopt a standard process of quality control, consisting of selection, inspection, and review.

- *Other Services.* The PRC operating entities have expanded their business into digital collection sales, software development services, and SaaS software services.

The following table presents our revenue and gross profit for the fiscal years ended June 30, 2024, 2023, and 2022. See also “Item 5. Operating and Financial Review and Prospects—A. Results of Operations.”

	Revenue			Gross Profit		
	Fiscal Year Ended			Fiscal Year Ended		
	June 30,			June 30,		
	2024	2023	2022	2024	2023	2022
Event Hosting	\$ 4,094,200	\$ 4,348,303	\$ 14,711,787	\$ 636,321	\$ (4,886,768)	\$ 4,857,791
Brand Promotion	39,611,817	9,650,274	8,733,764	1,885,670	227,178	7,375,724
Event Planning and Execution	3,396,661	4,132,477	8,420,328	358,762	708,871	1,088,317
Other services	279,240	412,189	415,664	(33)	287,904	(7,076,300)
Total	\$ 47,381,918	\$ 18,543,243	\$ 32,281,543	\$ 2,880,720	\$ (3,662,815)	\$ 6,245,532

Brand Promotion

Corporate clients seek the PRC operating entities’ brand promotion services because of their rich experience in organizing brand promotion campaigns, particularly among the younger generation. The PRC operating entities enter into service agreements with their brand promotion clients, and provide different brand promotion solutions depending on their specific needs, target markets, and potential customers. If a company does not currently have a brand, the PRC operating entities systematically create a brand that fits its products and core value; if a company already has an established brand but wants to enter a new business or market, the PRC operating entities work with the company to add new elements to its brand, making it more attractive and memorable to the target customers. As of June 30, 2024, the PRC operating entities had eight employees dedicated to the Brand Promotion business.

Clients of the PRC operating entities’ Brand Promotion business are typically consumer goods companies and advertising and media service providers, including Lianzhang Digital Marketing Planning (Xiamen) Co., Ltd, Xiamen Maisite Education Technology Co., Ltd, Fujian Yunbang Culture Communication Co., Ltd., and Xiamen Shanghexie Culture Communication Co., Ltd. The PRC operating entities provided brand promotion services to 33, 27, and 24 clients during the fiscal years ended June 30, 2024, 2023, and 2022 respectively. Revenue from the PRC operating entities’ Brand Promotion business was \$39,611,817, \$9,650,274, and \$8,733,764 for the fiscal years ended June 30, 2024, 2023, and 2022, respectively, which accounted for 83%, 53%, and 27% of our total revenue for those fiscal years, respectively.

The following are some of the brand promotion services the PRC operating entities offer:

- *Online marketing and promotion.* The PRC operating entities provide integrated marketing and promotion services to clients, such as providing marketing plans to clients, integrating online resources of marketing and promotion, and purchasing resources of flows.
- *Trademark and Logo Design.* The PRC operating entities assist clients in their Chinese or English company or brand name choice, logo design, symbol design, and trademark design.
- *Visual Identity System Design.* The visual identity system of a company includes its name, signature color, logo, and slogan. Over time, this visual identity becomes associated with the organization, and thereby reinforces its messages and personality. Based on the PRC operating entities’ understanding of their clients’ company culture and long-term goals, the PRC operating entities assist them in creating a visual identity that attracts potential customers and suitable for future growth. For example, the PRC operating entities helped design the fonts, logo, signature color, and other related items of Yuanma Agent, catering to the preference of this technology company.

- **Brand Positioning.** Brand positioning is the conceptual place a brand wants to own in its target customers' mind. The PRC operating entities focus on connecting brand functions to the needs of customers to maximize customer relevancy and competitive distinctiveness, in order to maximize brand value. The PRC operating entities help their clients determine their current position, identify their direct competitors and how these competitors position their brand, identify the uniqueness of our clients, develop a distinct and value-based positioning idea, and craft a brand positioning statement and test its efficacy.
- **Brand Personality Design.** Brand personality is a set of human characteristics that are attributed to a brand name, and customers are more likely to purchase a brand if its personality is similar to their own. The PRC operating entities assist their clients in choosing one or more of the five main types of brand personalities with common traits, namely, excitement, sincerity, ruggedness, competence, and sophistication. The PRC operating entities then provide suggestions to their clients on how to craft their brand personality and incorporating that brand personality into their products and brand promotion campaigns.
- **Digital Solutions.** With the PRC operating entities' expertise in web design, they assist their clients in setting up effective websites that both enhance their brands and cater specifically to target consumers. The PRC operating entities also help their clients create video advertisements and promotion videos that enhance their brand image and presence and design and edit their clients' videos for their corporate needs. For example, the PRC operating entities helped plan, shoot, and edit a video for a corporate event of Ab Inbev Sedrin Brewery Co., Ltd.

Event Hosting

The PRC operating entities have been hosting their own hip-hop related events in China for over a decade. Their portfolio of hip-hop events includes a stage play, three dance competitions or events, two cultural and musical festivals, and two promotional parties. In addition, the PRC operating entities cooperate with music companies and artists and host various concerts in China. Starting from 2020, the PRC operating entities have also created online hip-hop programs to explore additional revenue-generating opportunities for their hip-hop related intellectual property portfolio.

The PRC operating entities primarily monetize these concerts, hip-hop events, and online hip-hop programs by providing sponsorship packages consisting of advertising spots, sponsorship mentions, and tickets to advertisers in exchange for sponsorship fees, and by selling tickets for those concerts. Revenue from the PRC operating entities' Event Hosting business was \$4,094,200, \$4,348,303, and \$14,711,787 for the fiscal years ended June 30, 2024, 2023, and 2022, respectively, which accounted for 9%, 23%, and 46% of our total revenue for those fiscal years, respectively.

During the fiscal years ended June 30, 2024, 2023, and 2022, the PRC operating entities hosted hip-hop events in 14, 19, and 18 cities in China, respectively. The following table sets out the key performance indicators for the PRC operating entities' Event Hosting business for the fiscal years indicated:

	Fiscal Years Ended June 30,		
	2024	2023	2022
Hip-Hop Events (#)	23	87	58
Hip-Hop Event Participants (#)	149,000	269,000	203,223
Online Hip-Hop Programs (#)	16	16	16
Online Hip-Hop Program Views (#)	356,560,801	790,927,173	209,810,000

Representative Hip-Hop Events

The following chart summarizes the PRC operating entities' representative events in the Event Hosting business during the fiscal years ended June 30, 2024, 2023, and 2022:

- *Move It (一起跃动街舞舞台剧)*. See “—Case Study—Move It” below.
- *China Battle Championships (CBC街舞冠军赛, “CBC”)*. CBC is an annual street dance competition the PRC operating entities have organized since 2010. In the competition, contestants compete in different types of dance, such as breaking, popping, teenager freestyle, and group dance. During the 2022 CBC, the competition was held in 10 cities within China. Around 6,080 contestants participated in the competition and the PRC operating entities invited Klash from Egypt to be judge, and Fryrock from Russia to be a contestant. The 2023 CBC lasted for half a year, covering 14 large and medium-sized cities across the country. The PRC operating entities held four professional competitions and 12 press conferences, attracting 12 hip-hop clubs in 12 provinces across the country and more than 1,000 dancers to participate. As of the date of this annual report, the PRC operating entities are planning for the 2024 CBC.
- *Cross-Straits Hip-Hop Culture Festival (海峡两岸潮流文化节, “CHCF”)*. CHCF is an annual cultural festival focusing on hip-hop culture and communication between teenagers of Mainland China and Taiwan. The PRC operating entities have been co-hosting CHCF since its establishment in 2017. Representative activities during the cultural festival include teenager street dance competitions, hip-hop industry forums, and hip-hop art exhibitions. CHCF was not held in 2022 or 2023 due to the COVID-19 pandemic. The PRC operating entities will not host CHCF in 2024.
- *Hip-Hop Party (嗨别)*. Hip-Hop Party is a series of promotional parties in karaoke bars the PRC operating entities held in since 2019 to promote hip-hop culture and our brand. In 2022, the PRC operating entities held 28 promotional parties in two cities of Fujian Province, attracting a total attendance of approximately 28,000. In 2023, due to the impact of the COVID-19 pandemic, there have been no performances of Hip-Hop Party. The PRC operating entities will not host the 2024 Hip-Hop Party.
- *Popcity Music Festival (潮圣音乐节)*. Popcity Music Festival is a hip-hop music festival the PRC operating entities held in Xiamen in since 2019. During the event, famous disc jockeys and masters of ceremonies, street dancers, rappers, and noticeable local bands performed together with students and teachers of Hip Hop Master, a street dance school in Xiamen. The event attracted an attendance of approximately 5,000 in 2021 and 2022. Popcity Music Festival was not held in 2023 due to the impact of the COVID-19 pandemic. The PRC operating entities will not host Popcity Music Festival in 2024.
- *Mini Master (街舞萌主展演)*. Mini Master is a street dance exhibition and performance the PRC operating entities held in Xiamen since 2019. The PRC operating entities designed the event to promote street dance and hip-hop culture among kids. Major activities of the event included street dance competitions for kids and exhibitions of derivatives of hip-hop intellectual property. The event attracted an attendance of approximately 3,000 and 5,000 in fiscal 2022 and 2023, respectively. The PRC operating entities will not host Mini Master in 2024.
- *Super Hip-Hop Dream (SHD超级街舞梦想营)*. Super Hip-Hop Dream is a series of street dance events focusing on teenagers the PRC operating entities held annually since 2017. The 2022 events lasted nine days in nine different cities in Fujian Province; and the 2023 events lasted only one day and was held in one city in Hainan Province. Major activities of the events included teenager street dance competitions, hip-hop classes, and hip-hop training camps. The events attracted an attendance of approximately 2,980 and 2,000 in fiscal 2022 and 2023, respectively. The PRC operating entities will not host Super Hip Hop Dream in 2024.

Case Study—Move It

Move it is a two-hour long street dance stage play, the first of its kind in China, produced in cooperation with Masters Production, a German third-party production company, and several U.S. directors, including Angel Feliciano, Amen Ra “Bam Bam” Valentine, SamO, and Garrick Footman. In 2022, performances of *Move It* ran in 10 cities in China, attracting a total attendance of approximately 63,400. In 2023, due to the impact of the COVID-19 pandemic, there have been no performances of *Move It*. The PRC operating entities will not host *Move It* in 2024.



The success of the show epitomized the development team’s high degree of professionalism and deep understanding of the hip-hop industry. The PRC operating entities mobilized a development team of five well-recognized producers, each with a proven track record of producing a variety of street dance related shows. The PRC operating entities also gathered a team of 25 experienced street dancers, including the leading actor, Baihua Tu (“小白”), and leading actress, Daiqing Liang, both of whom were noticeable participants in Chinese dance competition shows such as *Street Dance of China* and *Shake It Up*.

The PRC operating entities observe that hip-hop, although still a niche music genre in China, has already been integrated into mainstream pop culture in recent years through various channels, such as rap competitions and reality shows, apparels, trending buzzwords, and related music formats. We believe young Chinese’s demand for transformative entertainment themes and hip-hop would be the next emerging cultural trend. The PRC operating entities’ in-depth knowledge of young Chinese audience enables them to place the most appealing elements into the show.

The PRC operating entities were unable to conduct most performances normally in 2023 due to the impact of the COVID-19 pandemic. As of the date of this annual report, the PRC operating entities are still negotiating the 2024 CBC with sponsors. Currently, the Company is unable to predict the revenue generated by these performances for the period until December 31, 2024. In the future, we will closely monitor the market trend, and resume these performances after COVID-19 related measures are lifted in China.

Concerts

The PRC operating entities enter into performance agreements with artists or music companies, pursuant to which the PRC operating entities pay performance fees and arrange for the execution of concerts, in exchange for the right to ticket sales revenue and to sponsorship revenue for such concerts. Instead of selling concert tickets directly to fans, the PRC operating entities typically sell them through third parties, such as ticketing platforms, media companies, and marketing companies, or include them as part of the sponsorship packages provided to advertisers. The price of these concert tickets is generally between \$26 and \$188. During the fiscal years ended June 30, 2023, 2022, and 2021, due to the impact of the COVID-19 pandemic, the PRC operating entities did not hold any concert and had no ticket sales revenue.

Online Hip-Hop Programs

The PRC operating entities have created 16 online hip-hop programs since March 2020, some of which are Hip-Hop Master (街舞大狮兄), Popping Master (Popping大师), Top Dance Show (TDS街舞达人现场), China Battle Championships (CBC街舞冠军赛), and Pop Trendy Shoes (Pop潮履). Hip-Hop Master is an online street dance tutorial program and consists of 64 episodes of one-minute short music videos that teach beginner street dance moves, tips, and tricks. Popping Master, Top Dance Show, and China Battle Championships are collections of street dance performance videos from hip-hop events the PRC operating entities hosted in recent years, showcasing the talents of hip-hop dancers and fans who participated in the PRC operating entities' street dance competitions and other hip-hop events. Pop Trendy Shoes is a collection of short music videos on trendy shoes related to hip-hop culture. Starting from March 2020, the PRC operating entities have distributed these short music videos on popular video sharing platforms in China, such as TikTok, Kuaishou, iQiyi, Xiaohongshu, and Xigua Video, and these videos had collectively generated over 2,463 million views as of June 30, 2024. The PRC operating entities monetize these online hip-hop programs by providing sponsorship packages consisting of advertising spots, sponsorship mentions, and the right to use related images and videos in exchange for sponsorship fees.

Sponsors and Sponsorship Packages

Advertisers that sponsor the PRC operating entities' concerts, hip-hop events, and online hip-hop programs include consumer goods companies, advertising and marketing companies, and media companies. During the fiscal years ended June 30, 2024, 2023, and 2022, the PRC operating entities received sponsorship fees from 12, 10, and 19 sponsors in an aggregate amount of \$1,821,504, \$385,076, and \$12,566,224, respectively. The price of the PRC operating entities' sponsorship packages ranges from approximately \$174,273 to \$1,549,091.

The sponsorship packages the PRC operating entities provide to sponsors of a hip-hop event, concert, or online hip-hop program typically include different sponsorship levels and consist of one or a combination of the following sponsorship benefits:

- exclusive "Presented By" sponsorship distinction on event signage, program, and power point presentation;
- on-stage speaking opportunities to highlight presenting sponsorship;
- opportunities to present event awards;
- acknowledgement from podium;
- acknowledgment and promotion on social media and event websites;
- standing banners announcing sponsorship;
- recognition as sponsor in publications sent to event participants;
- onsite marketing opportunities;
- seats at the event dinners;
- complimentary tickets;
- advertising spots;
- logo recognition in all event collateral materials; and
- right to use event-related images and videos for marketing purposes.

Marketing of Concerts, Hip-Hop Events, and Online Hip-Hop Programs

The PRC operating entities promote their concerts, hip-hop events, and online hip-hop programs through multiple advertising channels, including:

- social media, principally WeChat and Weibo;
- advertisements on outdoor billboard or through radio broadcasts;
- advertisements on televisions and LED screens in elevators; and
- alternative media advertising.

The PRC operating entities acquire sponsors of concerts, hip-hop events, and online hip-hop programs directly and through referrals from their existing corporate clients and sponsors. The PRC operating entities also assign the rights to acquire sponsors to third-party agencies and rely on these agencies to find sponsors for their concerts, hip-hop events, and online hip-hop programs.

Event Hosting Team

As of June 30, 2024, the PRC operating entities had seven employees dedicated to the Event Hosting business, including two managers, two designers, and three event planners. An offline event typically requires the participation of about two to 10 employees and one to five independent contractors depending on the size of the event.

In addition, the PRC operating entities draw from their in-house event planning and execution capabilities and cooperate with third parties to provide services to advertisers and cooperative partners. Please refer to “—Event Planning and Execution—Event Planning and Execution Team and Third-Party Service Providers” below.

Event Planning and Execution

Since the inception of Xiamen Pop Culture in 2007, the PRC operating entities have been providing comprehensive event planning and execution services to corporate clients in China. The PRC operating entities distinguish their event planning and execution services from those provided by other companies by adding significant hip-hop elements, such as street dance performances, hip-hop music, and hip-hop fashion and style, into their event plan and event material design for all events.

The geographic areas the PRC operating entities focus on are the eastern and southern areas of China, such as Fujian, Guangdong, and Zhejiang Provinces and Shanghai, where some of the largest and wealthiest cities in China are located and the demand for their services is the strongest.

Revenue from the PRC operating entities’ Event Planning and Execution business was \$3,396,661, \$4,132,477, and \$8,420,328 for the fiscal years ended June 30, 2024, 2023, and 2022, respectively, which accounted for 7%, 22%, and 26% of our total revenue for those fiscal years, respectively.

The following table sets out the key performance indicators for the PRC operating entities’ Event Planning and Execution business as of the fiscal years indicated.

	Fiscal Years Ended June 30,		
	2024	2023	2022
Events (#)	23	93	58
Clients (#)	9	31	22

Client Acquisition Channels

We believe the PRC operating entities have built up strong connections within the events industry and, as a result, their existing clients and cooperative third-party service providers regularly refer potential clients to them. In addition, some sponsors of the PRC operating entities’ concerts, hip-hop events, and online hip-hop programs have become clients of their event planning and execution services after they cooperated with the PRC operating entities and experienced the PRC operating entities’ planning and execution capabilities.

Some of the PRC operating entities’ potential clients publish request for tender notices of proposed marketing or corporate events on their official websites or third-party websites. The PRC operating entities have a dedicated team conducting routine searches on these websites, especially those of our targeted regions.

The PRC operating entities also have some clients who seek their event planning and execution services as a result of their marketing efforts.

Services

Depending the goal of each event, the PRC operating entities’ event planning and execution services may include one or a combination of the following responsibilities:

- *Communication.* The PRC operating entities communicate with clients to understand the goal of their events, connect clients with third-party service providers, and assist in their communication with event participants and third-party service providers.
- *Planning.* The PRC operating entities help clients plan the details of their events, including logistics, budget, venue, entertainment, catering, and contingency plans.
- *Design.* The PRC operating entities provide design services, including event logo and mascot creation, concept, and appearance, exhibition model design, and venue dressing.
- *Production.* Through third-party event material producers, the PRC operating entities produce event materials such as signs and banners, badges and name-tags, promotional items, and gift and award items.

- *Reception.* The PRC operating entities arrange the invitation and reception of key participants of an event, and provide transportation and hospitality services.
- *Execution.* The PRC operating entities arrange the building of event stages, decoration of venues, distribution of event materials, and supervise the execution of other aspects of events.
- *Analysis.* The PRC operating entities provide after-event marketing services and collect event participant feedback, summarize the results of event execution, and issue detailed reports to clients for evaluation purposes.

Depending on the needs of the PRC operating entities' clients and the length of the events, the length of service can range from one to six months, but usually is less than three months.

The PRC operating entities' fee for providing event planning and execution services for an event is negotiated with the client on a case-by-case basis, depending on the scale and length of the event, the number of employees and independent contractors involved, and the desired effect of the event. The range of the PRC operating entities' fee is usually between \$1,000 and \$3,500,000 and the PRC operating entities usually extend to their customers credit terms around 90 days after they successfully provide services. See "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources."

Clients

Clients of the PRC operating entities' event planning and execution services include advertising and media service providers, industry associations, and companies in a wide range of industries such as consumer goods, real estate, tourism, entertainment, technology, e-commerce, education, and sports. The PRC operating entities' repeat customers, among others, include Fujian Maibo communication culture Co., Ltd, Xiamen Many Idea Interactive Co., Ltd., Guangzhou Taiji Advertising Co., Ltd., COFCO Coca-Cola Beverages (Beijing) Limited, and Fujian Yunbang Culture Communication Co., Ltd.

For the fiscal year ended June 30, 2024, the PRC operating entities' top five event planning and execution clients were as follows:

	Client Name	Revenue	Percentage of Total Revenue
1	Xiamen Pupu Investment	\$ 2,670,310	5.64%
2	Chengle Marketing Planning Co., Ltd	\$ 378,675	0.80%
3	Xiamen Aozhi Advertising Co., Ltd	\$ 82,264	0.17%
4	Guangzhou Taiji Advertising Co., Ltd	\$ 75,474	0.16%
5	COFCO Coca-Cola Beverages (Beijing) Limited	\$ 70,898	0.15%
	Total	\$ 3,277,621	6.92%

For the fiscal year ended June 30, 2023, the PRC operating entities' top five event planning and execution clients were as follows:

	Client Name	Revenue	Percentage of Total Revenue
1	Guangzhou Taiji Advertising Co., Ltd.	\$ 1,286,087	6.94%
2	Guangzhou Blue Door Digital Marketing Consultants Ltd.	\$ 1,096,630	5.91%
3	Fujian Yunbang Culture Communication Co., Ltd.	\$ 760,838	4.10%
4	Fujian Tourism Co., Ltd.	\$ 252,341	1.36%
5	Beijing Weimeng Chuangke Network Technology Co., Ltd.	\$ 169,235	0.91%
	Total	\$ 3,565,131	19.22%

For the fiscal year ended June 30, 2022, the PRC operating entities' top five event planning and execution clients were as follows:

	Client Name	Revenue	Percentage of Total Revenue
1	Guangzhou Taiji Advertising Co., Ltd.	\$ 2,792,017	8.65%
2	Heng'an (China) Paper Industry Co., Ltd.	\$ 2,321,088	7.19%
3	Shanghai Chenrong Culture Development Co., Ltd.	\$ 1,315,266	4.07%
4	Quanzhou Shengda Ruixing Culture Development Co., Ltd.	\$ 308,357	0.96%
5	Xiamen Haiyifeng Media Co., Ltd	\$ 184,137	0.57%
	Total	\$ 6,920,865	21.44%

Case Study—Selected Clients

Heng'an (China) Paper Industry Co., Ltd.

Heng'an (China) Paper Industry Co., Ltd. ("Heng'an Paper") is a subsidiary of Hengan International Group Co., Ltd. (SEHK:1044), a producer of sanitary napkins and baby diapers in China. In 2010, Heng'an Paper engaged the PRC operating entities to plan and execute its marketing events because of their event-related experience and industry knowledge. Since then, the PRC operating entities have helped Heng'an Paper successfully organize multiple entertainment and marketing events.



October to December 2020—2020 The Sixth Mind Act Upon Mind Paper Fashion College Music Gathering (2020年第六季心相印纸时尚青春音乐汇). As the general manager of offline events of the music gathering, the PRC operating entities planned the timeline of and ran all the offline events, including pre-event marketing in 50 colleges and universities in China, applications, eight city-level competitions, and finals and concerts in the southern and northern divisions.

May to August 2021—2021 The Seventh Mind Act Upon Mind Paper Fashion College Music Gathering (2021年第七季心相印纸时尚青春音乐汇). As the general manager of offline events of the music gathering, the PRC operating entities planned the timeline of and ran all the offline events, including pre-event marketing in 16 colleges and universities in China, applications, eight city-level competitions, and finals and concerts in the southern and northern divisions.

22nd China International Fair for Investment and Trade

Fujian Shuzhi planned, designed, and constructed the Fujian Pavilion at the 22nd China International Fair for Investment and Trade (“CIFIT”) that opened in Xiamen on September 8, 2022. With the theme of “Global Development: Sharing Digital Opportunities and Investing in a Green Future,” CIFIT is a four-day exhibition hosted by the Ministry of Commerce of China. CIFIT is committed to creating international investment opportunities, releasing authoritative information, and discussing the international investment trend. CIFIT has become one of the most influential international investment events.

Super Music Hero Concerts

In March 2024, Xiamen Pop Culture planned, designed, and held a Super Music Hero concert at the Fuzhou Strait Olympic Sports Center Gymnasium, with an audience of over 25,000. In June 2024, Xiamen Pop Culture planned, designed, and held a Super Music Hero concert at the Chongqing Olympic Sports Center Gymnasium, with an audience of over 35,000.



Representative Events

Most of the events the PRC operating entities plan and execute for corporate clients are marketing events with an emphasis on the younger generation, such as university students and young professionals. The following charts summarize the PRC operating entities' top 10 events in terms of contract amount in the Event Planning and Execution business during the fiscal years ended June 30, 2024, 2023, and 2022.

Representative Events for the Fiscal Year Ended June 30, 2024

Duration	Client	Location	Event	Approximate Contract Amount	Services Provided
March 2, 2024	Xiamen Pupu Investment	Fuzhou, Fujian	Super Music Hero Concert (Fuzhou)	\$ 2,830,528	Event planning and execution
December 19, 2023 to December 21, 2023	Chengle Marketing Planning Co., Ltd	Hohhot, Inner Mongolia	Yin Mountain Winter Media Drive	\$ 249,142	Event planning and execution
September 9, 2023 to October 1, 2023	Chengle Marketing Planning Co., Ltd	Shanghai, Beijing, Zhengzhou, Qingdao	QQ & Fanta Snack House Flash Mob	\$ 152,253	Event site constructing, activity part planning
May 1, 2023 to September 30, 2023; November 1, 2023 to February 29, 2024	Xiamen Aozhi Advertising Co., Ltd.	Xiamen	CMCC Project	\$ 87,200	Planning and designing service
October 26, 2023	Beijing Lulu Meige Cultural Media Co., Ltd	Changzhou	Planning Services on Honeycomb Battery Day	\$ 55,365	Exhibition hall layout and activity part planning
April 11, 2023 to April 10, 2024; January 19 to March 20, 2024	Guangzhou Bluedoor Digital Marketing Consultants Ltd.	Online	2023 Dongfeng Fengshen Private Domain Position Virtual Community Development and Operation Service Project	\$ 45,128	Private domain position virtual community development and operation
January 19, 2024, to May 24, 2024	COFCO Coca-Cola Beverages (Beijing) Limited	Beijing	MIT	\$ 28,942	Setting up the event area and arranging materials
October 17, 2023	Fujian Cross-Strait Cultural Exchange Center	Nanping, Fujian	The Seventh Cross-Strait Shuyuan Forum	\$ 16,947	Event planning and execution
September 30, 2023 to November 30, 2023	Guangzhou Taiji Advertising Co., Ltd	Foshan, Hangzhou, Shanghai and 12 other cities	GAC Toyota Flash Mob Tour	\$ 16,333	Event planning and execution

Representative Events for the Fiscal Year Ended June 30, 2023

Duration	Client	Location	Event	Approximate Contract Amount	Services Provided
04/2022 to 10/2022	Guangzhou Blue Door Digital Marketing Consultants Ltd.	Online	2022 Dongfeng Fengshen Private Domain Position Virtual Community Development and Operation Service Project	\$ 464,111	Development and operation services, video shooting
04/2022 to 12/2022	Guangzhou Blue Door Digital Marketing Consultants Ltd.	Online	2022 Dongfeng Fengshen Private Domain Position Virtual Community Development and Operation Service Project	\$ 431,142	Data analysis, marketing strategy plans
06/2022 to 07/2022	Guangzhou Taiji Advertising Co., Ltd.	Guangzhou Conghua	2022 Guangqi Honda ZR-V professional media test drive project	\$ 333,640	Activity planning, on-site construction, and implementation
05/2023 to 05/2023	Fujian Yunbang Culture Communication Co., Ltd.	Fuzhou	Changle Xiasha Music Festival	\$ 302,002	Activity planning, on-site construction, and implementation
09/2022 to 09/2022	Guangzhou Taiji Advertising Co., Ltd.	Ningbo	2022 Guangqi Honda ZR-V professional media test drive project	\$ 245,916	Activity planning, on-site construction, and implementation
12/2022	Fujian Yunbang Culture Communication Co., Ltd.	Fuzhou	The first Fukujiu High-quality Development Summit	\$ 221,468	Activity planning, on-site construction, and implementation
09/2022	Fujian Tourism Co., Ltd.	Xiamen	The 22nd CIFIT Fujian Pavilion Design and Decoration Exhibition	\$ 204,584	Activity planning, on-site construction, and implementation
09/2022 to 09/2022	Guangzhou Taiji Advertising Co., Ltd.	Xiamen	2022 Guangqi Honda HEV professional media test drive event	\$ 201,335	Activity planning, on-site construction, and implementation
10/2022 to 10/2022	Guangzhou Taiji Advertising Co., Ltd.	Zhuhai	2022 Guangqi Honda's all-new Binzhi professional media test drive	\$ 194,144	Activity planning, on-site construction, and implementation
09/2022 to 09/2022	Fujian Yunbang Culture Communication Co., Ltd.	Jianou	The first "China Wuyi" bamboo industry high-quality development summit event	\$ 191,555	Activity planning, on-site construction, and implementation

Representative Events for the Fiscal Year Ended June 30, 2022

Duration	Client	Location	Event	Approximate Contract Amount	Services Provided
05/2021 to 07/2021	Heng'an (China) Paper Industry Co., Ltd.	Guangzhou, Changsha, Chengdu, Xi'an, Hangzhou, Wuhan, Zhengzhou, and Shenyang	The Seventh Mind Act Upon Mind Paper Fashion College Music Gathering	\$ 2,467,841	Offline promotion and activity planning and implementation
04/2021 to 12/2021	Guangzhou Taiji Advertising Co., Ltd.	Sanya, Guiyang, Shanghai, Guangzhou, and Shenzhen	The BMW South Regional Conference in 2021	\$ 3,253,090	On-site event management and event planning and execution
06/2021	Shanghai Chenrong Culture Development Co., Ltd.	Inner Mongolia	2021 Hard bones live house	\$ 712,582	Activity planning, on-site construction, and implementation
06/2021	Shanghai Chenrong Culture Development Co., Ltd.	Hangzhou	2021 Xuan Heavy Music Festival 2021	\$ 681,600	Activity planning, on-site construction, and implementation
01/2022	Beijing One Day Times Culture Communication Co., Ltd.	Xiamen	Xiamen International Racing Children's Kart Car Competition	\$ 487,964	Activity planning, on-site construction, and implementation; online promotion and publicity
12/2021 to 01/2022	Quanzhou Shanda Ruixing Culture Technology Co., Ltd.	Zhengzhou	2021 Excellence kids bcba kids basketball game	\$ 326,858	Activity planning, on-site construction, and implementation; online promotion and publicity
05/2022	Guangzhou Taiji Advertising Co., Ltd.	Beijing and Guangzhou	2022 Guangqi Honda e: NP1 professional media test drive	\$ 232,364	Activity planning, on-site construction, and implementation
10/2021	Guangzhou Taiji Advertising Co., Ltd.	Suzhou	Guangqi Honda Accord Volkswagen media test drive	\$ 193,791	Activity planning, on-site construction, and implementation
10/2021 to 11/2021	Fuzhou Xinsiyu Culture Communication Co., Ltd.	Shanghai	Fujian Exhibition Hall of the Fourth China International Import Expo in 2021	\$ 185,891	Activity planning, on-site construction, and implementation; online promotion and publicity
09/2021 to 10/2021	Guangzhou Taiji Advertising Co., Ltd.	Shanghai and Beijing	2021 Crown Road Space Transformation experience	\$ 164,978	Activity planning, on-site construction, and implementation

Event Planning and Execution Team and Third-Party Service Providers

As of June 30, 2024, the PRC operating entities had 21 employees dedicated to the Event Planning and Execution business, including three event planners, eight creative staff, six operational staff, and four customer service agents. An offline event typically requires the participation of about two to 10 employees and one to five independent contractors depending on the size of the event.

Third-party service providers the PRC operating entities regularly cooperate with include event venue providers, entertainment performance companies, electronic equipment providers, event material producers, event carpentry service providers, security service providers, general event execution service providers, and advertising companies. During the fiscal years ended June 30, 2024, 2023, and 2022, the PRC operating entities cooperated with 35, four, and 20 third-party service providers on 23, 21, and 30 events, respectively.

To ensure that the PRC operating entities only cooperate and work with qualified third-party service providers, their management formed a standard process to evaluate these companies and control the quality of their services, which include the following steps:

- *Selection.* The PRC operating entities select the third-party service providers for an event based on quality of products and services, prices, delivery time, customer services, and ability to fulfill contracts. The PRC operating entities request potential service providers interested in an event to submit an application form with copies of business registration certificates.
- *Inspection.* After a third-party service provider begins cooperating with the PRC operating entities on an event, they regularly inspect its performance during different stages of the event according to detailed specifications and timeline for products or services in our agreement with the service provider.
- *Review.* The PRC operating entities review performance of each third-party service provider after an event, and rate them according to quantity and quality of products and services, timeliness, prices, and customer services. Depending on the performance of a service provider, the PRC operating entities will increase, decrease, or even terminate their cooperation with it.

The PRC operating entities typically do not enter into long-term supplying contracts with these third-party service providers, but only enter into event execution contracts for specific events after they finish the planning and design of the events. The PRC operating entities' event execution contracts with third-party service providers specify quantity and specifications of products or services, unit price of each product or service, delivery time, and payment date, among other things.

Other Services

The PRC operating entities provide other services, including digital collection sales, software development, SaaS software services, and advertisement distribution. Revenue from the PRC operating entities' other services was \$279,240, \$412,189, and \$415,664 for the fiscal years ended June 30, 2024, 2023, and 2022, respectively, which accounted for 1%, 2%, and 1% of our total revenue for those fiscal years, respectively.

Digital Collection Sales

Since May 2022, the PRC operating entities have been selling digital collections through its own digital collection sales platform. The digital collections are developed based on intellectual properties of the PRC operating entities and intellectual properties licensed from third parties, including themes of street dance and “wuxia,” which is a genre of Chinese fiction concerning the adventures of martial artists in ancient China, and the Zodiac series. The operating entities have engaged third parties to develop the digital collection sales platform and NFT products. In the fiscal year ended June 30, 2024, there was \$153,888 of revenue generated from the segment. Only sporadic revenue was generated prior to fiscal 2024. See “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Comparison of Results of Operations for the Fiscal Years Ended June 30, 2024 and 2023—Non-Current Assets.”

Music Recording Services

The PRC operating entities recorded songs and made short music videos for a corporate client for its marketing purposes between September 8, 2021 and January 5, 2022 and received \$350,886 in service fees for the fiscal year ended June 30, 2022. In the fiscal years ended June 30, 2024 and 2023, the PRC operating entities generated no such revenue.

SaaS Software Services

On November 18, 2021, the PRC operating entities and two unrelated third parties incorporated Shenzhen JamBox. Shenzhen JamBox provides SaaS software, JamBox, and the related value-added services to hip-hop dance training institutions in China and collects service fees. Hip-hop dance training institutions can use JamBox to manage their students, lessons, and contracts; and students of these institutions can use JamBox to browse information of the institutions, sign up for lessons and manage lessons they have signed up for, and keep track of their learning progress. From its incorporation to January 2024, Shenzhen JamBox have entered into agreements with more than 3,990 hip-hop dance campuses, which have more than 247,789 students. From January 2024 through the date of this annual report, Shenzhen JamBox is not considered as a subsidiary of Pop Culture. See “Item 4. Information on the Company—A. History and Development of the Company.” The PRC operating entities have not engaged in SaaS software services since January 2024.

Software Development Services

In the fiscal year ended June 30, 2024, the Company provided Metaverse software design services to clients, which generated revenue of \$66,176.67. The Company provides Metaverse up-chain services or other Metaverse related software tailor-made services to certain clients who have demands for fashion products linked with Metaverse concepts. The Company is seeking opportunities to provide similar services to other clients in the future.

Advertisement Distribution

The PRC operating entities cooperate with third-party advertising companies to distribute advertisements for their clients in multiple cities in the PRC, including Guangzhou, Shenzhen, Kunming, Harbin, Shenyang, Changchun, among others, usually through formats such as bus advertising, in which advertisements are placed on the inside or outside of buses, and television advertising. For bus advertising, the PRC operating entities determine the amount of service fees charged to a client based on the size of advertisements, the number of bus lines, the number of buses, and the length of display periods. For television advertising, the PRC operating entities determine the amount of service fees charged to a client based on the television channels, the length of advertisements, the position of display, the frequency of display, and the programs before or after the advertisements.

Competition

The hip-hop industry in China is highly-competitive and rapidly evolving, with many new companies joining the competition in recent years and few nationwide leading companies.

- *Event Hosting.* The PRC operating entities compete against other providers of hip-hop events, hosts of concerts, and creators of online hip-hop programs in particular, and providers and hosts of entertainment events in general, such as Beijing Hedgehog Brothers Culture Media Co., Ltd. The PRC operating entities compete primarily on the basis of the following factors: (i) quantity and quality of concerts, events, and online programs, (ii) quantity and quality of sponsorship packages to advertisers, (iii) costs of carrying out concerts and events, and (iv) brand recognition.
- *Event Planning and Execution.* The PRC operating entities compete against advertising and marketing companies that operate offline events, such as Spearhead Integrated Marketing Communication Group. The PRC operating entities compete on the basis of the following factors: (i) types and quality of services provided, (ii) costs of planning and running events, and (iii) brand recognition.
- *Brand Promotion.* The PRC operating entities compete against advertising and marketing companies that offer brand promotion solutions for corporate clients, such as BlueFocus Communication Group Co. Ltd. The PRC operating entities compete on the basis of the following factors: (i) types and quality of services provided, (ii) costs of offering brand promotion services, and (iii) brand recognition.
- *Other Services.* The PRC operating entities compete against (i) other issuers and sellers of digital collections, (ii) other providers of music recording services and hip-hop dance training institution administration SaaS software, and (iii) advertising and marketing companies that distribute advertisements for corporate clients. The PRC operating entities compete on the basis of the following factors: (i) attractiveness of digital collections, (ii) functions and performance of software, (iii) types and quality of services provided, (iv) costs of offering brand promotion services, and (v) brand recognition.

We believe that the PRC operating entities are well-positioned to effectively compete in these businesses based on the factors listed above. However, some of their current or future competitors may have longer operating histories, greater brand recognition, or greater financial, technical, or marketing resources than the PRC operating entities do. For a discussion of risks relating to competition, see “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—The markets in which the PRC operating entities operate are highly competitive.”

Employees

The PRC operating entities had 26, 67, and 87 full-time employees as of June 30, 2024, 2023, and 2022, respectively. The following table sets forth the number of their full-time employees as of June 30, 2024:

Function:	Number
Management	5
Sales Center Management	2
Brand Marketing Department	3
Hip-Hop Department	4
Performance Department	1
Support Center	10
Office of the General Manager	1
Total	26

The PRC operating entities enter into employment contracts with their full-time employees and standalone non-compete agreements with some of their key employees.

As required by regulations in China, the PRC operating entities participate in various employee social security plans that are organized by municipal and provincial governments for their full-time employees, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance, and housing insurance. The PRC operating entities are required under PRC law to make contributions from time to time to employee benefit plans for their full-time employees at specified percentages of the salaries, bonuses, and certain allowances of such employees, up to a maximum amount specified by the local governments in China.

We believe that the PRC operating entities maintain a good working relationship with their employees, and they have not experienced material labor disputes in the past. None of their employees are represented by labor unions.

Facilities

Our principal executive offices are located in Xiamen, Fujian, China, where Xiamen Pop Culture leases an office in Xiamen from an independent third party with an area of approximately 413 square meters, with a lease term starting from September 1, 2023 to a day either party ask to terminate, and a monthly rent ranging from RMB28,800 (approximately \$3,963). Xiamen Pop Culture also leases an office in Xiamen from an independent third party with an area of approximately 434 square meters, with a lease term of one year from January 20, 2023 to January 19, 2024 and a monthly rent of RMB12,154 (approximately \$1,676).

Guangzhou Shuzhi leases an office in Guangzhou from an independent third party with an area of approximately 71 square meters, with a lease term of two years from August 1, 2022 to August 1, 2024 and a monthly rent of RMB5000 (approximately \$690). Guangzhou Shuzhi purchased the building in October 2022, and terminated the lease agreement.

Guangzhou Shuzhi leases an office in Guangzhou from an independent third party with an area of approximately 68 square meters, with a lease term of one and half years from January 1, 2022 to July 31, 2023. The monthly rent from January 1, 2022 to July 31, 2022 was RMB10,976 (approximately \$1,514), and RMB11,628 (approximately \$1,604) from August 1, 2022 to July 31, 2023. On February 1, 2023, the monthly rent was changed to RMB9,113 (approximately \$1,257).

Guangzhou Shuzhi leased an office in Guangzhou from an independent third party with an area of approximately 284 square meters, with a lease term of one and half years from January 1, 2022 to July 31, 2023. The monthly rent from January 1, 2022 to July 31, 2022 was RMB44,012 (approximately \$6,070), and RMB46,635 (approximately \$6,431) from August 1, 2022 to July 31, 2023. The lease agreement was terminated on February 1, 2023.

Jiangxi Hualiu leases an office in Xiamen from an independent third party with an area of approximately 501 square meters, with a lease term of one year from March 21, 2024 to March 20, 2025 and a monthly rent of RMB12,523 (approximately \$1,727).

Shenzhen Pop leases an office in Shenzhen from an independent third party with an area of approximately 294 square meters, with a lease term of three years from March 9, 2022 to March 8, 2025 and a monthly rent ranging from RMB38,408 (approximately \$5,297) to RMB44,463 (approximately \$6,118).

Pupu Digital leases an office in Xiamen from an independent third party with an area of approximately 930 square meters, with a lease term of one year from March 21, 2024 to March 20, 2025 and a monthly rent of RMB27,888 (approximately \$3,846).

We believe that the offices that the PRC operating entities currently lease are adequate to meet their needs for the foreseeable future.

Intellectual Property

The PRC operating entities are the owners of a portfolio of iconic brands in the PRC across a range of hip-hop events and related areas. For instance, the PRC operating entities hold the copyrights to the logo “CBC” for a dance competition. The PRC operating entities own additional trademarks “Hip Hop Master” (“嘻哈大师”), “Hip-Hop Lion” (“嘻哈大狮”), and their logos related to street dance education. Their trademarks are in the form of plain-text words or design logos. As of the date of this annual report, Xiamen Pop Culture and its subsidiaries own 66 trademarks in the PRC.

Our chief executive officer, Mr. Zhuoqin Huang, has licensed two trademarks, “CBC” and “潮圣,” exclusively to Xiamen Pop Culture for free for a term from January 1, 2020 to December 31, 2029. The licensing contract will be automatically renewed for 10 years unless Mr. Huang and Xiamen Pop Culture terminate the agreement by mutual consent.

Xiamen Pop Culture has licensed trademarks, “,” “嘻哈大师,” and “嘻哈大狮,” non-exclusively to Xiamen Hip Hop Master Education Services Co., Ltd. for a term from January 1, 2020 to December 31, 2029 for a total consideration of RMB6.6 million (approximately \$0.9 million), which are to be paid in installments over the 10 years.

In addition, as of the date of this annual report, the PRC operating entities have registered 12 domain names relating to their business, 42 software copyrights, and 17 literature work copyrights in the PRC.

The PRC operating entities rely on a combination of copyright and trademark law, and confidentiality agreements with employees to protect their intellectual property rights. In addition, under the employment agreements the PRC operating entities enter into with their employees, their employees acknowledge that the intellectual property made by them in connection with their employment with the PRC operating entities are the PRC operating entities’ property. The PRC operating entities also regularly monitor any infringement or misappropriation of their intellectual property rights.

Insurance

The PRC operating entities maintain employer's liability insurance for executive officers and some employees of Xiamen Pop Culture, to protect the PRC operating entities from financial loss if a worker has a job-related injury or illness not covered by workers' compensation. The PRC operating entities do not maintain other property insurance, business interruption insurance, or general third-party liability insurance. We believe the insurance coverage the PRC operating entities maintain is in line with the industry practice. For risk factors relating to the PRC operating entities' insurance policies, please see "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—The PRC operating entities' current insurance policies may not provide adequate levels of coverage against all claims and they may incur losses that are not covered by their insurance."

Seasonality

The PRC operating entities' Event Planning and Execution and Brand Promotion businesses have demonstrated seasonal fluctuations as they typically organize more events between April and June each year due to higher seasonal demand. The PRC operating entities' Event Hosting business and Other Services are not subject to seasonality.

Legal Proceedings

From time to time, we may become a party to various legal or administrative proceedings arising in the ordinary course of our business, including actions with respect to intellectual property infringement, violation of third-party licenses or other rights, breach of contract, and labor and employment claims. We are currently not a party to, and we are not aware of any threat of, any legal or administrative proceedings that, in the opinion of our management, are likely to have any material and adverse effect on our business, financial condition, cash flow, or results of operations.

Regulations

This section sets forth a summary of the principal PRC laws, regulations, and rules relevant to the PRC operating entities' business and operations in China.

Regulation Related to Commercial Performances

The *Administrative Regulations on Commercial Performances* was promulgated by the State Council on August 11, 1997 and most recently amended on November 11, 2020. According to the administrative regulations, to legally engage in commercial performances, a culture and arts performance group shall have full-time performers and equipment in line with its performance business, and file an application with the culture administrative department of the people's government at the county level for approval. To legally engage in commercial performances, a performance brokerage agency shall have three or more full-time performance brokers and funds for the relevant business, and file an application with the culture administrative department of the people's government of a province, autonomous region, or municipality directly under the central government. The culture administrative department shall decide whether to approve such an application within 20 days from the date of receipt, and if decides to approve it, will issue a performance permit. Anyone or any entity engaging in commercial performance activities without approval will be ordered to cease action, and a penalty may be imposed. Such a penalty may include confiscation of performance equipment and illegal proceeds, and a fine in the amount of eight to ten times of the illegal proceeds. Where there are no illegal proceeds or the illegal proceeds are less than RMB10,000 (approximately \$1,466), a fine in the amount of RMB50,000 (approximately \$7,328) to RMB100,000 (approximately \$14,655) will be imposed.

The administrative regulations set certain content requirements for commercial performances in China. Any commercial performance is prohibited to, among other things, endanger national security, impair national interests, incite ethnic hatred, disturb social order, undermine social morality or national excellent cultural tradition, propagate obscenity, superstition, or violence, insult or defame others, or infringe other lawful rights and interests of other people. Where a commercial performance contains any of the preceding content, the hosting entity shall take immediate measures to prevent such performance from performing and report to governmental authorities. Failure to stop the performance may lead to an imposition of a penalty, which may include warnings and a fine in the amount of RMB50,000 (approximately \$7,328) to RMB100,000 (approximately \$14,655). Failure to stop the performance may lead to an imposition of a penalty on the performance venue operating entity and the host, which may include warnings and a fine in the amount of RMB50,000 (approximately \$7,328) to RMB100,000 (approximately \$14,655). Failure to report to the authorities, the hosting entity may be subject to certain penalties, including warnings, and a fine of RMB5,000 (approximately \$733) to RMB10,000 (approximately \$1,466).

Currently, Xiamen Pop Culture holds a valid Commercial Performance License issued by the Xiamen Bureau of Culture and Tourism.

Regulations Related to Security Administration of Large-Scale Public Activities

Pursuant to *Regulations on Security Administration of Large-Scale Public Activities*, which were promulgated on September 14, 2007 and became effective on October 1, 2007, large-scale mass activities refer to activities such as sports competitions, concerts, and other performance activities that legal persons and other organizations hold for the public with 1,000 or more expected participants. The organizer of a large-scale mass activity shall be responsible for such activity's security, with the principal of the organizer serving as the person in charge of the security. The public security bureau of the people's government at the county level is responsible for security management of large-scale mass activities. Other related competent authorities of the people's government at the county level are responsible for the relevant security work for large-scale mass activities according to their respective functions and duties.

The public security bureau grants safety permit on large-scale mass activities. The organizer shall apply for a security permit 20 days before the activity is held. If a large-scale mass activity is expected to have more than 1,000 but less than 5,000 participants, the safety permit shall be granted by the county level public security authorities, and if more than 5,000 participants, by the municipal level public security authorities. If a large-scale mass activity is held in multiple provinces, autonomous regions, or municipalities, the security permit shall be granted by the public security department of the State Council. Where any large-scale mass activity is held without a security permit granted by public security authorities, the activity shall be banned by the public security authorities and a fine in the amount of RMB100,000 (approximately \$14,655) to RMB300,000 (approximately \$43,966) shall be imposed on the organizer.

Regulations on Advertising Business

The State Administration for Market Regulation (formerly known as the State Administration of Industry and Commerce, the “SAMR”) is the primary governmental authority regulating advertising activities in China. Regulations that apply to advertising business primarily include: (i) *Advertisement Law of the PRC*, promulgated by the SCNPC, on October 27, 1994 and most recently amended on April 29, 2021 and (ii) the *Administrative Regulations for Advertising*, promulgated by the State Council on October 26, 1987 and which has been effective since December 1, 1987.

According to the above regulations, companies that engage in advertising activities must obtain, from the SAMR or its local branches, a business license, which specifically includes operating an advertising business in its business scope. Enterprises engaged in the advertising business with such advertising business in their business scope do not need to apply for an advertising operation license, but such enterprises cannot be a radio station, a television station, a newspaper and magazine publishing house, or any entity otherwise specified in the relevant laws or administrative regulations. The business license of an advertising company is valid for the duration of its existence, unless the license is suspended or revoked due to a violation of any relevant laws and regulations.

PRC advertising laws and regulations set certain content requirements for advertisements in China, including, among other things, prohibitions on false or misleading content, superlative wording, socially destabilizing content, or content involving obscenities, superstition, violence, discrimination, or infringement of public interest. Advertisements for anesthetic, psychotropic, toxic, or radioactive drugs are prohibited, and the dissemination of advertisements of certain other products, such as tobacco, patented products, pharmaceuticals, medical instruments, agrochemicals, foodstuff, alcohol, and cosmetics, are also subject to specific restrictions and requirements.

Advertisers, advertising agencies, and advertising distributors are required to ensure that the content of the advertisements they prepare or distribute is true and in complete compliance with applicable laws. When providing advertising services, advertising operators and advertising distributors must review the supporting documents provided by advertisers for advertisements and verify that the content of the advertisements complies with applicable PRC laws and regulations. Prior to distributing advertisements that are subject to government censorship and approval, advertising distributors are obligated to confirm that such censorship has been performed and approval has been obtained. Violation of these regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements, and orders to publish an advertisement correcting the misleading information. Where serious violations occur, the SAMR or its local branches may revoke the offenders’ licenses or permits for their advertising business operations. See “Item 3. Key Information—D. Risk Factors—Risk Related to Our Business—Advertisements shown during the PRC operating entities’ events may subject them to penalties and other administrative actions.”

On July 4, 2016, the State Administration for Industry and Commerce, or the “SAIC,” issued the *Interim Measures for the Administration of Internet Advertising*, or the “Internet Advertising Measures,” which became effective on September 1, 2016. According to the Internet Advertising Measures, Internet advertising refers to the commercial advertising for direct or indirect marketing goods or services in the form of text, image, audio, video, or others means through websites, webpages, Internet applications, or other Internet media. The Internet Advertising Measures specifically sets out the following requirements: (a) advertising operators and advertising distributors shall examine relevant supporting documents and verify the content of the advertisements; they shall not design, produce, act as agents, or publish those advertisements with content which is inconsistent with the supporting documents or the supporting documents are incomplete; (b) advertisements must be identifiable and marked with the word “advertisement” enabling consumers to distinguish them from non-advertisement information; sponsored search results must be clearly distinguished from organic search results; and (c) it is forbidden to send advertisements or advertisement links by email without the recipient’s permission or induce Internet users to click on an advertisement in a deceptive manner. Violation of the Internet Advertising Measures may result in certain penalties, including mandatory corrective measures and fines.

Regulations Related to Foreign Investment

Companies established and operating in the PRC are subject to the *Company Law of the PRC*, or the “PRC Company Law,” which was promulgated on December 29, 1993 and newly amended on October 26, 2018. The PRC Company Law provides general regulations for companies established and operating in the PRC, including foreign-invested enterprises.

On March 15, 2019, the National People’s Congress promulgated the *Foreign Investment Law*, which came into effect on January 1, 2020 and replaced the trio of existing laws regulating foreign investment in China, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law, and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The existing foreign-invested enterprises established prior to the effective date of the Foreign Investment Law may keep their corporate forms, among other things, within five years after January 1, 2020. Pursuant to the Foreign Investment Law, “foreign investors” means natural persons, enterprises, or other organizations of foreign countries; “foreign-invested enterprises” means any enterprise established under PRC laws that is wholly or partially invested by foreign investors; “foreign investment” means any foreign investor’s direct or indirect investment in mainland China, including: (i) establishing foreign-invested enterprises in mainland China either individually or jointly with other investors; (ii) obtaining stock shares, stock equity, property shares, or other similar interests in Chinese domestic enterprises; (iii) investing in new projects in mainland China either individually or collectively with other investors; and (iv) making investment through other means provided by laws, administrative regulations, or State Council provisions.

The Foreign Investment Law stipulates that China implements the management system of pre-establishment national treatment plus a negative list. The system of pre-establishment national treatment requires treatment given to foreign investors and their investments during the market access stage shall not be inferior to treatment afforded to PRC domestic investors and their investments except where a foreign investment falls into the negative list. Foreign investors are forbidden from investing in prohibited industries on the negative list and must comply with the specific requirements when investing in restricted industries on the list.

In addition, the Foreign Investment Law provides several protective rules and principles for foreign investors and their investments in the PRC, including, among others, that local government shall abide by their policy commitments to the foreign investors and perform all contracts entered into in accordance with the law; the government generally does not expropriate foreign investments, except under special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made in a timely manner; and mandatory technology transfer is prohibited.

However, there are uncertainties about issues and matters involving details of governmental administration, for detailed discussion of the risk related to the Foreign Investment Law, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in the PRC—There are uncertainties under the Foreign Investment Law relating to the status of businesses in China controlled by foreign invested projects primarily through contractual arrangements, such as our business.”

Regulations Related to Foreign Investment Restrictions

Investment activities in the PRC by foreign investors are principally governed by the *Guidance Catalogue of Industries for Foreign Investment*, or the “Guidance Catalog,” and the Negative List, which were promulgated and are amended from time to time by MOFCOM and the NDRC. The Guidance Catalog and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: “encourage,” “restricted,” and “prohibited.” Industries that are not listed in any of these three categories are generally open to foreign investment unless otherwise specifically restricted by other PRC laws and regulations.

According to the Negative List, proportion of foreign equity in value-added telecommunications services (except for e-commerce, domestic multi-party communications, store-and-forward, and call centers), or the VATS, shall not exceed 50%. In addition, foreign investments in Internet news and information services, Internet publishing services, Internet audio-visual program services, Internet culture operations (except for music), Internet information services to the public, radio and television program production and operation business, and editing, publishing, and production of audio-video products and/or electronic publications are prohibited. However, foreign investors are allowed to hold up to 100% of equity interests in an online data processing and transaction processing business (including e-commerce business operation) in China.

Foreign direct investment in telecommunications companies in China is governed by the *Provisions on the Administration of Foreign-Invested Telecommunications Enterprises*, or the FITE Regulations, which was promulgated by the State Council on December 11, 2001 and most recently amended in March 29, 2022. The FITE Regulations require that foreign-invested telecommunications enterprises in China, or the FITEs, must be established as Sino-foreign equity joint ventures and that the foreign investors may acquire up to 50% equity interests in such joint ventures. In addition, a major foreign investor in a value-added telecommunications business in China must demonstrate a good track record and experience in operating value-added telecommunications businesses. Moreover, foreign investors that meet these requirements must obtain approvals from the MIIT, to provide VATS in China and the MIIT retains considerable discretion in granting such approvals. On June 30, 2016, the MIIT issued an *Announcement of the MIIT on Issues concerning the Provision of Telecommunication Services in the Mainland by Service Providers from Hong Kong and Macao*, or the MIIT Announcement, which provides that investors from Hong Kong and Macao may hold more than 50% of the equity in FITEs engaging in certain specified categories of VATS.

On July 13, 2006, the Ministry of Information Industry, or the MII, which was the predecessor to the MIIT, released the *Notice on Strengthening the Administration of Foreign Investment in the Operation of Value-added Telecommunications Business*, or the MII Notice, pursuant to which, for any foreign investor to invest in telecommunications businesses in China, a foreign-invested telecommunications enterprise must be established and such enterprise must apply for the relevant telecommunications business operation licenses. Furthermore, under the MII Notice, domestic telecommunications enterprises may not rent, transfer, or sell a telecommunications business operation license to foreign investors in any form, and they may not provide any resources, premises, facilities, and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in China. In addition, under the MII Notice, the internet domain names and registered trademarks used by a value-added telecommunication service operator shall be legally owned by such operator or its shareholders.

The PRC operating entities engage in Internet information services, radio and television program production and distribution business, which falls in the prohibited category under the Special Administrative Measures. To comply with PRC laws and regulations, we rely on the VIE Agreements to operate such business in China. However, there remain uncertainties with respect to the interpretation and application of existing or future PRC laws and regulations on foreign investment. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in the PRC—There are uncertainties under the Foreign Investment Law relating to the status of businesses in China controlled by foreign invested projects primarily through contractual arrangements, such as our business.”

Regulations Related to Value-added Telecommunications Services

On September 25, 2000, the State Council promulgated the *Telecommunications Regulations of the PRC*, or the Telecom Regulations, which was most recently amended on February 6, 2016. The Telecom Regulations are the primary PRC law governing telecommunications services and set out the general regulatory framework for telecommunications services provided by PRC companies. The Telecom Regulations distinguish between “basic telecommunications services” and VATS. The Telecom Regulations define VATS as telecommunications and information services provided through public network infrastructures. Pursuant to the Telecom Regulations, commercial operators of VATS must first obtain an operating license from the MIIT, or its provincial level counterparts. The *Catalog of Telecommunications Business*, or the Catalog, which was issued as an attachment to the Telecom Regulations and most recently amended on June 6, 2019, identifies online data processing and transaction processing services, and information services as VATS.

On July 3, 2017, the MIIT issued the *Measures on the Administration of Telecommunications Business Operating Permits*, or the Telecom License Measures, which became effective on September 1, 2017, to supplement the Telecom Regulations and further regulate the telecommunications business permits. The Telecom License Measures provide requirements and procedures for obtaining licenses for VATS, and stipulate that the competent governmental authorities will mandate improved credit management mechanisms for telecommunication business operators. The Telecom License Measures also confirm that there are two types of telecom operating licenses for operators in China, one for basic telecommunications services and one for VATS. A distinction is also made as to whether a license is granted for “intra-provincial” or “trans-regional” (inter-provincial) activities. An appendix to each license granted will detail the permitted activities of the enterprise to which it was granted. An approved telecommunication services operator must conduct its business (whether basic or value-added) in accordance with the specifications recorded in its license.

The PRC operating entities engage in business activities that are VATS as defined in the Telecom Regulations and the Catalog. To comply with the relevant laws and regulations, Xiamen Qiqin and Zhongpu Shuyuan have each obtained the Value-added Telecommunications Business Operation License covering (i) online data processing and transaction processing business (operating e-commerce), and (ii) information services (Internet content-related services), or the EDI and ICP Licenses, on March 29, 2022 and May 11, 2022, respectively, which will all remain effective for five years.

Regulations Related to Internet Information Services

The *Administrative Measures on Internet Information Services*, or the Internet Information Measures, which were issued by the State Council on September 25, 2000 and amended on January 8, 2011, set out guidelines on the provision of Internet information services. Pursuant to the Internet Information Measures, “Internet information services” are defined as services that provide information to online users through the Internet. The Internet Information Measures classify Internet information services into commercial Internet information services and non-commercial Internet information services. Commercial Internet information services refer to compensatory services which provide information to or create web pages for online users through the Internet. Non-commercial Internet information services refer to non-compensatory services which supply, through the internet, to online users, information that is open to and shared by the general public. The Internet Information Measures require commercial internet information service operators to obtain a value-added telecommunications business operating license, or the ICP License, from the relevant government authorities, and require non-commercial internet information service operators to complete the filing-for-record procedures, before engaging in any Internet information service operations in China.

In addition, Internet information service providers are required to monitor their websites to ensure that they do not contain content prohibited by laws or regulations. Internet information service providers are prohibited from producing, copying, publishing, or distributing information that is humiliating or defamatory to others or that infringes the legal rights of others. The relevant PRC government may require corrective actions to address the non-compliance or may impose penalties, such as temporarily or permanently closing relevant websites, suspending relevant businesses for re-organization, or revoking relevant operation licenses. Furthermore, the *Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services*, which was issued on November 27, 2017 and took effect on January 1, 2018, requires Internet information service providers to register and own the domain names they use in providing Internet information services.

Shenzhen JamBox operated an online mini program named “JamBox.” As a non-commercial Internet information service operator, “JamBox” completed the filing-for-record procedures before engaging in Internet information service operations. From January 2024 through the date of this annual report, Shenzhen JamBox is not considered as a subsidiary of Pop Culture. See “Item 4. Information on the Company—A. History and Development of the Company.”

Regulations Related to Internet Cultural Activities

On February 17, 2011, the Ministry of Culture, or the MOC, promulgated the *Interim Administrative Provisions on Internet Culture*, or the Internet Culture Provisions, which became effective on April 1, 2011 and were most recently amended on December 15, 2017. Pursuant to the Internet Culture Provisions, Internet cultural activities include: (i) production, reproduction, import, release, or broadcast of Internet culture products (such as online music, online game, online performance, and cultural products by certain technical means and copied to the Internet for spreading); (ii) distribution or publication of cultural products on the Internet; and (iii) exhibitions, competitions, and other similar activities concerning Internet culture products. The Internet Culture Provisions further classify Internet cultural activities into commercial Internet cultural activities and non-commercial Internet cultural activities. Entities engaging in commercial Internet cultural activities must apply to the relevant authorities for an Internet culture business operating license, while non-commercial cultural entities are only required to report to related culture administration authorities within 60 days of the establishment of such entity. If any entity engages in commercial Internet cultural activities without approval, the cultural administration authorities or other relevant government may order such entity to cease to operate Internet cultural activities as well as levy penalties including administrative warning, fines up to RMB30,000, and listing such entity on the cultural market blacklist to impose credit penalty in case of continued non-compliance.

Regulations Related to Internet Publishing

On February 4, 2016, the State Administration of Press, Publication, Radio, Film and Television (currently known as the National Press and Publication Administration, or the NPPA), and the MIIT jointly issued the *Administrative Provisions on Internet Publishing Service*, or the Internet Publishing Regulation, which took effect on March 10, 2016, and replaced the *Interim Provisions for the Administration of Internet Publishing* promulgated in 2002. The Internet Publishing Regulation requires that any entity engaged in the provision of online publications to the public via information networks obtain an Internet publication license from the NPPA. Online publications refer to digital works with editing, production, processing, and other publishing features, provided to the public via information networks, which mainly include: (i) informative and thoughtful text, pictures, maps, games, animation, audio, and video digitizing books and other original digital works in fields such as literature, art, and science, (ii) digital works consistent with the content of published books, newspapers, periodicals, audio-visual products, and electronic publications, (iii) the network literature database or other digital works formed through aforementioned works by selecting, organizing, compiling, and other means, and (iv) other types of digital works determined by the NPPA. If any entity provides Internet publishing services without approval, the publishing authority or other relevant government may order such services to cease, order the shutdown of the website, or impose other penalties, such as deleting all the relevant Internet publications, confiscating all illegal income and major equipment, specialized tools used in illegal publishing activities, as well as fines less than 10 times of the illegal income. In severe cases, criminal liabilities may be pursued.

Regulations Related to Blockchain Information Services

On January 10, 2019, the CAC issued the *Administrative Regulations on Blockchain Information Services*, or the Blockchain Information Regulation, which took effect on February 15, 2019. Pursuant to the Blockchain Information Regulation, blockchain information services refer to information services provided to the public through Internet sites, applications, etc. based on blockchain technology or systems; the blockchain information services suppliers refer to the subjects or nodes that provide blockchain information services to the public, and the organizations or institutions that provide subjects of blockchain information services with technical support. The Blockchain Information Regulation requires a blockchain information services supplier to complete the filing-for-record procedures through the CAC's filing management system for blockchain information services within 10 working days from the date of providing the service. If any blockchain information services supplier fails to make the filings accordingly or fills in false filing information, the related cyberspace administration authority may order it to make corrections within a time limit; if such supplier refuses to make corrections or the circumstances are serious, it may be given a warning and imposed a fine of not less than RMB10,000 yuan but not more than RMB30,000.

Regulations Related to Artworks Business

On January 18, 2016, the MOC issued the *Administrative Measures for Artworks Business*, or the Artworks Business Measures, which took effect on March 15, 2016. Pursuant to the Artworks Business Measures, artworks refer to works of paintings, calligraphies and seal cuttings, sculptures and carvings, artistic photographs, installation artworks, and industrial artworks and limited replicas of the above-mentioned works, but does not include cultural relics. Artworks related business activities include: (i) purchase, sale, or lease; (ii) brokerage; (iii) import and export; (iv) appraisal, evaluation, commercial exhibition, and other services; and (v) investment, business activities, and services with artworks as subject matters. Artworks related business activities by use of information networks are also subject to the Artworks Business Measures. Organizations to be engaged in artworks related business activities are required to complete the filing-for-record procedures with local cultural administrative authorities within 15 days upon receipt of their business license. Whoever fails to make the filings accordingly, may be ordered to make corrections and may be fined not more than RMB10,000 depending on the seriousness of the circumstances by related cultural administrative authorities.

Regulations Related to Information Security and Privacy Protection

The *PRC Constitution* states that PRC law protects the freedom and privacy of communications of citizens and prohibits infringement of these rights. In recent years, the PRC government authorities have enacted legislation on the Internet use to protect personal information from any unauthorized disclosure. Under the *Several Provisions on Regulating the Market Order of Internet Information Services*, which was promulgated by the Ministry of Industry and Information Technology (the “MIIT”) on December 29, 2011, an Internet content service operator may not collect any user personal information or provide any such information to third parties without the consent of a user, unless otherwise stipulated by laws and administrative regulations. An Internet content service operator must expressly inform the users of the method, content, and purpose of the collection and processing of such user personal information and may only collect such information necessary for the provision of its services. An Internet content service operator is also required to properly keep the user personal information, and in case of any leak or likely leak of the user personal information, the Internet content service operator must take immediate remedial measures and, in severe circumstances, to make an immediate report to the telecommunication regulatory authority.

In addition, the *Decision on Strengthening Network Information Protection*, which was promulgated by the SCNPC on December 28, 2012, provides that electronic information that is able to identify personal identities of citizens or that is concerned with personal privacy of citizens is protected by law and shall not be unlawfully obtained or provided. Internet content service operators collecting or using personal electronic information of citizens shall specify purposes, manners, and scopes of information collection and use, obtain the consent of citizens concerned, and strictly keep confidential personal information collected. Internet content service operators are prohibited from disclosing, tampering with, damaging, selling, or illegally providing others with personal information collected. Technical and other measures are required to be taken by Internet content service operators to prevent personal information collected from unauthorized disclosure, damage, or being lost. Internet content service operators are subject to legal liability, including warnings, fines, confiscation of illegal gains, revocation of licenses or filings, closing of websites concerned, public security administration punishment, criminal liabilities, or civil liabilities, if they violate relevant provisions on Internet privacy.

Pursuant to the *Order for the Protection of Telecommunication and Internet User Personal Information*, which was promulgated by the MIIT on July 16, 2013, any collection and use of users’ personal information must be subject to the consent of the users, abide by the principles of legality, rationality, and necessity, and be within the specified purposes, methods, and scopes. Pursuant to the *Ninth Amendment to the Criminal Law of the PRC*, which was issued by the SCNPC on August 29, 2015 and became effective on November 1, 2015, any Internet service provider that fails to fulfill obligations to manage information and network security as required by applicable laws and refuses to rectify upon orders from government authorities, will be subject to the criminal penalty if such failure (i) causes dissemination of illegal information in large scale; (ii) causes user information leaks resulting in severe consequences; (iii) causes serious loss of evidence to criminal investigations; or (iv) implicates other severe circumstances. Moreover, any individual or entity that (i) sells or provides personal information to others in violation of applicable laws, or (ii) steals or illegally obtains any personal information, in either case implicating severe circumstances, will be subject to the criminal penalty. The PRC government, however, has the power and authority to order Internet content service operators to turn over personal information if an Internet user posts any prohibited content or engages in illegal activities on the Internet.

To further regulate cybersecurity and privacy protection, the *Cybersecurity Law of the PRC*, which was promulgated by the SCNPC on November 7, 2016 and took effect on June 1, 2017, provides that: subject to certain exceptions, (i) to collect and use personal information, network operators must follow the principles of legitimacy, rightfulness, and necessity, disclose their rules of data collection and use, clearly express the purposes, means, and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered; (ii) network operators can neither gather personal information unrelated to the services they provide, nor gather or use personal information in violation of the provisions of laws and administrative regulations or beyond the scopes of consent given by the persons whose data is gathered, and must dispose of personal information they have saved in accordance with the provisions of laws and administrative regulations and agreements reached with users; (iii) network operators cannot divulge, tamper with, or damage the personal information they have collected, and cannot provide the personal information to others without the consent of persons whose data is collected. According to the *Cybersecurity Law of the PRC*, personal information refers to all kinds of information that are recorded electronically or that can otherwise be used to independently identify or be combined with other information to identify natural persons’ personal information, including but not limited to natural persons’ names, dates of birth, identification numbers, biologically identified personal information, addresses, and telephone numbers. Any internet information services provider that violates these privacy protection requirements under the *Cybersecurity Law of the PRC* and related laws and regulations may be ordered to turn in illegal gains generated from unlawful operations and pay a fine of no less than one but no more than 10 times of the illegal gains and may be ordered to cease the relevant business operations when the violation is serious.

On June 28, 2016, the CAC issued the *Administrative Provisions on Mobile Internet Applications Information Services*, which became effective on August 1, 2016, to further strengthen the regulation of the mobile app information services. Pursuant to these provisions, owners or operators of mobile apps that provide information services are required to be responsible for information security management, establish and improve the protective mechanism for user information, observe the principles of legality, rightfulness, and necessity, and expressly state the purpose, method and scope of, and obtain user consent to, the collection and use of users' personal information.

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate issued the *Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information*, or the Personal Information Interpretations, which became effective on June 1, 2017. The Personal Information Interpretations provides more practical conviction and sentencing criteria for the infringement of citizens' personal information.

On January 23, 2019, the Office of the Central Cyberspace Affairs Commission and other three authorities jointly issued the *Circular on the Special Campaign of Correcting Unlawful Collection and Usage of Personal Information via Apps*. Pursuant to this circular, (i) app operators are prohibited from collecting any personal information irrelevant to their services; (ii) information collection and usage policy should be presented in a simple and clear way, and such policy should be consented to by the users voluntarily, and; (iii) authorization from users should not be obtained by coercing users with default or bundling clauses or making consent a condition of service. App operators violating these rules can be ordered by authorities to correct their noncompliance within a given period of time, be publicly reported, or be ordered to quit its operation or cancel its business license or operational permits.

On April 10, 2019, the Ministry of Public Security, or the MPS, promulgated the *Guidelines for Internet Personal Information Security Protection*, which establishes the management mechanism, security technical measures, and business workflows for personal information security protection. On August 22, 2019, the CAC promulgated the *Provisions on the Cyber Protection of Children's Personal Information*, which requires, among others, that network operators who collect, store, use, transfer, and disclose personal information of children under the age of 14 shall establish special rules and user agreements for the protection of children's personal information, inform the children's guardians in a noticeable and clear manner, and shall obtain the consent of the children's guardians.

On November 28, 2019, the CAC, the MIIT, the MPS, and the SAMR jointly promulgated the *Measures for the Determination of the Collection and Use of Personal Information by Apps in Violation of Laws and Regulations*, which provides guidance for the regulatory authorities to identify the illegal collection and use of personal information through mobile apps, and for the app operators to conduct self-examination and self-correction and social supervision by citizens.

On May 28, 2020, the NPC approved the *Civil Code of the PRC*, or the Civil Code, which came into effect on January 1, 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process, or transmit personal information of others, or illegally purchase or sell, provide, or make public personal information of others. Furthermore, information processors shall not divulge or tamper with personal information collected or stored by them; without the consent of a natural person, information processors shall not illegally provide personal information of such person to others, except for information that has been processed so that specific persons cannot be identified and that cannot be restored. In addition, an information processor shall take technical measures and other necessary measures to ensure the security of the personal information that is collected and stored and to prevent the information from being divulged, tampered with, or lost; where personal information has been or may be divulged, tampered with or lost, the information processor shall take remedial measures in a timely manner, inform the natural person concerned in accordance with the provisions and report the case to the relevant competent department.

On June 10, 2021, the SCNPR promulgated the *Data Security Law of the PRC*, or the Data Security Law, which took effect on September 1, 2021. Under the Data Security Law, data refers to any record of information that is kept electronically or otherwise, and data processing includes the collection, storage, use, processing, transmission, provision, and disclosure of data. Pursuant to the Data Security Law, any individual or entity shall collect data in a legitimate and proper manner. A data security review mechanism will be established by the State, and any data processing activity that endangers or may endanger national security shall be subject to national security review. The security management for the cross-border transfer of important data collected and produced during operation by CIOs or other data processors within the territory of the PRC shall be subject to the Cyber Security Law and other regulations and rules that promulgated by the CAC and the State Council. In case of any non-compliance under the Data Security Law, a data processor may be ordered to make corrections, and under certain serious circumstances, such as severe data divulgence, may be subject to penalties, including the revocation of business license or other permits.

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the Opinions, which were made available to the public on July 6, 2021. The Opinions emphasized the need to strengthen the administration over illegal securities activities and the need to strengthen the supervision over overseas listings by Chinese companies. Effective measures, such as promoting the construction of relevant regulatory systems, will be taken to deal with the risks and incidents of China-concept overseas listed companies, cybersecurity, data privacy protection requirements, and similar matters.

On August 20, 2021, the SCNPC adopted the *Personal Information Protection Law of the PRC*, or the PIP Law, which took effect on November 1, 2021. The PIP Law includes the basic rules for personal information processing, the rules for cross-border provision of personal information, the rights of individuals in personal information processing activities, the obligations of personal information processors, and the legal responsibilities for illegal collection, processing, and use of personal information. As the first systematic and comprehensive law specifically for the protection of personal information in the PRC, the PIP Law provides, among others, that (i) an individual's consent shall be obtained to use sensitive personal information, such as biometric characteristics and individual location tracking, (ii) personal information operators using sensitive personal information shall notify individuals of the necessity of such use and impact on the individual's rights, and (iii) where personal information operators reject an individual's request to exercise his or her rights, the individual may file a lawsuit with a People's Court.

On December 28, 2021, 13 PRC authorities, including the NDRC, the MOFCOM, the MIIT, the CAC, and several other authorities jointly promulgated the revised *Cybersecurity Review Measures*, which came into effect on February 15, 2022. The Cybersecurity Review Measures provide that, in addition to CIOs that intend to purchase Internet products and services, online platform operators engaging in data processing activities that affect or may affect national security must be subject to cybersecurity review by the Cybersecurity Review Office of the PRC. According to the Cybersecurity Review Measures, a cybersecurity review assesses potential national security risks that may be brought about by any procurement, data processing, or overseas listing. The Cybersecurity Review Measures require that an online platform operator which possesses the personal information of at least one million users must apply for a cybersecurity review by the CAC if it intends to be listed in foreign countries.

Regulations Related to Intellectual Property Rights

Copyright

The *PRC Copyright Law*, or the "Copyright Law," which became effective on June 1, 1991 and was amended in 2001, 2010, and most recently on November 11, 2020 and effective on June 1, 2021, and the implementing regulations of which were adopted in 2002 and amended in 2011 and 2013, provide that Chinese citizens, legal persons, or other organizations will, whether published or not, enjoy copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology, and computer software. Copyright owners enjoy certain legal rights, including but not limited to right of publication, right of authorship, and right of reproduction. The Copyright Law extends copyright protection to Internet activities, products disseminated over the Internet, and software products. In addition, the Copyright Law provides for a voluntary registration system administered by the China Copyright Protection Center, or the "CPCC." According to the Copyright Law, an infringer of copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners, and compensating the loss of copyright owners. Infringers of copyrights may also be subject to fines and/or administrative or criminal liabilities in severe situations.

Pursuant to the *Computer Software Copyright Protection Regulations* promulgated by the State Council in 1991 and amended in 2001, 2011, and 2013, Chinese citizens, legal persons, and other organizations shall enjoy copyright on software they develop, regardless of whether the software is released publicly. Software copyright commences from the date on which the development of the software is completed. The protection period for software copyright of a legal person or other organizations shall be 50 years, concluding on December 31 of the 50th year after the software's initial release. The software copyright owner may go through the registration formalities with a software registration authority recognized by the State Council's copyright administrative department. The software copyright owner may authorize others to exercise that copyright, and is entitled to receive remuneration.

As of the date of this annual report, the PRC operating entities have registered 59 copyrights in the PRC.

Trademark

Trademarks are protected by the *Trademark Law of the PRC*, which was adopted in 1982 and subsequently amended in 1993, 2001, 2013, and 2019, and by the *Implementation Regulations of the PRC Trademark Law* adopted by the State Council in 2002 and most recently amended on April 29, 2014. The Trademark Office of National Intellectual Property Administration, or the "Trademark Office," under the SAIC handles trademark registrations. The Trademark Office grants a 10-year term to registered trademarks and the term may be renewed for another 10-year period upon request by the trademark owner. A trademark registrant may license its registered trademarks to another party by entering into trademark license agreements, which must be filed with the Trademark Office for its record. The Trademark Law has adopted a first-to-file principle with respect to trademark registration. If a trademark applied for is identical or similar to another trademark which has already been registered or subject to a preliminary examination and approval for use on the same or similar kinds of products or services, such trademark application may be rejected. Any person applying for the registration of a trademark may not injure existing trademark rights first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

As of the date of this annual report, the PRC operating entities have registered 73 trademarks in the PRC.

Domain name

The domain names are protected under the *Administrative Measures on the Internet Domain Names* promulgated by the MIIT effective in November 2017. The MIIT is the major regulatory body responsible for the administration of the PRC Internet domain names. China Internet Network Information Center, or "CNNIC," is responsible for the daily administration of CN domain names and PRC domain names under the supervision of MIIT. CNNIC promulgated the *Implementation Rules of Registration of Country Code Top-Level Domain Name*, or the "CNNIC Rules," effective in June, 2019. Pursuant to the Administrative Measures on the Internet Domain Names and the CNNIC Rules, the registration of domain names adopts a first-to-file principle and the registrant shall complete the registration via the domain name registration service institutions. In the event of a domain name dispute, the disputed parties may lodge a complaint to the designated domain name dispute resolution institution to trigger the domain name dispute resolution procedure in accordance with the CNNIC Measures on Resolution of the Domain Name Disputes, file a suit to the People's Court, or initiate an arbitration procedure.

As of the date of this annual report, the PRC operating entities are the registered holders of 14 domain names in the PRC.

Regulations Related to Foreign Exchange

The principal regulations governing foreign currency exchange in China are the *Foreign Exchange Administration Regulations*, promulgated by the State Council in 1996 and most recently amended in 2008. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. By contrast, approval from or registration with appropriate governmental authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of foreign currency-denominated loans.

In November 2012, SAFE promulgated the *Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment* (“SAFE Circular 59”), which was most recently amended in 2015 to substantially amend and simplify the current foreign exchange procedures. Pursuant to SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts, and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in China, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously.

In February 2015, SAFE promulgated the *Circular on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment* (“SAFE Circular 13”) and later partially abolished it on December 30, 2019, pursuant to which, instead of applying for approval from SAFE regarding foreign exchange registrations of foreign direct investment and overseas direct investment, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration.

In March 2015, SAFE issued SAFE Circular 19, which was amended on December 30, 2019. Pursuant to SAFE Circular 19, a foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the relevant foreign exchange administration has confirmed monetary capital contribution rights and interests (or for which the bank has registered the injection of the monetary capital contribution into the account). In addition, for the time being, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capital on a discretionary basis. A foreign-invested enterprise shall truthfully use its capital for its own operational purposes within its scope of business. Where an ordinary foreign-invested enterprise makes domestic equity investment with the amount of foreign exchanges settled, the invested enterprise must first go through domestic re-investment registration and open a corresponding account for foreign exchange settlement pending payment with the foreign exchange administration or the bank at the place where it is registered.

In June 2016, SAFE promulgated SAFE Circular 16, pursuant to which, in addition to foreign currency capital, enterprises registered in China may also convert their foreign debts, as well as repatriated fund raised through overseas listing, from foreign currency to RMB on a discretionary basis. SAFE Circular 16 also reiterates that the use of capital so converted shall follow “the principle of authenticity and self-use” within the business scope of the enterprise. According to SAFE Circular 16, the RMB funds so converted shall not be used for the purposes of, whether directly or indirectly, (i) paying expenditures beyond the business scope of the enterprises or prohibited by laws and regulations; (ii) making securities investment or other investments (except for banks’ principal-secured products); (iii) granting loans to non-affiliated enterprises, except as expressly permitted in the business license; and (iv) purchasing non-self-used real estate (except for the foreign-invested real estate enterprises).

In January 2017, SAFE promulgated SAFE Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records, and audited financial statements; and (ii) domestic entities shall hold income to account for previous years’ losses before remitting the profits. Further, pursuant to SAFE Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

On October 23, 2019, SAFE issued the *Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment* (“SAFE Circular 28”), which allows non-investment foreign-invested enterprises to make domestic equity investment with their capital funds in accordance with the law under the premise that such investment does not violate the existing special administrative measures (negative list) for foreign investment and the project invested in China is authentic and compliant. Pursuant to SAFE Circular 28, upon receiving the payment of consideration from a foreign investor for the equity transfer under foreign direct investment, the domestic transferor, with relevant registration certificates, may process the formalities for account opening, fund receipt, and foreign exchange settlement and use directly at the bank. The foreign investor’s deposit remitted from overseas or transferred from domestic accounts may be directly used for its lawful domestic capital contribution as well as domestic and overseas payment after the transaction is concluded.

On April 10, 2020, SAFE issued the *Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business*, pursuant to which eligible enterprises are allowed to use the income under their capital account, from sources such as capital funds, foreign debts, and proceeds from overseas listing, for domestic payment without having to provide supporting authentication materials to the banks for every transaction in advance, but the use of funds must be true and compliant as well as conform to the existing administration regulations regarding use of income under the capital account. The relevant bank shall conduct spot checking in accordance with the relevant requirements.

Regulations Related to Dividend Distribution

The principal regulations governing the distribution of dividends paid by WFOEs include the PRC Company Law. Under the PRC Company Law, WFOEs in China may pay dividends only out of their accumulated profits, if any, as determined in accordance with the PRC accounting standards and regulations. In addition, a WFOE in China is required to set aside at least 10% of its after-tax profits based on PRC accounting standards each year to its general reserves until its cumulative total reserve funds reaches 50% of its registered capital. These reserve funds, however, may not be distributed as cash dividends.

Regulations Related to Foreign Exchange Registration of Offshore Investment by PRC Residents

In July 2014, SAFE issued SAFE Circular 37, which regulates foreign exchange matters in relation to the use of SPVs by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in China. Under SAFE Circular 37, an SPV refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate domestic or offshore assets or interests, while “round trip investment” refers to the direct investment in China by PRC residents or entities through SPVs, namely, establishing foreign-invested enterprises (namely, Heliheng) to obtain the ownership, control rights, and management rights of Xiamen Pop Culture. Circular 37 requires that, before making contributions to an SPV, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch.

The 2015 SAFE Circular 13 has amended SAFE Circular 37 by requiring PRC residents or entities to register with qualified banks instead of SAFE or its local branch in connection with their establishment of an SPV.

In addition, pursuant to SAFE Circular 37, an amendment to registration or subsequent filing with qualified banks by such PRC resident is also required if there is a material change with respect to the capital of the offshore company, such as any change of basic information (including change of such PRC residents, change of name, and operation term of the SPV), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions. Failure to comply with these registration requirements as set forth in SAFE Circular 37 and SAFE Circular 13, and misrepresentation on or failure to disclose controllers of foreign-invested enterprises that are established by round-trip investment may result in bans on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliates, and may also subject relevant PRC residents to penalties under the Foreign Exchange Administration Regulations of the PRC.

As of the date of this annual report, all of the Xiamen Pop Culture Shareholders who are subject to the SAFE Circular 37 have completed the initial registrations with the qualified banks as required by SAFE Circular 37. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in the PRC—PRC regulations relating to offshore investment activities by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries’ ability to increase its registered capital or distribute profits to us, or may otherwise adversely affect us.”

Regulations Related to Foreign Debt

As an offshore holding company, we may make additional capital contributions to Heliheng subject to approval from the local department of commerce and SAFE, with no limitation on the amount of capital contributions. We may also make loans to Heliheng subject to the approval from SAFE or its local office and the limitation on the amount of loans.

Heliheng is subject to the relevant PRC laws and regulation relating to foreign debts. On January 8, 2003, the NDRC, SAFE, and the MOF jointly promulgated the *Circular on the Interim Provisions on the Management of Foreign Debts*, or the “Foreign Debts Provisions,” which became effective on March 1, 2003, and was partially abolished on May 10, 2015. Pursuant to the Foreign Debts Provisions, the total amount of foreign loans received by a foreign-invested enterprise shall not exceed the difference between the total investment in projects as approved by MOFCOM or its local counterpart and the amount of registered capital of such foreign-invested enterprise. In addition, on January 12, 2017, the PBOC issued the PBOC Circular 9, which sets out the statutory upper limit on the foreign debts for PRC non-financial entities, including both foreign-invested enterprises and domestic-invested enterprises. Pursuant to the PBOC Circular 9, the foreign debt upper limit for both foreign-invested enterprises and domestic-invested enterprises is calculated as twice the net assets of such enterprises, and the macro-prudential adjustment parameter is 1. As to net assets, the enterprises shall take the net assets value stated in their latest audited financial statements. On March 11, 2020, the PBOC and SAFE promulgated the *Circular of the People’s Bank of China and the State Administration of Foreign Exchange on Adjusting the Macro-prudential Regulation Parameter for Full-covered Cross-border Financing*, which provides that based on the current macro economy and international balance of payments, the macro-prudential regulation parameter as set forth in the PBOC Circular 9 is updated from 1 to 1.25. On January 7, 2021, the macro-prudential regulation parameter was lowered to 1 from 1.25.

The PBOC Circular 9 does not supersede the Foreign Debts Provisions, but rather serve as a supplement to it. It provides a one-year transitional period from January 11, 2017, for foreign-invested enterprises, during which foreign-invested enterprises, such as Heliheng, could adopt their calculation method of foreign debt upper limit based on either the Foreign Debts Provisions or the PBOC Circular 9. The transitional period ended on January 11, 2018. Upon its expiry, pursuant to the PBOC Circular 9, the PBOC and SAFE shall re-evaluate the calculation method for foreign-invested enterprises and determine what the applicable calculation method should be. As of the date of this annual report, neither the PBOC nor SAFE has promulgated and made public any further rules, regulations, notices, or circulars in this regard.

See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in the PRC—PRC regulation of parent/subsidiary loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of offshore offerings to make loans or additional capital contributions to our PRC subsidiaries and to make loans to Xiamen Pop Culture, which could materially and adversely affect their liquidity and their ability to fund and expand their business.”

Regulations Related to Tax

Enterprise Income Tax

On March 16, 2007, the SCNPC promulgated the EIT Law, which was recently amended on December 29, 2018, and on December 6, 2007, the State Council enacted the *Regulations for the Implementation of the Law on Enterprise Income Tax*, which was amended on April 23, 2019. Under the EIT Law and relevant implementing regulations, both resident enterprises and non-resident enterprises are subject to tax in the PRC. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within the PRC. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform enterprise income tax rate of 25% is applied to these enterprises. If non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, however, enterprise income tax is set at the rate of 10% with respect to their income generated from inside the PRC. According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Small and Micro-Sized Enterprises*, or “MOF and SAT Notice 13,” from January 1, 2019 to December 31, 2021, an enterprise qualifies as a small-scale and low-profit enterprise if it does not conduct business in a restricted or prohibited industry and it meets the following conditions: (1) having no more than RMB3,000,000 (approximately \$439,800) in annual taxable income; (2) having no more than 300 employees; and (3) having no more than RMB50,000,000 (approximately \$7,330,000) in total assets. MOF and SAT Notice 13 also provides an enterprise income tax rate of 5% on a small-scale and low-profit enterprise’s annual taxable income that is less than RMB1,000,000 (approximately \$146,600) and an enterprise income tax rate of 10% on the enterprise’s annual taxable income more than RMB1,000,000 (approximately \$146,600) but less than RMB3,000,000 (approximately \$439,800). As of June 30, 2024, WFOE, Xiamen Pop Culture, and Guangzhou Shuzhi were subject to enterprise income tax at the rate of 25%, and the rest of our PRC subsidiaries and the PRC operating entities were subject to preferential tax rates because they were recognized as small-scale and low-profit enterprises.

On March 26, 2023, the MOF and SAT jointly promulgated the *Announcement on Preferential Income Tax Policies for Small Enterprises with Meager Profit and Individually-owned Businesses* (“MOF and SAT Circular 6”), which is effective from January 1, 2023 to December 31, 2024. According to MOF and SAT Circular 6, small and low profit enterprises are entitled to a preferential tax rate of 5% on taxable income if their annual taxable income below RMB1 million (approximately \$0.14 million). On August 2, 2023, the MOF and SAT jointly promulgated the *Announcement on Relevant Tax Policies for Further Supporting the Development of Micro and Small-sized Enterprises and Individually Owned Businesses* (“MOF and SAT Circular 12”), which is effective from January 1, 2023 to December 31, 2027. According to MOF and SAT Circular 12, small and low profit enterprises are subject to the preferential income tax rate of 5% (only 25% of such taxable income shall be subject to enterprises income tax at a tax rate of 20%). A small and low profit enterprise, according to the above circulars, refers to enterprises engaging in industries which are not restricted or prohibited by the PRC government and satisfying three conditions, namely, the annual taxable income amount does not exceed RMB3 million, the staff headcount does not exceed 300, and the total amount of assets do not exceed RMB50 million.

Value-Added Tax (“VAT”)

The *Provisional Regulations of the PRC on Value-added Tax* were promulgated by the State Council on December 13, 1993, and were most recently amended on November 19, 2017. The *Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (Revised in 2011)* were promulgated by MOF on December 25, 1993, and were recently amended on October 28, 2011 (together with the VAT Regulations, the “VAT Law”). On April 4, 2018, MOF and SAT jointly promulgated the *Circular on Adjustment of Value-Added Tax Rates*, or “MOF and SAT Circular 32.” On March 20, 2019, MOF, SAT, and General Administration of Customs, or “GAC,” jointly issued a *Circular on Relevant Policies for Deepening Value-added Tax Reform*, which became effective on April 1, 2019. According to the abovementioned laws and circulars, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real property, and the importation of goods within the territory of the PRC are taxpayers of VAT. The VAT rates generally applicable are simplified as 13%, 9%, 6%, and 0%, and the VAT rate applicable to the small-scale taxpayers is 3%. As of June 30, 2024, Zhongpu Shuyuan, Hualiu Digital, Shenzhen Pop, Fujian Hualiu, and Xiamen Qiqin were subject to the VAT rate of 3% because of their small-scale taxpayer status, and the rest of our PRC subsidiaries and the PRC operating entities were subject to VAT at the rate of 6% for services provided.

Withholding Tax

The EIT Law provides that, beginning from January 1, 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Pursuant to the 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%. Based on the SAT Circular 81 issued on February 20, 2009 by the SAT, however, 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 *Circular on Several Questions Regarding the “Beneficial Owner” in Tax Treaties*, which was issued on February 3, 2018 by the SAT and took effect on April 1, 2018, when determining the applicant’s status of the “beneficial owner” regarding tax treatments in connection with dividends, interests, or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of his or her income in 12 months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This circular further provides that an applicant who intends to prove his or her status of the “beneficial owner” shall submit the relevant documents to the relevant tax bureau according to the Announcement on Issuing the Measures for the Administration of Non-Resident Taxpayers’ Enjoyment of the Treatment under Tax Agreements.

Tax on Indirect Transfer

On February 3, 2015, the SAT issued SAT Circular 7. Pursuant to SAT Circular 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises, may be reclassified and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. When determining whether there is a “reasonable commercial purpose” of the transaction arrangement, features to be taken into consideration include, *inter alia*, whether the main value of the equity interest of the relevant offshore enterprise derives directly or indirectly from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consist of direct or indirect investment in China or if its income is mainly derived from China; and whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure. According to SAT Circular 7, where the transferee fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. SAT Circular 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired on a public stock exchange. On October 17, 2017, the SAT issued SAT Circular 37, which further elaborates the relevant implemental rules regarding the calculation, reporting, and payment obligations of the withholding tax by the non-resident enterprises. Nonetheless, there remain uncertainties as to the interpretation and application of SAT Circular 7. SAT Circular 7 may be determined by the tax authorities to be applicable to our offshore transactions or sale of our shares or those of our offshore subsidiaries where non-resident enterprises, being the transferors, were involved. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in the PRC—We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.”

Regulations Related to Employment and Social Welfare

Employment

The *Labor Law of the PRC*, which was promulgated on July 5, 1994, effective since January 1, 1995, and most recently amended on December 29, 2018, the *Labor Contract Law of the PRC*, which was promulgated on June 29, 2007, and amended on December 28, 2012, and the *Implementation Regulations of the Labor Contract Law of the PRC*, which was promulgated on September 18, 2008, are the principal regulations that govern employment and labor matters in the PRC. Under the above regulations, labor contracts shall be concluded in writing if labor relationships are to be or have been established between employers and the employees. Employers are prohibited from forcing employees to work above certain time limit and employers shall pay employees for overtime work in accordance to national regulations. In addition, wages may not be lower than the local minimum wage. Employers must establish a system for labor safety and sanitation, strictly abide by state standards, and provide relevant education to its employees. Employees are also required to work in safe and sanitary conditions.

Social Insurance and Housing Fund

Under the *Social Insurance Law of the PRC* that was promulgated by the SCNPC on October 28, 2010 and came into force as of July 1, 2011, and most recently amended on December 29, 2018, together with other laws and regulations, employers are required to pay basic pension insurance, unemployment insurance, basic medical insurance, employment injury insurance, maternity insurance, and other social insurance for its employees at specified percentages of the salaries of the employees, up to a maximum amount specified by the local government regulations from time to time. On July 20, 2018, the General Office of the State Council issued the *Plan for Reforming the State and Local Tax Collection and Administration Systems*, which stipulated that the SAT will become solely responsible for collecting social insurance premiums. When an employer fails to fully pay social insurance premiums, relevant social insurance collection agency shall order it to make up for any shortfall within a prescribed time limit, and may impose a late payment fee at the rate of 0.05% per day of the outstanding amount from the due date. If such employer still fails to make up for the shortfalls within the prescribed time limit, the relevant administrative authorities shall impose a fine of one to three times the outstanding amount upon such employer.

In accordance with the *Regulations on the Management of Housing Fund* which was promulgated by the State Council in 1999 and recently amended in 2019, employers must register at the designated administrative centers and open bank accounts for depositing employees' housing funds. Employer and employee are also required to pay and deposit housing funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time.

As of the date of this annual report, the PRC operating entities have not made adequate social insurance and housing fund contributions for all employees. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in the PRC—The PRC operating entities have not made adequate social insurance and housing fund contributions for all employees as required by PRC regulations, which may subject them to penalties."

Regulations Related to Mergers and Acquisitions and Overseas Listings

On August 8, 2006, six PRC governmental and regulatory agencies, including MOFCOM and the CSRC, promulgated the M&A Rules governing the mergers and acquisitions of domestic enterprises by foreign investors, which became effective on September 8, 2006 and was amended on June 22, 2009. The M&A Rules, among other things, require that offshore SPVs that are controlled by PRC companies or individuals and that have been formed for overseas listing purposes through acquisitions of PRC domestic interest held by such PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

Our PRC counsel, AllBright, has advised us that, based on its understanding of current PRC laws, rules, and regulations, and the M&A Rules, the CSRC approval is not required for the listing and trading of our Class A Ordinary Shares on the Nasdaq Capital Market in the context of our initial public offering because: (i) Heliheng was established by means of direct investment rather than by a merger with or an acquisition of any PRC domestic companies as defined under the M&A Rules, and was not a PRC domestic company as defined under the M&A Rules, and (ii) no explicit provision in the M&A Rules classifies the respective the VIE Agreements as a type of acquisition transaction falling under the M&A Rules. Notwithstanding the above opinion, our PRC counsel, AllBright, has further advised us that uncertainties still exist as to how the M&A Rules will be interpreted and implemented and its opinions summarized above are subject to any new laws, rules, and regulations or detailed implementations and interpretations in any form relating to the M&A Rules. If the CSRC or other PRC regulatory agencies subsequently determine that prior CSRC approval was required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in the PRC—The approval of the CSRC may be required in connection with our offerings under a regulation adopted in August 2006, and, if required, we cannot assure you that we will be able to obtain such approval, in which case we may face sanctions by the CSRC or other PRC regulatory agencies for failure to seek the CSRC approval for our offerings."

On February 17, 2023, the CSRC promulgated the Trial Measures and five supporting guidelines, which came into effect on March 31, 2023. Pursuant to the Trial Measures, domestic companies that seek to offer or list securities overseas, both directly and indirectly, shall complete filing procedures with the CSRC pursuant to the requirements of the Trial Measures within three working days following its submission of initial public offerings or listing application. If a domestic company fails to complete required filing procedures or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as an order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines.

The Trial Measures establish a list outlining the circumstances where a PRC enterprise is prohibited from offering and listing securities overseas, and the CSRC has the authority to block offshore listings that: (i) are explicitly prohibited by laws; (ii) may endanger national security as determined by relevant competent departments under the State Council; (iii) involve criminal offenses that disrupting PRC economy such as corruption, bribery, embezzlement, or misappropriation of property by the issuer, the controlling shareholder, and/or actual controller in the recent three years; (iv) involve the issuer under investigations for suspicion of criminal offenses or major violations of laws and regulations; or (v) involve material ownership disputes over the shares held by the controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. An issuer seeking direct or indirect overseas listing is also required to undergo national security review or obtain clearance from relevant authorities if necessary before making any application with overseas regulator or listing venue. Where an overseas securities regulator investigates and collects evidence relating to the overseas offering and listing of a PRC enterprise and related activities, and requests the CSRC for cooperation in accordance with the cross-border supervision and management cooperation mechanism, the CSRC may provide necessary assistance according to law and based on the principle of reciprocity. Our application for listing in Nasdaq does not fall under the circumstance that such overseas listing is prohibited by the Trial Measures, nor do we need to go through the review such as security review or clearance approval from relevant authorities.

According to the CSRC Notice, the domestic companies that have already been listed overseas before the effective date of the Trial Measures (namely, March 31, 2023) shall be deemed as Existing Issuers. Existing Issuers are not required to complete the filing procedures immediately, and they shall be required to file with the CSRC for any subsequent offerings.

Based on the foregoing, as our registration statement on Form F-1 in connection with our initial public offering was declared effective on June 29, 2021 and we completed our initial public offering and listing on July 2, 2021, we are currently not required to complete the filing procedures pursuant to the Trial Measures. However, in the event that we undertake new offerings or fundraising activities in the future, we may be required to complete the filing procedures. In connection with the Acquisition of Yi Caishen and the August 2024 PIPE, we are required to complete the filing procedures. According to the Trial Measures, those Chinese companies failing to complete filing procedures may receive a warning from CSRC and be required to rectify the situation, accompanied by a fine ranging from RMB1 million to RMB10 million. The person in charge may receive a warning and be imposed by a fine between RMB500 thousand and RMB5 million. If the controlling shareholder or actual controller of such companies orchestrates or instructs the commission of non-compliance with filing procedures, they will be fined between RMB1 million and RMB10 million. If a securities company or securities service provider fails to perform its duty to urge companies to comply with filing procedures as required by the Trial Measures, it may be warned and face a fine ranging from RMB500 thousand to RMB5 million. The responsible managers and other directly liable personnel may receive a warning and be fined between RMB200 thousand and RMB2 million. As of the date of this annual report, we have not completed the filing procedures for the above transactions nor received any related warnings or fines.

On February 24, 2023, the CSRC, together with the MOF, National Administration of State Secrets Protection, and National Archives Administration of China, revised the Provisions issued by the CSRC and National Administration of State Secrets Protection and National Archives Administration of China in 2009. The revised Provisions were issued under the title the “Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies,” and came into effect on March 31, 2023 together with the Trial Measures. One of the major revisions to the revised Provisions is expanding their application to cover indirect overseas offering and listing, as is consistent with the Trial Measures. The revised Provisions require that, among other things, (a) a domestic company that plans to, either directly or indirectly through its overseas listed entity, publicly disclose or provide to relevant individuals or entities, including securities companies, securities service providers, and overseas regulators, any documents and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level; and (b) a domestic company that plans to, either directly or indirectly through its overseas listed entity, publicly disclose or provide to relevant individuals and entities, including securities companies, securities service providers, and overseas regulators, any other documents and materials that, if leaked, will be detrimental to national security or public interest, shall strictly fulfill relevant procedures stipulated by applicable national regulations. Any failure or perceived failure by our Company, our subsidiaries, or the VIE and its subsidiaries to comply with the above confidentiality and archives administration requirements under the revised Provisions and other PRC laws and regulations may result in the relevant entities being held legally liable by competent authorities, and referred to the judicial organ to be investigated for criminal liability if suspected of committing a crime.

The Opinions, the Trial Measures, the revised Provisions, and any related implementing rules to be enacted may subject us to additional compliance requirements in the future.

See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in the PRC—The Chinese government may exert more oversight and control over overseas public offerings conducted by China-based issuers, which could significantly limit or completely hinder our ability to offer or continue to offer our securities to investors and could cause the value of our securities to significantly decline or become worthless.”

C. Organizational Structure

See “—A. History and Development of the Company.”

D. Property, Plants and Equipment

See “—B. Business Overview—Facilities.”

Item 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

Item 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial condition and results of operations is based upon and should be read in conjunction with our consolidated financial statements and their related notes included in this annual report. This report contains forward-looking statements. In evaluating our business, you should carefully consider the information provided under the caption “Item 3. Key Information—D. Risk Factors” in this annual report. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

A. Operating Results

Results of Operations for the Fiscal Years Ended June 30, 2024, 2023, and 2022

	For the Fiscal Years Ended June 30,		
	2024	2023	2022
REVENUE, NET	\$ 47,381,918	\$ 18,543,243	\$ 32,281,543
Cost of revenue	44,501,198	22,206,058	26,036,011
GROSS PROFIT	2,880,720	(3,662,815)	6,245,532
Selling and marketing	262,328	4,646,875	380,723
General and administrative	2,731,596	3,513,236	3,140,824
Allowance for credit loss	8,330,357	2,795,662	1,307,518
Impairment	5,200,000	1,109,194	-
Research and development Expenses	-	8,694,836	-
Total operating expenses	16,524,281	20,759,803	4,829,065
INCOME FROM OPERATIONS	(13,643,561)	(24,422,618)	1,416,467
Other (expenses) income:			
Interest expenses, net	(237,403)	(216,558)	(235,327)
Gain on disposal of subsidiaries	1,242,400	-	-
Other (expenses) income, net	130,868	56,044	377,979
Total other income (expenses), net	1,135,865	(160,514)	142,652
INCOME (LOSS) BEFORE INCOME TAX PROVISION	(12,507,696)	(24,583,132)	1,559,119
Provision for income taxes	124,419	674,564	871,231
NET INCOME (LOSS)	(12,632,115)	(25,257,696)	687,888

Comparison of Results of Operations for the Fiscal Years Ended June 30, 2024 and 2023

Revenue

Our revenue for the fiscal years ended June 30, 2024 and 2023 was derived from the following sources:

	For the Fiscal Years Ended June 30,				Change	
	2024	%	2023	%	Amount	%
Event Hosting	\$ 4,094,200	8.6%	\$ 4,348,303	23.5%	\$ (254,103)	(5.8)%
Brand Promotion	39,611,817	83.6%	9,650,274	52.0%	29,961,543	310.5%
Event Planning and Execution	3,396,661	7.2%	4,132,477	22.3%	(735,816)	(17.8)%
Other Services	279,240	0.6%	412,189	2.2%	(132,949)	(32.3)%
Total revenue	\$ 47,381,918	100.0%	\$ 18,543,243	100.0%	\$ 28,838,675	155.5%

Total revenue increased by \$28.9 million, or 155.5%, from \$18.5 million for the fiscal year ended June 30, 2023 to \$47.4 million for the fiscal year ended June 30, 2024. The increase in revenue of \$28.9 million mainly resulted from an increase in revenue for brand promotion service of \$30.0 million offset by a decrease in revenue for event hosting, revenue for event planning and execution, and event for other services of an aggregate of \$1.1 million.

Revenue for event hosting and event planning and execution decreased by 5.8% and 17.8% from \$4.3 million and \$4.1 million for the fiscal year ended June 30, 2023 to \$4.1 million and \$3.4 million for the fiscal year ended June 30, 2024, respectively, primarily due to the trend of online promotions and the economic downturn in general in China. As a result of the trends, more and more of the PRC operating entities' clients reduced their offline event budgets, which resulted in a decrease in the demand on event planning and execution.

Revenue for brand promotion increased by 310.5% from \$9.7 million for the fiscal year ended June 30, 2023 to \$39.6 million for the fiscal year ended June 30, 2024, primarily attributable to following reasons: (i) the PRC operating entities started to cooperate with key opinion leaders ("KOLs") to conduct online promotion businesses in early 2023, with a combined audience of approximately 45 million followers or viewers through 122 KOLs as of June 30, 2024; and (ii) the PRC operating entities also benefited from the trend of an increase in advertisers' online promotion budgets.

Other revenue for the fiscal year ended June 30, 2024 was \$0.3 million, which represents a decrease of \$0.1 million, or 32.3%, as compared to that in the fiscal year ended June 30, 2023. Other revenue includes software development services, digital collection sales, and SAAS services. The decrease mainly resulted from the drop in software development services revenue of \$0.2 million, as the PRC operating entities did not allocate enough resources in this sector during the fiscal year ended June 30, 2024. The increase in revenue of digital collection sales was offset by the decrease in revenue of SAAS services.

The average service prices by category of event hosting and event planning and execution for the fiscal years ended June 30, 2024 and 2023 were as follows:

For the Fiscal Year Ended June 30, 2024				
Type		Average price		
		Number of events	Sponsorship fee	Planning and execution service fees
Event Hosting	Dance competition	4	\$ 455,376	-
	Music festival and promotional party	15	\$ 150,454	-
	Online hip-hop program	-	\$ -	-
Event Planning and Execution		23	-	156,542
For the Fiscal Year Ended June 30, 2023				
Type		Average price		
		Number of events	Sponsorship fee	Planning and execution service fees
Event Hosting	Dance competition	29	\$ 135,076	-
	Music festival and promotional party	1	\$ 250,000	-
	Online hip-hop program	-	\$ -	-
Event Planning and Execution		93	-	44,435

Cost of revenue

The cost of revenue for the fiscal year ended June 30, 2024 increased by 100.4% to \$44.5 million from \$22.2 million of the prior year.

Cost of Event Hosting Revenue

Cost of event hosting revenue decreased by 62.6% from \$9.2 million for the fiscal year ended June 30, 2023 to \$3.5 million for the fiscal year ended June 30, 2024, which was due to the decrease in the revenue for event hosting, and higher investment in the promotion and implementation in the segment during the fiscal year ended June 30, 2023 to maintain a high level of scale and quality of the PRC operating entities' intellectual property.

Cost of Event Planning and Execution Revenue

Cost of event planning and execution revenue decreased by 11.3% from \$3.4 million for the fiscal year ended June 30, 2023 to \$3.0 million for the fiscal year ended June 30, 2024, which was generally in line with the decrease in the revenue for event planning and execution.

Cost of Brand Promotion Revenue

Cost of brand promotion revenue increased by 300.4% from \$9.4 million for the fiscal year ended June 30, 2023 to \$37.7 million for the fiscal year ended June 30, 2024, which was in line with the growth in the revenue for brand promotion.

Cost of other services

Cost of other services revenue increased by 124.7% from \$0.1 million for the fiscal year ended June 30, 2023 to \$0.3 million for the fiscal year ended June 30, 2024, which resulted from higher labor costs in the segment during the fiscal year ended June 30, 2024.

Our cost of revenue for the fiscal years ended June 30, 2024 and 2023 was derived from the following sources:

	For the Fiscal Years Ended June 30,				Change	
	2024	%	2023	%	Amount	%
Event Hosting	\$ 3,457,879	7.8%	\$ 9,235,071	41.6%	\$ (5,777,192)	(62.6)%
Brand Promotion	37,726,147	84.8%	9,423,096	42.4%	28,303,051	300.4%
Event Planning and Execution	3,037,899	6.8%	3,423,606	15.4%	(385,707)	(11.3)%
Other Services	279,273	0.6%	124,285	0.6%	154,988	124.7%
Total Cost of Revenue	\$ 44,501,198	100.0%	\$ 22,206,058	100.0%	\$ 22,295,140	100.4%

Gross profit increased by \$6.5 million from negative \$3.7 million in the fiscal year ended June 30, 2023 to positive \$2.8 million in the fiscal year ended June 30, 2024. Gross margin was positive 6.1% in the fiscal year ended June 30, 2024 compared to negative 19.8% in the fiscal year ended June 30, 2023. The negative margin during the fiscal year ended June 30, 2023 primarily resulted from the negative margin in the segment of event hosting. During the fiscal year ended June 30, 2024, brand promotion contributed 65.5% of the total gross profit, which mainly resulted from the 83.6% revenue contribution of this segment. The gross margin of brand promotion service was still at a low level of 4.8% and 2.4% in fiscal year ended June 30, 2024 and 2023, respectively. The gross margin of event planning and execution decreased from 17.2% to 10.6%, which was mainly due to 4% low margin business for Super Music Hero concerts executed, which took 79% of total revenue of this segment during the fiscal year ended June 30, 2024. The low gross margin of other services is mainly due to the reason that software development services was in early stage, which incurred a lot of cost to satisfy varied requirements from customers.

Gross profit and gross margin

Our gross profit and gross margins for the fiscal years ended June 30, 2024 and 2023 are shown in the following table:

	For the Fiscal Years Ended June 30,						Change	
	2024			2023			Amount	%
	Amount	%	GP%	Amount	%	GP %		
Event Hosting	\$ 636,321	22.1%	15.5%	\$ (4,886,768)	133.4%	(112.4)%	\$ 5,523,089	(113.0)%
Brand Promotion	1,885,670	65.5%	4.8%	227,178	(6.2)%	2.4%	1,658,492	730.0%
Event Planning and Execution	358,762	12.5%	10.6%	708,871	(19.4)%	17.2%	(350,109)	(49.4)%
Other services	(33)	(0.0)%	(0.0)%	287,904	(7.8)%	69.8%	(287,937)	(100.0)%
Total gross profit	\$ 2,880,720	100.0%	6.1%	\$ (3,662,815)	100.0%	(19.8)%	\$ 6,543,535	(178.6)%

Operating expenses

Total operating expenses for the fiscal year ended June 30, 2024 decreased by 20.4% to \$16.5 million from \$20.8 million for the fiscal year ended June 30, 2023. Operating expenses as a percentage of total revenue decreased to 35.0% from 112% in the same period of last fiscal year.

The following table sets forth the breakdown of our operating expenses for the fiscal years ended June 30, 2024 and 2023:

	For the Fiscal Years Ended June 30,				Change	
	2024	%	2023	%	Amount	%
Selling and marketing expenses	\$ 262,328	1.6%	\$ 4,646,876	22.4%	\$ (4,384,548)	(94.4)%
General and administrative expenses	2,731,596	16.5%	3,513,236	16.9%	(781,641)	(22.2)%
Allowance for credit loss	8,330,357	50.4%	2,795,662	13.5%	5,534,695	198.0%
Impairment loss	5,200,000	31.5%	1,109,194	5.3%	4,090,806	368.8%
Research and development expenses	-	-%	8,694,836	41.9%	(8,694,836)	(100.0)%
Total expenses	\$ 16,524,281	100.0%	\$ 20,759,424	100.0%	\$ (4,235,143)	(20.4)%

Selling and marketing expenses

Selling and marketing expenses for the fiscal year ended June 30, 2024 were \$0.3 million, representing a decrease of 94.4% from \$4.6 million in the last fiscal year. This decrease was primarily due to following reasons: (i) during fiscal year ended June 30, 2023, the Company spent \$4.6 million on multi-channel network (“MCN”) promotion costs, which were expenses to promote the PRC operating entities’ future business plan related to MCN; (ii) during fiscal year ended June 30, 2024, the Company laid off some employees of the department responsible for event planning and execution to adapt to the reduced demand in this segment (see —Revenue”).

General and administrative expenses

General and administrative expenses for the fiscal year ended June 30, 2024 were \$2.7 million, representing a decrease of 22%, or \$0.8 million, from \$3.5 million in the previous fiscal year. The decrease was mainly due to certain measures taken by the PRC operating entities, such as closing or disposal of certain loss making subsidiaries, to cut down expenses to make the operation more profitable.

Allowance for credit loss

Allowance for credit loss for the fiscal year ended June 30, 2024 was \$8.3 million, representing an increase of 198%, or \$5.5 million, from \$2.8 million in the previous fiscal year. The increase was mainly due to increase in gross accounts receivable and the PRC operating entities’ inability to collect more receivables as a result of the reduction in demand in event planning and execution industry. Furthermore, from the fiscal year ended June 30, 2024, we adopted ASC 326 to measure the expected credit loss, which is more prudent than the method we used before to calculate the allowance.

Impairment loss

Impairment loss during the fiscal year ended June 30, 2024 represent the impairment of prepayment for other long-term assets of \$4.6 million and impairment of digital assets of \$0.6 million.

Income tax expenses

Income tax expenses amounted to \$124,419 and \$674,564 for the fiscal years ended June 30, 2024 and 2023, respectively.

The difference in the income tax expenses for fiscal year 2024 compared to the income tax expenses for fiscal year 2023 resulted primarily from no deferred tax effect in fiscal year 2024, while net deferred tax expenses were charged in income tax expenses in fiscal year 2023.

Net income

As a result of the foregoing, our net loss for the fiscal years ended June 30, 2024 was \$15.2 million compared to net loss of \$25.26 million last year.

Non-Current Assets

We recorded non-current assets of \$1,302,704 as of June 30, 2024. The table below sets forth our non-current assets as of the dates indicated.

	As of June 30,	
	2024	2023
Non-current assets:		
Property and equipment, net	\$ 465,378	\$ 844,614
Intangible assets, net	-	119,519
Investment in films-non-current	535,857	-
Operating right-of-use assets	35,273	84,892
Prepaid Taxes	-	621,990
Other non-current assets	266,196	5,120,599
Total non-current assets	1,302,704	6,791,614

Our non-current assets decreased from \$6.8 million as of June 30, 2023 to \$1.3 million as of June 30, 2024, mainly because of the following reasons:

- (i) Other non-current assets decreased from \$5.1 million as of June 30, 2023 to \$0.3 million as of June 30, 2024 because the following two entrusting development projects were completed in fiscal year 2023: (a) prepayment for brand authorization in the amount of \$4.6 million as of June 30, 2023 was fully impaired during fiscal year 2024, and (b) prepaid expenses and other prepayment decreased by \$0.2 million as compared to last fiscal year end.
- (ii) Property and equipment, net decreased by \$0.4 million due to depreciation effect.
- (iii) Prepaid tax decreased by \$0.6 million due to its current nature in fiscal year ended June 30, 2024.

Comparison of Results of Operations for the Fiscal Years Ended June 30, 2023 and 2022

Revenue

Our revenue for the fiscal years ended June 30, 2023 and 2022 was derived from the following sources:

	For the Fiscal Years Ended June 30,				Change	
	2023	%	2022	%	Amount	%
Event Hosting	\$ 4,348,303	23.5%	\$ 14,711,787	45.6%	\$ (10,363,484)	(70.4)%
Brand Promotion	9,650,274	52.0%	8,733,764	27.1%	916,510	10.5%
Event Planning and Execution	4,132,477	22.3%	8,420,328	26.1%	(4,287,851)	(50.9)%
Other Services	412,189	2.2%	415,664	1.2%	(3,475)	(0.8)%
Total revenue	\$ 18,543,243	100.0%	\$ 32,281,543	100.0%	\$ (13,738,300)	(42.6)%

Total revenue decreased by \$13.74 million, or 43%, from \$32.28 million for the fiscal year ended June 30, 2022 to \$18.54 million for the fiscal year ended June 30, 2023.

Revenue of event hosting decreased by \$10.36 million, or 70%, compared to last year as 2022 Popcity Music Festival, 2022 Mini Master, 2022 Super Hip-Hop Dream and 2022 China Battle Championships failed to generate enough sponsorship income due to impact of the COVID-19 pandemic. Revenue of event planning and execution decreased by \$4.29 million, or 51%, compared to last year mainly also due to the impact of the COVID-19 pandemic. Revenue of brand promotion increased by \$0.92 million, or 11%, compared to last year.

The average service prices by category of event hosting and event planning and execution for the fiscal years ended June 30, 2023 and 2022 were as follows:

For the Fiscal Year Ended June 30, 2023				
Type		Average price		
		Number of events	Sponsorship fee	Planning and execution service fees
Event Hosting	Dance competition	29	\$ 135,076	-
	Music festival and promotional party	1	\$ 250,000	-
	Online hip-hop program	-	\$ -	-
Event Planning and Execution		93		44,435
For the Fiscal Year Ended June 30, 2022				
Type		Average price		
		Number of events	Sponsorship fee	Planning and execution service fees
Event Hosting	Dance competition	28	\$ 328,555	-
	Music festival and promotional party	30	\$ 858,211	-
	Online hip-hop program	2	\$ 518,799	-

Cost of revenue

Our cost of revenue for the fiscal years ended June 30, 2023 and 2022 was derived from the following sources:

	For the Fiscal Years Ended June 30,				Change	
	2023	%	2022	%	Amount	%
Event Hosting	\$ 9,235,071	41.6%	\$ 11,083,284	42.6%	\$ (1,848,213)	(16.7)%
Brand Promotion	9,423,096	42.4%	7,091,705	27.2%	2,331,391	32.9%
Event Planning and Execution	3,423,606	15.4%	7,539,494	29.0%	(4,115,888)	(54.6)%
Other Services	124,285	0.6%	321,528	1.2%	(197,243)	(61.3)%
Total Cost of Revenue	\$ 22,206,058	100.0%	\$ 26,036,011	100.0%	\$ (3,829,953)	(14.7)%

Cost of revenue for the fiscal year ended June 30, 2023 decreased by 15% from \$26 million for the fiscal year ended June 30, 2022 to \$22 million for the fiscal year ended June 30, 2023.

Cost of revenue for event hosting decreased by 17% from \$11.08 million for the fiscal year ended June 30, 2022 to \$9.24 million for the fiscal year ended June 30, 2023. It is mainly attributable to the decrease in the event hosting revenue and the number of our own promotion events, such as Popcity Music Festival, Mini Master, Super Hip-Hop Dream, and China Battle Championships.

Cost of revenue for brand promotion increased by 33% from \$7.09 million for the fiscal year ended June 30, 2022 to \$9.42 million for the fiscal year ended June 30, 2023. The increase was because a large proportion of the brand promotion business was online nature with higher implementation costs and lower margin. In addition, the volume of our brand promotion services increased by 10.5%, which led to even higher costs.

Cost of revenue for event planning and execution decreased by 55% from \$7.54 million for the fiscal year ended June 30, 2022 to \$3.42 million for the fiscal year ended June 30, 2023. It was in line with the revenue decrease in event planning and execution.

Gross profit and gross margin

Our gross profit and gross margins for the fiscal years ended June 30, 2023 and 2022 are shown in the following table:

	For the Fiscal Years Ended June 30,						Change	
	2023			2022			Amount	%
	Amount	%	GP%	Amount	%	GP %		
Event Hosting	\$(4,886,768)	133.4%	(112.4)%	\$3,628,503	58.1%	24.7%	\$(8,515,271)	(234.7)%
Brand Promotion	227,178	(6.2)%	2.4%	1,642,059	26.3%	18.8%	(1,414,881)	(86.2)%
Event Planning and Execution	708,871	(19.4)%	17.2%	880,834	14.1%	10.5%	(171,963)	(19.5)%
Other services	287,904	(7.8)%	69.8%	94,136	1.5%	22.6%	193,768	205.8%
Total gross profit	\$(3,662,815)	100.0%	(19.8)%	\$6,245,532	100.0%	19.3%	\$(9,908,347)	(158.6)%

There was a gross loss of \$3.66 million in the current fiscal year compared with income of \$6.25 million in last year, a decline of \$9.91 million.

The decline of event hosting margin was mainly because the PRC operating entities incurred high cost on advertising and promotion activities (which decreased by 6% over last fiscal year), but the revenue generated was not ideal (which decreased by 70% over last fiscal year).

The decline of brand promotion margin was because in fiscal 2023, larger proportion of the revenue was from integrated online marketing and promotion with lower margin, while in fiscal 2022, most of them was from offline activities with higher margin.

The increase in other services margin was mainly because in fiscal 2023, the amount of revenue from software service and digital collection under this category increased, while the corresponding cost, amortization of software development over the fixed term did not increase.

Operating expenses

The following table sets forth the breakdown of our operating expenses for the fiscal years ended June 30, 2023 and 2022:

	For the Fiscal Years Ended June 30,				Change	
	2023	%	2022	%	Amount	%
Selling and marketing expenses	\$ 4,646,876	22.4%	\$ 380,723	7.9%	\$ 4,266,152	1120.5%
General and administrative expenses (including allowance for credit loss)	6,308,898	30.4%	4,448,342	92.1%	1,860,556	41.8%
Impairment loss	1,109,194	5.3%	-	-%	1,109,194	100.0%
Research and development expenses	8,694,836	41.9%	-	-%	8,694,836	100.0%
Total expenses	\$ 20,759,424	100.0%	\$ 4,829,065	100.0%	\$ 15,930,738	329.9%

Selling and marketing expenses

Selling and marketing expenses increased by 1,121% from \$380,723 for the fiscal year ended June 30, 2022 to \$4,646,876 in fiscal year 2023. Increased spending was mainly on multi-channel network (“MCN”) promotion costs, which are expenses to promote the PRC operating entities’ future business plan related to MCN. The PRC operating entities enter into cooperation agreements with influencers in the hip-top fields (including street dance, dance, skating, and street basketball) and assist them in creating and posting their videos on popular social media platforms in China, such as Douyin. The PRC operating entities expect to generate marketing and promoting revenue in the future through promoting these influencers and share earnings with them.

General and administrative expenses

General and administrative expenses increased by 42% from \$4,448,342 for the fiscal year ended June 30, 2022 to \$6,308,898 for the fiscal year ended June 30, 2023. This was attributable to the bad debt provision of \$1.4 million and renovation expenses of \$0.6 million for the terminated space.

Impairment loss was \$1.1 million, which was attributable to the 100% allowance provision for Move IT as the project was not commenced in the fiscal year ended June 30, 2023 due to the low customer volume.

Research and development expenses increased by 100% from \$0 for the fiscal year ended June 30, 2022 to \$8,694,836 for the fiscal year ended June 30, 2023, mainly due to the intellectual property and copyright expenses for Wuxia.

Wuxia stands for a new intellectual property element Wuxia (dance/wuxia) created by the PRC operating entities, integrating hip-hop activities, dance (Wu) competition operated by PRC operating entities, and China’s specific culture of martial arts (Wu) and chivalrous (Wu) person. The PRC operating entities plan to create Wuxia Metaverse platform-related digital collection products and NFT products, from this concept.

Income tax expenses

Income tax expenses amounted to \$674,564 and \$871,231 for the fiscal years ended June 30, 2023 and 2022, respectively.

The difference in the income tax expenses for fiscal year 2023 compared to the income tax expenses for fiscal year 2022 resulted primarily from accrued regular income tax in fiscal year 2023 and a preferential tax rate that the PRC subsidiaries were entitled to.

Net income

As a result of the foregoing, our net loss for the fiscal years ended June 30, 2023 was \$25.26 million compared to net income of \$0.69 million last year.

Non-Current Assets

We recorded non-current assets of \$6,941,757 as of June 30, 2023. The table below sets forth our non-current assets as of the dates indicated

	As of June 30,	
	2023	2022
Non-current assets:		
Property and equipment, net	\$ 844,614	\$ 71,763
Intangible assets, net	119,519	2,204,411
Operating right-of-use assets	84,892	461,399
Prepaid Taxes	621,990	332,022
Deferred tax assets	-	457,649
Other non-current assets	5,120,599	10,009,200
Total non-current assets	6,791,614	13,536,444

Our non-current assets decreased from \$13.54 million as of June 30, 2022 to \$6.79 million as of June 30, 2023 mainly because of the following reasons:

- (i) Other non-current assets decreased from \$10.01 million as of June 30, 2022 to \$5.12 million as of June 30, 2023 because the following two entrusting development projects were completed in fiscal year 2023: (a) the overall planning and design of a metaverse platform, including the layout, framework design, space architecture and role creation, NFT trading system, social interaction system, other subsystems, and technical training with New Continental Technology Inc. in the amount of \$4.6 million, and (b) planning, designing, and developing no less than 30 NFT products with corresponding images and no less than five metaverse battle scenes with the theme of martial arts/kungfu culture and dancer/hip-hop culture with China America Culture Media Inc. in the amount of \$4 million. Due to the uncertainties of revenue generation from the two projects, the management of the Company decided to expense the two items in the research and development account.
- (ii) Intangible assets, net, decreased from \$2.20 million as of June 30, 2022 to \$0.12 million as of June 30, 2023, primarily due to 100% allowance provision in amount of \$1.1 million for Move IT as the project was not commenced in fiscal year 2023 due to the low customer volume.

Factors Affecting Our Results of Operations

The PRC operating entities' operating results are subject to general conditions typically affecting the hip-hop industry, including changes in governmental policies and laws, uneven economic development, competition from other companies in the same industry, and increases in operating costs and expenses due to inflation and other factors such as an unusual large-scale epidemic which prevents the PRC operating entities from hosting live events and concerts and providing related services. Unfavorable changes in any of these general conditions could negatively affect the PRC operating entities' events undertaking and otherwise adversely affect their results of operations. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in the PRC—Changes in China's economic, political, or social conditions or government policies could have a material adverse effect on the PRC operating entities' business and operations," "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—The markets in which we operate are highly competitive," and "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—The PRC operating entities depend on the success of live entertainment events, which are inherently susceptible to risks, and their exposure to such risks is potentially heightened as a result of the nature of entertainment events and the fan experiences they seek to create."

While the PRC operating entities' business is influenced by general factors affecting their industry, their operating results are more directly affected by company-specific factors, including the following key factors:

- their ability to retain the existing clients and increase new clients;
- their ability to maintain and enhance the recognition of their brands; and
- their ability to protect and develop their intellectual property.

See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—If the PRC operating entities are unable to retain the existing clients for their Event Planning and Execution and Brand Promotion businesses, our results of operations will be materially and adversely affected," "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—In their Event Hosting business, the PRC operating entities primarily generate revenue from sponsorship. If they fail to attract more sponsors to their concerts, hip-hop events, and online hip-hop programs, or if sponsors are less willing to sponsor them, their revenue may be adversely affected," "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—The PRC operating entities' business depends on the continued success of their brands, and if they fail to maintain and enhance the recognition of their brands, they may face difficulty increasing their network of partners and clients, and their reputation and operating results may be harmed," and "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—The PRC operating entities could be adversely affected by a failure to protect their intellectual property or the intellectual property of their partners."

COVID-19 Affecting Our Results of Operations

The COVID-19 pandemic has, since its initial outbreak, affected our business and results of operations in different ways. From late 2022 to early 2023, the Chinese government gradually released controls on the COVID-19 pandemic, and the PRC operating entities returned to normal operation step-by-step. Due to the COVID-19 pandemic which lasted for approximately three years, most clients of the PRC operating entities do not have enough reserve fund. As a result, their purchasing power, capability, and willingness to invest in advertising and marketing have decreased. There were changes in the ways selected by existing clients and newly acquired clients to release advertisement, including choosing advertising and marketing in the mode of offline activities, or in the mode of online releasing. Therefore, the PRC operating entities' progress in developing markets was still affected heavily by the COVID-19 pandemic during the fiscal year ended June 30, 2023. During the fiscal year ended June 30, 2024, the COVID-19 pandemic did not have a material impact on the PRC operating entities' business.

As of June 30, 2024, our cash and cash equivalents were \$230,563. Our principal sources of liquidity have been cash generated from our operating activities. We believe this level of liquidity, coupled with our existing cash balance and strong monetization capabilities, is sufficient to allow us to successfully weather adverse changes and economic downturns during an extended period of uncertainty caused by the COVID-19 pandemic.

B. Liquidity and Capital Resources

Cash Flows for the Fiscal Year Ended June 30, 2024, 2023, and 2022

As of June 30, 2024, we had cash and cash equivalents of \$230,563, a total working capital of \$15,540,937, and we had several short-term bank borrowings amounting to \$4,251,982. For the fiscal year ended June 30, 2024, we had a negative cash flow of \$5,156,846 in operating activities, compared with the negative cash flow of \$5,962,481 for the fiscal year ended June 30, 2023.

The cash outflow of \$5,156,846 in operating activities for the fiscal year ended June 30, 2024 was primarily due to the net loss of \$12,632,115, an increase in accounts receivable of \$15,051,073, an increase in advances to suppliers of \$5,877,685, an increase in other current assets of \$905,077, and a non-cash gain on disposal of subsidiaries of \$1,242,400, offset by non-cash expenses of allowance for doubtful accounts \$8,330,357 and impairment of \$5,200,000, and an increase in accounts payable of \$11,434,763 and contract liability of \$2,919,807. Accounts receivable are a significant component of our working capital. The PRC operating entities usually extend to their customers credit terms of around 90 days after they successfully provide services, which is indicated by the customers' acknowledgement of completion of the events, activities, or brand solutions by providing the PRC operating entities with completion confirmation forms, resulting in accounts receivable.

The turnover days for accounts receivable for the fiscal years ended June 30, 2024 and 2023 were 169 days and 445 days, respectively, which was calculated as the average of the beginning and ending balance of the accounts receivable for the fiscal year ended June 30 divided by our revenue during that period, multiplied by 360 days. The timeline of the PRC operating entities' collection can be influenced by economic environment, market liquidity, customers' financial conditions, and their collection effort.

The PRC operating entities have accrued additional allowances on those accounts receivable that we believe are unlikely to be collected. For the remaining accounts receivable that were aged over the PRC operating entities' normal credit terms, the PRC operating entities evaluated the credit conditions of the related customers and they are continuing their efforts to collect the accounts receivable. We believe the PRC operating entities should be able to collect those accounts receivable as scheduled. The PRC operating entities will closely monitor the collection progress and assess periodically if any additional allowance on their outstanding accounts receivable is necessary.

On March 14, 2024, the Company obtained approximately \$2.3 million by issuing 1.5 million Class A ordinary shares at \$2.86 per share after deducting the offering costs. We will make efforts to raise capital from time to time to maintain the normal operation. Accordingly, we believe we have sufficient cash to fund our operations for at least the next 12 months from the date of this annual report.

The following table provides the information about our working capital as of June 30, 2024 and 2023:

	As of		Change	
	June 30, 2024	June 30, 2023	Amount	%
Current assets	\$ 40,932,053	\$ 32,253,714	\$ 8,678,339	26.9%
Current liabilities	25,391,116	12,827,546	12,563,570	97.9%
Working capital	\$ 15,540,937	\$ 19,426,168	\$ (3,885,231)	(20.0)%

As of June 30, 2024, we had working capital of \$15,540,937, a decrease of \$3,885,231, or 29%, from \$19,426,168 as of June 30, 2023.

As of June 30, 2024, our total current assets amounted to \$40,932,053, which primarily included \$230,563 in cash, \$24,302,942 in accounts receivable, \$12,697,192 in advances to suppliers, \$885,800 in investment in film, and \$2,025,820 in other current assets. Our total current liabilities were \$25,391,116 as of June 30, 2024, which primarily included \$4,667,548 in short-term bank loans and long-term loan current portion, \$4,117,521 in tax payable, \$11,807,997 in accounts payable, \$1,580,995 in accrued liabilities and other payables for third parties and related parties, \$45,269 in operating lease liability-current, and \$3,171,786 in contract liability.

As of June 30, 2023, we had working capital of \$19,426,168, a decrease of \$21,314,005, or 52%, from \$40,740,173 as of June 30, 2022.

As of June 30, 2023, our total current assets amounted to \$32,253,714, which primarily included \$2,751,309 in cash, \$885,824 in investment in movies, \$19,642,337 in accounts receivable, \$8,864,972 in advances to suppliers, \$13,280 in due from related parties, and \$95,992 in other current assets. Our total current liabilities were \$12,827,546 as of June 30, 2023, which primarily included \$5,130,115 in short-term bank loans, \$4,327,182 in tax payable, \$2,697,089 in accounts payable, \$215,042 in accrued liabilities and other payables, \$65,115 in operating lease liability-current, and \$393,003 in contract liability.

The following table summarizes our cash flows for the fiscal years ended June 30, 2024, 2023, and 2022:

	For the Fiscal Years Ended June 30		
	2024	2023	2022
Net cash provided by (used in) operating activities	\$ (5,156,846)	\$ (5,962,481)	\$ (11,376,196)
Net cash (used in) provided by investing activities	(672,814)	(6,166,096)	(8,791,583)
Net cash provided by financing activities	3,373,609	683,277	33,058,932
Effect of exchange rate fluctuation on cash	(64,695)	(199,423)	184,902
Net increase (decrease) in cash	\$ (2,520,746)	\$ (11,644,723)	\$ 13,076,055

Cash flow used in operating activities

The cash outflow of \$5,156,846 in operating activities for the fiscal year ended June 30, 2024 was primarily due to the net loss of \$12,632,115, an increase in accounts receivable of \$15,051,073, an increase in advances to suppliers of \$5,877,685, an increase in other current assets of \$905,077, and a non-cash gain on disposal of subsidiaries of \$1,242,400, offset by non-cash expenses of allowance for doubtful accounts \$8,330,357 and impairment of \$5,200,000, and an increase in accounts payable of \$11,434,763 and contract liability of \$2,919,807.

Net cash used in operating activities was \$5,962,481 during the fiscal year ended June 30, 2023, compared with net cash used in operating activities was \$11,376,196 during the fiscal year ended June 30, 2022.

For the fiscal year ended June 30, 2023, net cash used in operating activities was \$5,962,481, mainly derived from the net loss of \$25,257,696, a decrease in other non-current assets of \$8,024,450, a decrease in accounts receivable, net of \$2,034,125, and an increase in accounts payable of \$1,881,259.

For the fiscal year ended June 30, 2022, net cash used in operating activities was \$11,376,196, mainly derived from an increase in other non-current assets of \$2,061,939, an increase in advances to suppliers of \$7,542,591, an increase in taxes payable of \$295,333, and a decrease in contract liability of \$1,599,990.

Cash flow used in investing activities

For the fiscal year ended June 30, 2024, net cash used in investing activities was \$672,814, which mainly derived from investment in films of \$535,834, lending to related parties of \$98,273, and investment in equity investment of \$44,292, offset by proceeds from related party on disposal of subsidiaries of \$13,841.

For the fiscal year ended June 30, 2023, net cash used in investing activities was \$6,166,096, which consisted of advance paid for agent licenses, property and equipment purchases, and investment in films.

For the fiscal year ended June 30, 2022, net cash used in investing activities was \$8,791,583, which consisted of purchasing property and equipment, prepayment for intangible items, and equity method investments.

Cash flow provided by financing activities

For the fiscal year ended June 30, 2024, net cash provided by financing activities was \$3,373,609, consisting of proceeds from short-term bank loans and long-term bank loans in the amount of \$4,318,459 and \$2,090,237, respectively, capital contribution from shareholders of \$4,290,000, offset by repayment for short-term bank loans and long-term bank loans of \$4,027,793 and \$1,307,303, respectively, and payment of offering cost of \$1,989,777.

For the fiscal year ended June 30, 2023, net cash provided by financing activities was \$683,277, consisting of proceeds from bank loans in the amount of \$4,141,736 and repayment for bank loans of \$3,307,636.

For the fiscal year ended June 30, 2022, net cash provided by financing activities was \$33,058,932, consisting of proceeds from bank loans in the amount of \$3,188,019, contribution from shareholders in the amount of \$33,630,162, and payment for deferred offering costs of \$1,197,380, offset by the repayments of bank loans in the amount of \$4,956,629.

Contractual Obligations

Lease Commitments

The PRC operating entities entered into four leases for office spaces located at Xiamen and Shenzhen City in China, and the amortization of right-of-use assets charged to operations under operating lease for the fiscal years ended June 30, 2024 and 2023, amounted to \$49,723 and \$111,808, respectively.

As of June 30, 2024, the future minimum rent payable under the non-cancelable operating lease were:

For the fiscal years ended June 30,	Rental amount
2025	\$ 46,454
Thereafter	-
Total lease payments	\$ 46,454

Off-Balance Sheet Arrangements

As of June 30, 2024 and 2023, there were no off-balance sheet arrangements.

C. Research and Development, Patents and Licenses, etc.

See “Item 4. Information on the Company—B. Business Overview—Intellectual Property.”

D. Trend Information

Other than as disclosed elsewhere in this annual report on Form 20-F, we are not aware of any trends, uncertainties, demands, commitments, or events for the period from July 1, 2023 to June 30, 2024 that are reasonably likely to have a material adverse effect on our net revenue, income, profitability, liquidity, or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial condition.

E. Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements. These financial statements are prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions that affect the reported amounts of our assets and liabilities and revenue and expenses, to disclose contingent assets and liabilities on the date of the consolidated financial statements, and to disclose the reported amounts of revenue and expenses incurred during the financial reporting period. The most significant estimates and assumptions include the collection of accounts receivable, the useful lives and impairment of our long-lived assets, and the provisions for income taxes. We continue to evaluate these estimates and assumptions that we believe to be reasonable under the circumstances. We rely on these evaluations as the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates. Some of our accounting policies require higher degrees of judgment than others in their application. We believe critical accounting policies as disclosed in this report reflect the more significant judgments and estimates used in preparation of our consolidated financial statements. We believe there have been no material changes to our critical accounting policies and estimates.

The following critical accounting policies rely upon assumptions and estimates and were used in the preparation of our consolidated financial statements:

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires us to make judgments, assumptions, and estimates that affect the amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates and assumptions. Significant accounting estimates reflected in our consolidated financial statements include the allowances for doubtful accounts. Actual results could differ from these estimates.

Credit losses

From July 1, 2023, the Company adopted ASU 2016-13 Financial Instruments - Credit Losses (ASC Topic 326): Measurement of Credit Losses on Financial Instruments, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including accounts receivable. The Company uses the roll-rate method to measure the expected credit losses of account receivables on a collective basis when similar risk characteristics exist. The roll-rate method stratifies the receivables balance by delinquency stages and projected forward in one-year increments using historical roll rate. In each period end of the simulation, losses on the receivables are captured, and the ending delinquency stratification serves as the beginning point of the next iteration. This process is repeated on a yearly rolling basis. The loss rate calculated for each delinquency stage is then applied to respective receivables balance. The management adjusts the allowance that is determined by the roll-rate method for both current conditions and forecasts of economic conditions. The Company adopted ASC Topic 326 using the modified retrospective method in scope of the standard. Results for reporting periods beginning after July 1, 2023 are presented under ASC Topic 326, while prior period amounts continue to be reported in accordance with previously applicable GAAP.

Expected provision for credit losses are included in general and administrative expenses in the unaudited condensed consolidated statements of operations and comprehensive loss. After all attempts to collect a receivable have failed, the receivable is written off against the allowance.

Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation and depreciated on a straight-line basis over the estimated useful lives of the assets. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income/loss in the year of disposition. Estimated useful lives are as follows:

	Estimated Useful Life
Office equipment	3 - 5 Years
Building	20 Years
Motor vehicles	10 Years
Leasehold improvement	Shorter of useful life or lease term

Intangible asset, net

Intangible asset is stated at cost less accumulated amortization and amortized in a method which reflects the pattern in which the economic benefits of the intangible asset are expected to be consumed or otherwise used up. The balance of intangible asset represents a software that we purchased externally and is amortized straight-line over 10 years in accordance with the way we estimate to generate economic benefits from such software. Such software is owned by Shenzhen JamBox, which is not considered as a subsidiary of Pop Culture as of the date of this annual report.

Impairment of long-lived assets

In accordance with ASC Topic 360, we review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable, or at least annually. We recognize an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset’s estimated fair value and its book value. We recorded the impairment charge of \$4.6 million, \$1.1 million, and nil for the fiscal years ended June 30, 2024, 2023, and 2022, respectively.

Revenue Recognition

We early adopted the new revenue standard Accounting Standards Codification (“ASC”) 606, Revenue from Contracts with Customers, starting July 1, 2017 using the modified retrospective method for contracts that were not completed as of June 30, 2017. The adoption of this ASC 606 did not have a material impact on our consolidated financial statements.

ASC 606 establishes principles for reporting information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from our contracts to provide services to customers. The core principle of ASC 606 is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognize revenue when the company satisfies a performance obligation.

The PRC operating entities mainly generate revenue from event hosting, event planning and execution, and marketing, which includes brand promotion and other services.

Event hosting - The PRC operating entities regularly host live concerts and hip-hop events, and operate hip-hop related online programs. The portfolio of hip-hop events includes a stage play, dance competitions, cultural and musical festivals, and promotional parties. The PRC operating entities started to operate online hip-hop programs since 2020. The portfolio of online hip-hop programs includes street dance tutorial programs, collections of street dance performances videos, and collections of short music videos on trendy shoes and clothes related to hip-hop culture. The PRC operating entities generate revenue from concerts, hip-hop events, and online hip-hop programs by providing sponsorship packages to advertisers in exchange for sponsorship fees or by selling tickets for those concerts.

Event planning and execution - The PRC operating entities provide customized event planning and execution services upon requests from their customers, which services generally entail design, logistics, layout of events, and coordination and supervision of the actual event set-up and implementation, and generate revenue through service fees.

Brand promotion - The Company provides integrated branding services primarily including the tailor-made digital marketing strategy design and placement on different media platforms based on customers’ needs in respective industries, including the internet, automobile, finance, electronics, and consumer goods, as the single performance obligation and revenue is recognized over time during the contract period under input method according to the actual placement. The Company also provides online targeted marketing services to provide marketing strategy design and placement on famous advertising platform for the promotion of the customer as the single performance obligation and recognize revenue over time during the contract period under output method according to the agreed settlement statement. The Company is the primary obligator and bearing the service risk of the marketing and branding services, and the Company has the right and ability to direct which media channel to place the advertisement to the customer on the Company’s behalf and has discretion in establishing the price for the service. Therefore, the Company is identified as a principal.

Other services - The PRC operating entities sell digital collections, provide software development and SaaS software services to hip-hop dance training institutions for service fees, and distribute advertisements for corporate customers for service fees.

The PRC operating entities account for a contract of event hosting, event planning and execution, or brand promotion when they have legally enforceable rights and obligations and collectability of consideration is probable. Each contract typically contains one single performance obligation, which is to deliver a successful event, activity, qualified online program or video, or brand solution, and the contract price is fixed. Contract terms typically include a customary requirement for payment within 90 days after the PRC operating entities successfully provide services, which is indicated by the customer’s signed acknowledgement of completion on such event, activity, online program, or brand solution by providing the PRC operating entities with completion confirmation forms.

For event hosting, event planning and execution, and brand promotion, revenue is recognized at a point of time when services are successfully provided (e.g., upon successful carryout of an event), which is indicated by the customer’s acknowledgement of completion on such event, activity, online program or video, or brand solution, as the customer neither simultaneously receives and consumes the benefits provided by the PRC operating entities’ performance nor controls an increasingly enhanced asset or an asset with an alternative use to the customer as the PRC operating entities perform. Event hosting, event planning and execution, and brand promotion projects are generally short term, which usually take less than three months.

For digital collections, the PRC operating entities sell digital collections through its own digital collection sales platform. After the customer purchases the digital collection issued on the platform and the digital collection is delivered to the customer, the revenue is recognized.

For music recording service, revenue is recognized at a point of time when services are successfully provided which is indicated by customer's acknowledgement of completion on the recording.

For SaaS software services, revenue is recognized after the completion of the service provision. The PRC operating entities reach an annual framework service contract with the customer and charges a one-time service fee. Revenue is recognized on a monthly average basis within the service period.

For distribution of advertisements, the PRC operating entities satisfy their performance obligation over time by measuring the progress based on time elapsed, as the customer simultaneously receives and consumes the benefit of service provided, during the period of time when the advertisement is displayed. Payment is usually required within 90 days after the completion of distribution.

We report revenue on a gross basis for event hosting, event planning and execution, brand promotion, and other services (except for advertisement distribution), as the PRC operating entities take risk and control of the event, activities, online program, or brand solution before they are transferred to customers. While in terms of advertisement distribution, we report revenue on a net basis since it only arranges the distribution of advertisements, instead of taking the risk and control of the distribution resources.

We apply a practical expedient to make no adjustment for the promised amount of consideration for the effects of a significant financing component as we expect, at contract inception, that the period between when the PRC operating entities transfer a promised service to a customer and when the customer pays for that service will be one year or less.

Income Taxes

We account for income taxes under ASC 740. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period including the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The provisions of ASC 740-10-25, "Accounting for Uncertainty in Income Taxes," prescribe a more-likely-than-not threshold for consolidated financial statement recognition and measurement of a tax position taken (or expected to be taken) in a tax return. This interpretation also provides guidance on the recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and related disclosures. Deferred Tax Assets for fiscal 2024 and 2023 was not recognized. We do not believe that there was any uncertain tax position as of June 30, 2024 and 2023.

Recent Accounting Pronouncements

In November 2021, the FASB issued ASU No. 2021-10, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance. The amendments in this ASU require disclosures about transactions with a government that have been accounted for by analogizing to a grant or contribution accounting model to increase transparency about (1) the types of transactions, (2) the accounting for the transactions, and (3) the effect of the transactions on an entity's financial statements. The amendments are effective for all entities within their scope, which excludes not-for-profit entities and employee benefit plans, for financial statements issued for annual periods beginning after December 15, 2021. Early application of the amendment is permitted. We adopted ASU No. 2021-10 effective January 1, 2022. The adoption of this standard did not have a material impact on our consolidated financial statements.

On June 30, 2022, FASB issued ASU No. 2022-03, Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. ASU 2022-03 clarifies that a contractual sale restriction prohibiting the sale of an equity security is a characteristic of the reporting entity holding the equity security and is not included in the equity security's unit of account. The new standard is effective for our Company for our fiscal year beginning January 1, 2024, with early adoption permitted.

On March 28, 2023, the FASB issued ASU No. 2023-01, Leases (Topic 842): *Common Control Arrangements*. The amendments in ASU 2023-01 improve current GAAP by clarifying the accounting for leasehold improvements associated with common control leases, thereby reducing diversity in practice. Additionally, the amendments provide investors and other allocators of capital with financial information that better reflects the economics of those transactions. The new standard is effective for our Company for our fiscal year beginning January 1, 2024, with early adoption permitted.

Recently issued ASUs by the FASB, except for the ones mentioned above, are not expected to have a significant impact on our consolidated results of operations or financial position. Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. We do not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to our consolidated financial condition, results of operations, cash flows, or disclosures.

Item 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth information regarding our directors and executive officers as of the date of this annual report. The business address of all of our directors and executive officers is Room 1207-08, No. 2488, Huandao East Road, Huli District, Xiamen City, Fujian Province, the PRC.

Name	Age	Position(s)
Zhuoqin Huang	46	Chief Executive Officer, Director, and Chairman of the Board of Directors
Wenjuan Qiu	38	Vice President and Director
Yunzhu Chen	43	Chief Financial Officer
Zhidi Lin	40	Independent Director
Azhen Lin	37	Independent Director
Haiquan Hu	49	Independent Director

The following is a brief biography of each of our executive officers and directors:

Mr. Zhuoqin Huang has been our chief executive officer and chairman of the board of directors since May 6, 2020 and director since January 3, 2020. Mr. Huang has served as the chairman of Xiamen Pop Culture since May 2016 and its chief executive officer since August 2008. From March 2005 to August 2008, Mr. Huang served as the chief executive officer of Fujian Zhongtian Chuanxun Advertising Co., Ltd. Xiamen Branch Office, an advertising company. From August 2002 to March 2005, Mr. Huang worked as a brand manager of Swire Coca-Cola Beverages Xiamen Ltd., a manufacturer of non-alcohol beverages. Mr. Huang received his bachelor's degree in Tourism Economic Management from Huaqiao University in 2002.

Ms. Wenjuan Qiu has served as the Vice President and Director of our Company since May 2024, and the Director of General Manager's Office of Xiamen Pop Culture, responsible for proposing and implementing business strategies of Xiamen Pop Culture, since July 2013. She has also served as the general manager of Hualiu Digital since April 14, 2022. Before joining Xiamen Pop Culture and Hualiu Digital, she worked at the Market Development Department of Bang Meng Hui Jun Consulting Co. Ltd., a consulting firm, from July 2009 to June 2013. Ms. Qiu holds a bachelor's degree in e-commerce from Yango University of Fuzhou University.

Ms. Yunzhu Chen has served as the Chief Financial Officer of our Company since May 2024 and Financial Manager of Xiamen Pop Culture since July 2017. Before joining in Xiamen Pop Culture, she had approximately 12 years of experience in finance and accounting. Ms. Chen was the Deputy General Manager of the Finance Department at Gao Qing (Xiamen) Venture Capital Co., Ltd., an investment company, from October 2015 to June 2017, financial manager with Xiamen South Keyu Technology Co., LTD, a company in the software industry, from January 2010 to September 2015, and an accountant with Xiamen Taikeluo Superhard Tools Co., LTD, a company engaging in the metal work industry, from November 2005 to November 2009. Ms. Chen holds a bachelor's degree in accounting from Jimei University.

Mr. Zhidi Lin has served as an independent director of our Company since December 2023. Mr. Lin has served as the Chief Financial Officer and Secretary of the Board of Directors of Xiamen Kaopu Cloud Co. ("Kaopu Cloud"), a cloud service provider, since May 2019. His experience focuses on financial management and risk management. At Kaopu Cloud, Mr. Lin leads the development of a financial management system and the establishment of an integrated financial control system for budgeting, funding, expense reimbursement, and financial analysis. He also formulates Kaopu Cloud's internal control system and participates in the operation and management of Kaopu Cloud. Before joining Kaopu Cloud, from July 2018 to May 2019, Mr. Lin served as the Chief Financial Officer and Secretary of the Board of Directors of Yew Wah Landscape Co. ("Yew Wah"), a company providing landscape design, planting, and construction services. Mr. Lin was responsible for Yew Wah's financial management, including initial public offering ("IPO") financial standardization, tax planning, internal control construction, investment, and financing. He was also in charge of equity financing, bank financing, foreign investment, and IPO, and coordinating the daily work of Yew Wah's Board of Directors. Mr. Lin holds a bachelor's degree in food science and engineering from Jimei University in 2007, and a master's degree in economics from Fujian Normal University in 2010.

Ms. Azhen Lin has served as an independent director of our Company since December 2023. Ms. Lin has also served as the general manager of the general management department at Xiamen Bojie Industrial Co., Ltd (“Xiamen Bojie”), a retailer of hardware and construction materials, since May 2014. She coordinates and manages the human resources department, the administration department, and the procurement department at Xiamen Bojie. She holds a junior college degree in finance accounting from Xiamen Huaxia University.

Mr. Haiquan Hu has served as an independent director of our Company since December 2023. Mr. hu has also served as the general manager of Giant Master Culture Development Co., Ltd (“Giant Master”), a culture development company, since October 2008, the general manager of Hangzhou Jujiang Star Electronic Commerce Co., LTD (“Jujiang Star”), a multi-channel network provider collaborating with influencers to provide audience development, content programming, creator collaborations, digital rights management, monetization, and/or sales, since June 2020, and the founder of Haiquan Fund, a venture capital fund focusing on artificial intelligence, healthcare, and entertainment areas, since 2013. Mr. Hu is responsible for formulating strategic planning and management policies at both Giant Master and Jujiang Star. At Haiquan Fund, Mr. Hu determines the investment direction of the fund, and is one of the members of the investment committee. He has rich experience in the entertainment and culture industries. Mr. Hu holds a bachelor’s degree in foreign trade from Shenyang Radio and Television University.

Board Diversity

The table below provides certain information regarding the diversity of our board of directors as of the date of this annual report.

Board Diversity Matrix				
Country of Principal Executive Offices:	China			
Foreign Private Issuer	Yes			
Disclosure Prohibited under Home Country Law	No			
Total Number of Directors	5			
	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	2	3	0	0
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction			0	
LGBTQ+			0	
Did Not Disclose Demographic Background			0	

Family Relationships

None of our directors or executive officers has a family relationship as defined in Item 401 of Regulation S-K.

Controlled Company

Mr. Zhuoqin Huang, our chief executive officer, director, and chairman, currently beneficially own approximately 80.05% of the aggregate voting power of our outstanding ordinary shares. As a result, we are a “controlled company” within the meaning of the Nasdaq listing rules. As a controlled company, we are permitted to elect to rely on certain exemptions from the obligations to comply with certain corporate governance requirements, including:

- the requirement that a majority of the board of directors consist of independent directors;
- the requirement that our director nominees be selected or recommended solely by independent directors; and
- the requirement that we have a nominating and corporate governance committee and a compensation committee that are composed entirely of independent directors with a written charter addressing the purposes and responsibilities of the committees.

Although we do not intend to rely on the controlled company exemptions under the Nasdaq listing rules even if we are a controlled company, we could elect to rely on these exemptions in the future, and if so, you would not have the same protection afforded to shareholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

B. Compensation

For the fiscal year ended June 30, 2024, we paid an aggregate of \$158,228.43 as compensation to our executive officers and directors. None of our non-employee directors have any service contracts with us that provide for benefits upon termination of employment. We have not set aside or accrued any amount to provide pension, retirement, or other similar benefits to our directors and executive officers. Our PRC subsidiaries and the PRC operating entities are required by law to make contributions equal to certain percentages of each employee’s salary for his or her pension insurance, medical insurance, unemployment insurance, and other statutory benefits and a housing provident fund. The PRC operating entities have not made adequate social insurance and housing fund contributions for all employees as required by PRC regulations as of the date of this prospectus, which may subject them to penalties. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in the PRC—The PRC operating entities have not made adequate social insurance and housing fund contributions for all employees as required by PRC regulations, which may subject them to penalties.”

C. Board Practices

Pursuant to our amended and restated articles of association, the minimum number of directors shall consist of not less than one person unless otherwise determined by the shareholders in a general meeting. Unless removed or re-appointed, each director shall be appointed for a term expiring at the next annual general meeting, if any is held. At any annual general meeting held, our directors will be elected by a majority vote of shareholders eligible to vote at that meeting. At each annual general meeting, each director so elected shall hold office for a one-year term and until the election of their respective successors in office or removed.

Board of Directors

Our board of directors consists of five directors.

Duties of Directors

Under Cayman Islands law, all of our directors owe three types of duties to us: (i) statutory duties, (ii) fiduciary duties, and (iii) common law duties. The Companies Act (Revised) of the Cayman Islands imposes a number of statutory duties on a director. A Cayman Islands director's fiduciary duties are not codified, however, the courts of the Cayman Islands have held that a director owes the following fiduciary duties: (a) a duty to act in what the director *bona fide* considers to be in the best interests of the company, (b) a duty to exercise their powers for the purposes they were conferred, (c) a duty to avoid fettering his or her discretion in the future and (d) a duty to avoid conflicts of interest and of duty. The common law duties owed by a director are those to act with skill, care and diligence that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company and, also, to act with the skill, care and diligence in keeping with a standard of care commensurate with any particular skill they have which enables them to meet a higher standard than a director without those skills. In fulfilling their duty of care to us, our directors must ensure compliance with our amended and restated articles of association. We have the right to seek damages if a duty owed by any of our directors is breached.

Subject to the provisions of the Companies Act (Revised) of the Cayman Islands and our amended and restated memorandum and articles of association, the business of the Company shall be managed by our directors who may for that purpose exercise all the powers of the Company.

Terms of Directors and Executive Officers

Unless removed from office pursuant to our amended and restated articles of association, each of our directors holds office until the next following annual meeting of shareholders at which time such director is eligible for re-election. All of our executive officers are appointed by and serve at the discretion of our board of directors.

Qualification

There is currently no shareholding qualification for directors, although a shareholding qualification for directors may be fixed by our shareholders by ordinary resolution.

Employment Agreements

We have entered into employment agreements with each of our executive officers. Pursuant to these employment agreements, we agree to employ each of our executive officers for a specified time period, which may be renewed upon both parties' agreement 30 days before the end of the current employment term. We may terminate the employment for cause, at any time, without notice or remuneration, for certain acts of the executive officer, including but not limited to, the commitments of any serious or persistent breach or non-observance of the terms and conditions of the employment, conviction of a criminal offense, willful disobedience of a lawful and reasonable order, fraud or dishonesty, receipt of bribery, or severe neglect of his or her duties. An executive officer may terminate his or her employment at any time with a one-month prior written notice. Each executive officer agrees to hold, both during and after the employment agreement expires, in strict confidence and not to use or disclose to any person, corporation or other entity without written consent, any confidential information.

Insider Participation Concerning Executive Compensation

Our director, Mr. Zhuoqin Huang, was making all determinations regarding executive officer compensation from the inception of the Company until our Compensation Committee was set up in June 2021.

Committees of the Board of Directors

We have established three committees under the board of directors: an audit committee, a compensation committee, and a nominating and corporate governance committee. Our independent directors serve on each of the committees and the charters we have adopted for each of the three committees apply. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of three independent directors, Ms. Azhen Lin, Mr. Zhidi Lin, and Mr. Haiquan Hu. We have determined that each of our independent directors satisfies the “independence” requirements of Rule 10A-3 under the Securities Exchange Act. Our board has also determined that Mr. Zhidi Lin qualifies as an audit committee financial expert within the meaning of the SEC rules or possesses financial sophistication within the meaning of the Nasdaq listing rules. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management’s response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee. Our compensation committee consists of three independent directors, Ms. Azhen Lin, Mr. Zhidi Lin, and Mr. Haiquan Hu. Ms. Azhen Lin is the chairperson of our compensation committee. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving the total compensation package for our most senior executive officers;
- approving and overseeing the total compensation package for our executives other than the most senior executive officers;
- reviewing periodically and approving any long-term incentive compensation or equity plans;
- selecting compensation consultants, legal counsel or other advisors after taking into consideration all factors relevant to that person’s independence from management; and
- reviewing programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of three independent directors, Ms. Azhen Lin, Mr. Zhidi Lin, and Mr. Haiquan Hu. Mr. Haiquan Hu is the chairperson of our nominating and corporate governance committee. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- identifying and recommending nominees for election or re-election to our board of directors or for appointment to fill any vacancy;
- reviewing annually with our board of directors its current composition in light of the characteristics of independence, age, skills, experience and availability of service to us;
- identifying and recommending to our board the directors to serve as members of committees;
- advising the board periodically with respect to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to our board of directors on all matters of corporate governance and on any corrective action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Code of Business Conduct and Ethics

Our board of directors has adopted a code of business conduct and ethics, which is applicable to all of our directors, officers, and employees. Our code of business conduct and ethics is publicly available on our website.

Our board of directors has also adopted a compensation recovery policy required by the Nasdaq Listing Rule 5608, which is attached as Exhibit 97.1 to this annual report.

D. Employees

See “Item 4. Information on the Company—B. Business Overview—Employees.”

E. Share Ownership

The following table sets forth information with respect to the beneficial ownership, within the meaning of Rule 13d-3 under the Exchange Act, of our Class A Ordinary Shares Class B Ordinary Shares, and Class C Ordinary Shares as of the date of this annual report for:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5% of our Class A Ordinary Shares, Class B Ordinary Shares, or Class C Ordinary Shares. As of the date of this annual report, there is no shareholder holding our Class C Ordinary Shares.

Beneficial ownership includes voting or investment power with respect to the securities. Except as indicated below, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all Class A Ordinary Shares, Class B Ordinary Shares, or Class C Ordinary Shares shown as beneficially owned by them. Percentage of beneficial ownership of each listed person is based on 14,362,733 Class A Ordinary Shares, 576,308 Class B Ordinary Shares outstanding, and 0 Class C Ordinary Shares as of the date of this annual report.

Information with respect to beneficial ownership has been furnished by each director, officer, or beneficial owner of 5% or more of our Class A Ordinary Shares, Class B Ordinary Shares, or Class C Ordinary Shares. Beneficial ownership is determined in accordance with the rules of the SEC and generally requires that such person have voting or investment power with respect to securities. In computing the number of Class A Ordinary Shares beneficially owned by a person listed below and the percentage ownership of such person, Class A Ordinary Shares underlying options, warrants, or convertible securities, including Class B Ordinary Shares, held by each such person that are exercisable or convertible within 60 days of the date of this annual report are deemed outstanding, but are not deemed outstanding for computing the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned						Total Voting Power*
	Class A		Class B		Class C		
	Number of Shares	%	Number of Shares	%	Number of Shares	%	
Directors and Executive Officers⁽¹⁾							
Zhuoqin Huang ⁽²⁾	-	-	576,308	100.0	-	-	80.05
Wenjuan Qiu	-	-	-	-	-	-	-
Yunzhu Chen	-	-	-	-	-	-	-
Zhidi Lin	-	-	-	-	-	-	-
Azhen Lin	-	-	-	-	-	-	-
Haiquan Hu	-	-	-	-	-	-	-
All directors and executive officers as a group (six persons)	-	-	576,308	100.0	-	-	80.05
5% Shareholders							
Joya Enterprises Limited ⁽²⁾	-	-	576,308	100.0	-	-	80.05
Bofeng Holdings Limited ⁽³⁾	1,000,000	6.96	-	-	-	-	1.39
New Rise International Limited ⁽⁴⁾	1,000,000	6.96	-	-	-	-	1.39
Jue Chen	1,000,000	6.96	-	-	-	-	1.39
Shaorong Zheng	2,400,000	16.71	-	-	-	-	3.33
HK Weiyi Culture Media Limited ⁽⁵⁾	1,500,000	10.44	-	-	-	-	2.08
HK Longren Number Media Limited ⁽⁶⁾	1,500,000	10.44	-	-	-	-	2.08

* Represents the voting power with respect to all of our Class A Ordinary Shares and Class B Ordinary Shares, voting as a single class. Each holder of Class A Ordinary Shares is entitled to one vote per one Class A Ordinary Share and each holder of Class B Ordinary Shares is entitled to 100 votes per one Class B Ordinary Share. Class C Ordinary Shares carries no voting power.

(1) Unless otherwise indicated, the business address of each of the individuals is Room 1207-08, No. 2488, Huandao East Road, Huli District, Xiamen City, Fujian Province, the PRC.

(2) Represents 576,308 Class B Ordinary Shares held by Joya Enterprises Limited, a British Virgin Islands company, which is 100% owned by Zhuoqin Huang. The registered address of Joya Enterprises Limited is Mandar House, 3rd Floor, P.O. Box 2196, Johnson's Ghut, Tortola, VG1110, British Virgin Islands.

(3) Represents 1,000,000 Class A Ordinary Shares held by Bofeng Holdings Limited, a British Virgin Islands company, which is 100% owned by Chunxiao Cui. The registered address of Bofeng Holdings Limited is OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.

(4) Represents 1,000,000 Class A Ordinary Shares held by New Rise International Limited, a Hong Kong company, which is 100% owned by James Yuk Pong Leung. The registered address of New Rise International Limited is Siu Ying Commercial Building, 151-155 Queen's Road, Central, Hong Kong.

(5) Represents 1,500,000 Class A Ordinary Shares held by HK Weiyi Culture Media Limited, a Hong Kong company, which is 100% owned by Zhaowei Wu. The registered address of HK Weiyi Culture Media Limited is Unit 4, 16/F, Ho King Commercial Centre, 2-16 Fa Yuen St, Mong Kok, Hong Kong.

(6) Represents 1,500,000 Class A Ordinary Shares held by HK Longren Number Media Limited, a Hong Kong company, which is 100% owned by Zhiyong Wu. The registered address of HK Longren Number Media Limited is No. 560, Qiaoying Road, Jimei District, Xiamen City, Fujian Province, China.

As of the date of this annual report, 3,319,433, or approximately 23.11% of our issued and outstanding Class A Ordinary Shares are held in the United States by 21 record holders (CEDE & CO and others) and none of our issued and outstanding Class B Ordinary Shares are held by record holders in the United States. As of the date of this annual report, we do not have Class C Ordinary Shares issued and outstanding.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our Company.

F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

Item 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

See “Item 6. Directors, Senior Management and Employees—E. Share Ownership.”

B. Related Party Transactions

The VIE Agreements

See “Item 4. Information on the Company—A. History and Development of the Company—The VIE Agreements.”

Employment Agreements

See “Item 6. Directors, Senior Management and Employees—C. Board Practices—Employment Agreements.”

Material Transactions with Related Parties

The relationship and the nature of related party transactions are summarized as follow:

Name of Related Party	Relationship to Us
Zhuoqin Huang	Chairman of the board of the Company
Shenzhen HipHopJust Information Technology Co., Ltd.	Minority shareholder of Shenzhen JamBox
Weiyi Lin	Director of Xiamen Pop Shuzhi and former vice president and former director of the Company
Lei Wang	Director of Pupu Sibo
Wanquan Yi	Director of Shenzhen Pop
Shenzhen JamBox	A company controlled by Wanquan Yi, director of Shenzhen Pop
Xiamen Hualiu Boying Film & Media Co., Ltd. (“Hualiu Boying”).	A company with minority interest
Xiamen Pupu Investment	A company controlled by the Chairman of the Company

Trademark Licensing

Our chief executive officer, Mr. Zhuoqin Huang, has licensed two trademarks, “CBC” and “潮圣,” to Xiamen Pop Culture for a term from January 1, 2020 to December 31, 2029 for free. The licensing contract will be automatically renewed for 10 years unless Mr. Huang and Xiamen Pop Culture terminated the agreement by mutual consent.

Intellectual Property Transfer

On January 19, 2022, Shenzhen HipHopJust Information Technology Co., Ltd. transferred its all software, applets, program source code, and trademarks required to operate the JamBox system indefinitely to Shenzhen JamBox for the amount of RMB1,000,000 (equivalent to \$154,909). The software transferred included JamBox store management system, JAMYO software on Android platform mobile phones, and Hip Dance Jam software on Android platform mobile phones.

Other Related Party Transactions

Related party transaction during the fiscal year ended June 30, 2023:

In February, March, April, and June of 2023, Fujian Hualiu paid RMB96,300 (equivalent to \$13,280) in total to Weiye Lin, then vice president and director of the Company, for live broadcasting projects.

In February, March, April, and May of 2023, the Company paid \$95,993 in total to Weiye Lin for petty cash and project borrowings.

Shenzhen JamBox repaid the loan RMB1,000,000 (approximately \$143,810) to Shenzhen HipHopJust Information Technology Co., Ltd. in November 2022.

Related party transaction during the fiscal year ended June 30, 2024:

The Company loaned to Shenzhen JamBox RMB710,000 (approximately \$98,273). Together with the original balance of receivable from Shenzhen JamBox, the total receivable as of June 30, 2024 was RMB2,831,000, or \$389,559. As Shenzhen JamBox's net assets were negative and it suffered an accumulated loss, the Company made full provision of the balance.

The Company sold 40% equity interests in Pupu Sibo to Lei Wang with a total consideration of RMB186,500, of which RMB100,000 (\$13,841) was received, and the remaining balance of RMB86,500 (\$11,903) was still outstanding as a receivable.

The Company sold 36% equity interests in Shenzhen JamBox to Wanquan Yi with consideration of RMB1,800,000, or \$249,142, which was still outstanding as a receivable as of June 30, 2024.

The Company sold 60% equity interests in Xiamen Pupu Investment to Mr. Huang, the Chairman of the Company, with nil consideration. The Company sold 40% equity interests in Xiamen Pupu Investment to Mr. Jiaming Wu, an employee of the Company with nil consideration.

The Company provided event hosting services to Xiamen Pupu Investment in the amount of RMB19,292,452.83, or \$2,670,310.

The Company provided technical services to Hualiu Boying in the amount of RMB127,139, or \$18,598.

Weiye Lin repaid a loan amount of RMB96,300, or \$13,329, to the Company.

C. Interests of Experts and Counsel

Not applicable.

Item 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report. See "Item 18. Financial Statements."

Legal Proceedings

From time to time, we may become a party to various legal or administrative proceedings arising in the ordinary course of our business, including actions with respect to intellectual property infringement, violation of third-party licenses or other rights, breach of contract, and labor and employment claims. We are currently not a party to, and we are not aware of any threat of, any legal or administrative proceedings that, in the opinion of our management, are likely to have any material and adverse effect on our business, financial condition, cash flow, or results of operations.

Dividend Policy

Asset Transfers Between our Company, our Subsidiaries, and the VIE

As of the date of this annual report, our Company, our subsidiaries, and the VIE have not distributed any earnings or settled any amounts owed under the VIE Agreements. Our Company, our subsidiaries, and the VIE do not have any plan to distribute earnings or settle amounts owed under the VIE Agreements in the foreseeable future.

During the fiscal years ended June 30, 2024, 2023, and 2022, cash transfers and transfers of other assets between our Company, our subsidiaries, and the VIE were as follows: in July 2021, Pop Culture Group transferred approximately \$7,081,000 of the net proceeds from our initial public offering to Pop Culture HK, which in turn transferred approximately \$7,050,000 to HeliHeng; in May and June 2022, Pop Culture Group transferred approximately \$3,019,000 to Pop Culture HK, which in turn transferred approximately \$3,008,400 to HeliHeng; and in September 2022 and January 2023, Pop Culture Group transferred approximately \$3,807,000 to Pop Culture HK. In September 2022, October 2022, November 2022, December 2022, February 2023, and April 2023, HeliHeng transferred approximately \$1,766,000 to Xiamen Pop Culture. During the fiscal year ended June 30, 2024, Pop Culture Group transferred \$703,000 to Pop Culture HK and Pop Culture HK transferred \$900,000 to Pop Culture Group. During the fiscal year ended June 30, 2024, Xiamen Pop Culture transferred RMB4,972,000 (approximately \$684,170) to HeliHeng, and HeliHeng transferred RMB10,220,000 (approximately \$1,415,572) to Xiamen Pop Culture.

Dividends or Distributions Made to our Company and U.S. Investors and Tax Consequences

As of the date of this annual report, none of our subsidiaries or the VIE have made any dividends or distributions to our Company and our Company has not made any dividends or distributions to our shareholders. We intend to keep any future earnings to finance the expansion of our business, and we do not anticipate that any cash dividends will be paid in the foreseeable future. Subject to the PFIC rules, the gross amount of distributions we make to investors with respect to our Class A Ordinary Shares (including the amount of any taxes withheld therefrom) will be taxable as a dividend, to the extent that the distribution is paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles.

Under Cayman Islands law, a Cayman Islands company may pay a dividend on its shares out of either profit or share premium amount, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business.

Current PRC regulations permit our PRC subsidiaries to pay dividends to Pop Culture HK only out of their respective accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our PRC subsidiaries and the PRC operating entities in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital.

The PRC government also imposes controls on the conversion of RMB into foreign currencies and the remittance of currencies out of the PRC. For instance, the Circular on Promoting the Reform of Foreign Exchange Management and Improving Authenticity and Compliance Review, or “SAFE Circular 3,” issued on January 26, 2017, provides that banks shall, when dealing with dividend remittance transactions from a domestic enterprise to its offshore shareholders of more than \$50,000, review the relevant board resolutions, original tax filing form, and audited financial statements of such domestic enterprise based on the principal of genuine transaction. Furthermore, if our PRC subsidiaries and the PRC operating entities incur debt on their own in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments. If we or our PRC subsidiaries are unable to receive all of the revenue from our operations, we may be unable to pay dividends on our Class A Ordinary Shares or Class B Ordinary Shares.

Cash dividends, if any, on our Class A Ordinary Shares or Class B Ordinary Shares will be paid in U.S. dollars. Pop Culture HK may be considered a non-resident enterprise for tax purposes, so that any dividends HeliHeng pays to Pop Culture HK may be regarded as China-sourced income and as a result may be subject to PRC withholding tax at a rate of up to 10%. See “Item 10. Additional Information—E. Taxation—People’s Republic of China Enterprise Taxation.”

If we determine to pay dividends on any of our Class A Ordinary Shares or Class B Ordinary Shares in the future, as a holding company, we will be dependent on receipt of funds from our Hong Kong subsidiary, Pop Culture HK, and our subsidiary in California, Pop Culture Global Operations Inc. Pop Culture HK will rely on the distribution of payments as dividends from (i) Shuzi Sports, (ii) Xiamen Pupu Investment, and (iii) Heliheng, which will rely on payments from Xiamen Pop Culture pursuant to the VIE Agreements. If Xiamen Pop Culture or its subsidiaries incur debt on their own behalves in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, or the Double Tax Avoidance Arrangement, the 10% withholding tax rate may be lowered to 5% if a Hong Kong resident enterprise owns no less than 25% of a PRC project. The 5% withholding tax rate, however, does not automatically apply and certain requirements must be satisfied, including without limitation that (a) the Hong Kong project must be the beneficial owner of the relevant dividends; and (b) the Hong Kong project must directly hold no less than 25% share ownership in the PRC project during the 12 consecutive months preceding its receipt of the dividends. In current practice, a Hong Kong project must obtain a tax resident certificate from the Hong Kong tax authority to apply for the 5% lower PRC withholding tax rate. As the Hong Kong tax authority will issue such a tax resident certificate on a case-by-case basis, we cannot assure you that we will be able to obtain the tax resident certificate from the relevant Hong Kong tax authority and enjoy the preferential withholding tax rate of 5% under the Double Taxation Arrangement with respect to any dividends paid by our PRC subsidiaries to its immediate holding company, Pop Culture HK. As of the date of this annual report, we have not applied for the tax resident certificate from the relevant Hong Kong tax authority. Pop Culture HK intends to apply for the tax resident certificate if and when Heliheng plans to declare and pay dividends to Pop Culture HK. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in the PRC—There are significant uncertainties under the EIT Law relating to the withholding tax liabilities of our PRC subsidiaries, and dividends payable by our PRC subsidiaries to our offshore subsidiaries may not qualify to enjoy certain treaty benefits.”

Our Company’s ability to settle amounts owed under the VIE Agreements relies upon payments made from Xiamen Pop Culture to Heliheng in accordance with the VIE Agreements. For services rendered to Xiamen Pop Culture by Heliheng under the Exclusive Services Agreement, Heliheng is entitled to collect a service fee equal to 100% of the net income of Xiamen Pop Culture. Pursuant to the Exclusive Option Agreement, Heliheng may at any time under any circumstances, purchase or have its designee purchase, at its discretion, to the extent permitted under PRC law, all or part of the Xiamen Pop Culture Shareholders’ shares in Xiamen Pop Culture. For restrictions and limitations on our ability to settle amounts owed under the VIE Agreements, please see “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—The VIE Agreements may not be effective in providing control over Xiamen Pop Culture” and “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—If the PRC government determines that the VIE Agreements do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.”

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

Item 9. THE OFFER AND LISTING

A. Offer and Listing Details.

Our Class A Ordinary Shares have been listed on the Nasdaq Capital Market since May 18, 2023, and prior to that were listed on the Nasdaq Global Market from June 30, 2021 to May 17, 2023, both under the symbol “CPOP.”

B. Plan of Distribution

Not applicable.

C. Markets

Our Class A Ordinary Shares have been listed on the Nasdaq Capital Market since May 18, 2023, and prior to that were listed on the Nasdaq Global Market from June 30, 2021 to May 17, 2023, both under the symbol “CPOP.”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We are filing our amended and restated memorandum and articles of association as Exhibits 1.1 and 1.2 to this annual report. Please refer to Exhibit 2.3 to this annual report for a description of our amended and restated memorandum and articles of association and differences in corporate laws.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4. Information on the Company” or elsewhere in this annual report.

D. Exchange Controls

See “Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Related to Foreign Exchange” and “Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Related to Foreign Exchange Registration of Offshore Investment by PRC Residents.”

E. Taxation

People's Republic of China Enterprise Taxation

The following brief description of Chinese enterprise income taxation is designed to highlight the enterprise-level taxation on our earnings, which will affect the amount of dividends, if any, we are ultimately able to pay to our shareholders. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy.”

According to the EIT Law, which was promulgated by the SCNPC on March 16, 2007, became effective on January 1, 2008, and was then last amended on December 29, 2018, and the *Implementation Rules of the EIT Law*, which were promulgated by the State Council on December 6, 2007, and became effective on January 1, 2008, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises pay enterprise income tax on their incomes obtained in and outside the PRC at the rate of 25%. Non-resident enterprises setting up institutions in the PRC pay enterprise income tax on the incomes obtained by such institutions in and outside the PRC at the rate of 25%. Non-resident enterprises with no institutions in the PRC, and non-resident enterprises with income having no substantial connection with their institutions in the PRC, pay enterprise income tax on their income obtained in the PRC at a reduced rate of 10%.

We are a holding company incorporated in the Cayman Islands and we gain substantial income by way of dividends paid to us from our PRC subsidiaries. The EIT Law and its implementation rules provide that China-sourced income of foreign enterprises, such as dividends paid by PRC subsidiaries to their equity holders that are non-resident enterprises, will normally be subject to PRC withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a preferential tax rate or a tax exemption.

Under the EIT Law, an enterprise established outside of China with a “de facto management body” within China is considered a “resident enterprise,” which means that it is treated in a manner similar to a Chinese enterprise for enterprise income tax purposes. Although the implementation rules of the EIT Law define “de facto management body” as a managing body that actually, comprehensively manage and control the production and operation, staff, accounting, property, and other aspects of an enterprise, the only official guidance for this definition currently available is set forth in SAT Notice 82, which provides guidance on the determination of the tax residence status of a Chinese-controlled offshore incorporated enterprise, defined as an enterprise that is incorporated under the laws of a foreign country or territory and that has a PRC enterprise or enterprise group as its primary controlling shareholder. Although Pop Culture Group does not have a PRC enterprise or enterprise group as our primary controlling shareholder and is therefore not a Chinese-controlled offshore incorporated enterprise within the meaning of SAT Notice 82, in the absence of guidance specifically applicable to us, we have applied the guidance set forth in SAT Notice 82 to evaluate the tax residence status of Pop Culture Group and its subsidiaries organized outside the PRC.

According to SAT Notice 82, a Chinese-controlled offshore incorporated enterprise will be regarded as a PRC tax resident by virtue of having a “de facto management body” in China and will be subject to PRC enterprise income tax on its worldwide income only if all of the following criteria are met: (i) the places where senior management and senior management departments that are responsible for daily production, operation and management of the enterprise perform their duties are mainly located within the territory of China; (ii) financial decisions (such as money borrowing, lending, financing and financial risk management) and personnel decisions (such as appointment, dismissal and salary and wages) are decided or need to be decided by organizations or persons located within the territory of China; (iii) main property, accounting books, corporate seal, the board of directors and files of the minutes of shareholders' meetings of the enterprise are located or preserved within the territory of China; and (iv) one half (or more) of the directors or senior management staff having the right to vote habitually reside within the territory of China.

We believe that we do not meet some of the conditions outlined in the immediately preceding paragraph. For example, as a holding company, the key assets and records of Pop Culture Group, including the resolutions and meeting minutes of our board of directors and the resolutions and meeting minutes of our shareholders, are located and maintained outside the PRC. In addition, we are not aware of any offshore holding companies with a corporate structure similar to ours that has been deemed a PRC “resident enterprise” by the PRC tax authorities. Accordingly, we believe that Pop Culture Group and its offshore subsidiaries should not be treated as a “resident enterprise” for PRC tax purposes if the criteria for “de facto management body” as set forth in SAT Notice 82 were deemed applicable to us. However, as the tax residency status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body” as applicable to our offshore entities, we will continue to monitor our tax status.

The implementation rules of the EIT Law provide that, (i) if the enterprise that distributes dividends is domiciled in the PRC or (ii) if gains are realized from transferring equity interests of enterprises domiciled in the PRC, then such dividends or gains are treated as China-sourced income. It is not clear how “domicile” may be interpreted under the EIT Law, and it may be interpreted as the jurisdiction where the enterprise is a tax resident. Therefore, if we are considered as a PRC tax resident enterprise for PRC tax purposes, any dividends we pay to our overseas shareholders which are non-resident enterprises as well as gains realized by such shareholders from the transfer of our shares may be regarded as China-sourced income and as a result become subject to PRC withholding tax at a rate of up to 10%. Our PRC counsel is unable to provide a “will” opinion because it believes that it is more likely than not that we and our offshore subsidiaries would be treated as non-resident enterprises for PRC tax purposes because we do not meet some of the conditions outlined in SAT Notice 82. In addition, our PRC counsel is not aware of any offshore holding companies with a corporate structure similar to ours that has been deemed a PRC “resident enterprise” by the PRC tax authorities as of the date of the annual report. Therefore, our PRC counsel believes that it is possible but highly unlikely that the income received by our overseas shareholders will be regarded as China-sourced income.

See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in the PRC—Under the PRC Enterprise Income Tax Law, we may be classified as a PRC ‘resident enterprise’ for PRC enterprise income tax purposes. Such classification would likely result in unfavorable tax consequences to us and our non-PRC shareholders and have a material adverse effect on our results of operations and the value of your investment.”

Currently, as resident enterprises in the PRC, Heliheng and its subsidiaries as well as Xiamen Pop Culture and its subsidiaries in PRC are subject to the enterprise income tax at the rate of 25%, except that once an enterprise meets certain requirements and is identified as a small-scale minimal profit enterprise, the part of its taxable income not more than RMB3 million is subject to a reduced rate of 5%. The EIT is calculated based on the entity’s global income as determined under PRC tax laws and accounting standards. If the PRC tax authorities determine that Pop Culture Group is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises. In addition, non-resident enterprise shareholders may be subject to a 10% PRC withholding tax on gains realized on the sale or other disposition of our Class A Ordinary Shares or Class B Ordinary Shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC individual shareholders would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to dividends or gains realized by non-PRC individuals, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. However, it is also unclear whether our non-PRC shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. There is no guidance from the PRC government to indicate whether or not any tax treaties between the PRC and other countries would apply in circumstances where a non-PRC company was deemed to be a PRC tax resident, and thus there is no basis for expecting how tax treaty between the PRC and other countries may impact non-resident enterprises.

Hong Kong Taxation

No tax is imposed in Hong Kong in respect of capital gains from the sale of property, such as our Class A Ordinary Shares. Generally, gains arising from disposal of the Class A Ordinary Shares which are held more than two years are considered capital in nature. However, trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profit tax. Liability for Hong Kong profits tax would therefore arise in respect of trading gains from the sale of Class A Ordinary Shares realized by persons in the course of carrying on a business of trading or dealing in securities in Hong Kong where the purchase or sale contracts are effected (being negotiated, concluded and/or executed) in Hong Kong. Effective from April 1, 2018, profits tax is levied on a two-tiered profits tax rate basis, with the first HK\$2 million of profits being taxed at 8.25% for corporations and 7.5% for unincorporated businesses, and profits exceeding the first HK\$2 million being taxed at 16.5% for corporations and 15% for unincorporated businesses.

In addition, Hong Kong does not impose withholding tax on gains derived from the sale of stock in Hong Kong companies and does not impose withholding tax on dividends paid outside of Hong Kong by Hong Kong companies. Accordingly, investors will not be subject to Hong Kong withholding tax with respect to a disposition of their Class A ordinary shares or with respect to the receipt of dividends on their Class A Ordinary Shares, if any. No income tax treaty relevant to the acquiring, withholding or dealing in the Class A Ordinary Shares exists between Hong Kong and the United States.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains, or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands. No stamp duty is payable in the Cayman Islands on the issue of shares by, or any transfers of shares of, Cayman Islands companies (except those which hold interests in land in the Cayman Islands). There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our Class A Ordinary Shares or Class B Ordinary Shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our Class A Ordinary Shares or Class B Ordinary Shares, as the case may be, nor will gains derived from the disposal of our Class A Ordinary Shares or Class B Ordinary Shares be subject to Cayman Islands income or corporation tax.

United States Federal Income Taxation

The following does not address the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- persons that elect to mark their securities to market;
- U.S. expatriates or former long-term residents of the U.S.;
- governments or agencies or instrumentalities thereof;
- tax-exempt entities;
- persons liable for alternative minimum tax;
- persons holding our Class A Ordinary Shares as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of our voting power or value (including by reason of owning our Class A Ordinary Shares);
- persons who acquired our Class A Ordinary Shares pursuant to the exercise of any employee share option or otherwise as compensation;
- persons holding our Class A Ordinary Shares through partnerships or other pass-through entities;
- beneficiaries of a Trust holding our Class A Ordinary Shares; or
- persons holding our Class A Ordinary Shares through a trust.

The discussion set forth below is addressed only to U.S. Holders that purchase Class A Ordinary Shares. Prospective purchasers are urged to consult their own tax advisors about the application of the U.S. federal income tax rules to their particular circumstances as well as the state, local, foreign, and other tax consequences to them of the purchase, ownership, and disposition of our Class A Ordinary Shares.

Material Tax Consequences Applicable to U.S. Holders of Our Class A Ordinary Shares

The following sets forth the material U.S. federal income tax consequences related to the ownership and disposition of our Class A Ordinary Shares. It is directed to U.S. Holders (as defined below) of our Class A Ordinary Shares and is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This description does not deal with all possible tax consequences relating to ownership and disposition of our Class A Ordinary Shares or U.S. tax laws, other than the U.S. federal income tax laws, such as the tax consequences under non-U.S. tax laws, state, local, and other tax laws.

The following brief description applies only to U.S. Holders that hold Class A Ordinary Shares as capital assets and that have the U.S. dollar as their functional currency. This brief description is based on the federal income tax laws of the United States in effect as of the date of this annual report and on U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this annual report, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The brief description below of the U.S. federal income tax consequences to “U.S. Holders” will apply to you if you are a beneficial owner of Class A Ordinary Shares and you are, for U.S. federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or other entities treated as a partnership for United States federal income tax purposes) is a beneficial owner of our Class A Ordinary Shares, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partnerships and partners of a partnership holding our Class A Ordinary Shares are urged to consult their tax advisors regarding an investment in our Class A Ordinary Shares.

An individual is considered a resident of the U.S. for federal income tax purposes if he or she meets either the “Green Card Test” or the “Substantial Presence Test” described as follows:

The Green Card Test: You are a lawful permanent resident of the United States, at any time, if you have been given the privilege, according to the immigration laws of the United States, of residing permanently in the United States as an immigrant. You generally have this status if the U.S. Citizenship and Immigration Services issued you an alien registration card, Form I-551, also known as a “green card.”

The Substantial Presence Test: If an alien is present in the United States on at least 31 days of the current calendar year, he or she will (absent an applicable exception) be classified as a resident alien if the sum of the following equals 183 days or more (*See* §7701(b)(3)(A) of the Internal Revenue Code and related Treasury Regulations):

1. The actual days in the United States in the current year; plus
2. One-third of his or her days in the United States in the immediately preceding year; plus
3. One-sixth of his or her days in the United States in the second preceding year.

Taxation of Dividends and Other Distributions on Our Class A Ordinary Shares

Subject to the PFIC rules discussed below, the gross amount of distributions made by us to you with respect to the Class A Ordinary Shares (including the amount of any taxes withheld therefrom) will generally be includable in your gross income as dividend income on the date of receipt by you, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). With respect to corporate U.S. Holders, the dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations. We have not declared any dividends to our shareholders as of the date of this annual report.

With respect to non-corporate U.S. Holders, including individual U.S. Holders, dividends will be taxed at the lower capital gains rate applicable to qualified dividend income, provided that (1) the Class A Ordinary Shares are readily tradable on an established securities market in the United States, or we are eligible for the benefits of an approved qualifying income tax treaty with the United States that includes an exchange of information program, (2) we are not a PFIC for either our taxable year in which the dividend is paid or the preceding taxable year, and (3) certain holding period requirements are met. Because there is no income tax treaty between the United States and the Cayman Islands, clause (1) above can be satisfied only if the Class A Ordinary Shares are readily tradable on an established securities market in the United States. Under U.S. Internal Revenue Service authority, Class A Ordinary Shares are considered for purpose of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on certain exchanges, which presently include the NYSE and the Nasdaq Stock Market. Our Class A Ordinary Shares are presently traded on the Nasdaq Capital Market. You are urged to consult your tax advisors regarding the availability of the lower rate for dividends paid with respect to our Class A Ordinary Shares, including the effects of any change in law after the date of this annual report.

Dividends will constitute foreign source income for foreign tax credit limitation purposes. If the dividends are taxed as qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to our Class A Ordinary Shares will constitute “passive category income” but could, in the case of certain U.S. Holders, constitute “general category income.”

To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits (as determined under U.S. federal income tax principles), it will be treated first as a tax-free return of your tax basis in your Class A Ordinary Shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. We do not calculate our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

Taxation of Dispositions of Class A Ordinary Shares

Subject to the PFIC rules discussed below, you will recognize taxable gain or loss on any sale, exchange, or other taxable disposition of a share equal to the difference between the amount realized (in U.S. dollars) for the share and your tax basis (in U.S. dollars) in the Class A Ordinary Shares. The gain or loss will be capital gain or loss. If you are a non-corporate U.S. Holder, including an individual U.S. Holder, who has held the Class A Ordinary Shares for more than one year, you will generally be eligible for reduced tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize will generally be treated as United States source income or loss for foreign tax credit limitation purposes which will generally limit the availability of foreign tax credits.

PFIC Consequences

A non-U.S. corporation is considered a PFIC, as defined in Section 1297(a) of the US Internal Revenue Code, for any taxable year if either:

- at least 75% of its gross income for such taxable year is passive income; or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income (the “asset test”).

Passive income generally includes dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, at least 25% (by value) of the stock. In determining the value and composition of our assets for purposes of the PFIC asset test, (1) the cash we raise in our offerings will generally be considered to be held for the production of passive income and (2) the value of our assets must be determined based on the market value of our Class A Ordinary Shares from time to time, which could cause the value of our non-passive assets to be less than 50% of the value of all of our assets on any particular quarterly testing date for purposes of the asset test.

Based on our operations and the composition of our assets, it appears that we are not a PFIC under the current PFIC rules. We must make a separate determination each year as to whether we are a PFIC, however, and there can be no assurance with respect to our status as a PFIC for any future taxable year. Depending on the amount of cash and any other assets held for the production of passive income, it is possible that, for any subsequent taxable year, more than 50% of our assets may be assets held for the production of passive income. We will make this determination following the end of any particular tax year. Although the law in this regard is unclear, we are treating the VIE as being owned by us for United States federal income tax purposes, not only because we control their management decisions, but also because we are entitled to the economic benefits associated with the VIE, and as a result, we are treating the VIE as our wholly-owned subsidiary for U.S. federal income tax purposes. If we are not treated as owning the VIE for United States federal income tax purposes, we would likely be treated as a PFIC. In addition, because the value of our assets for purposes of the asset test will generally be determined based on the market price of our Class A Ordinary Shares and because cash is generally considered to be an asset held for the production of passive income, our PFIC status will depend in large part on the market price of our Class A Ordinary Shares and the amount of cash we raise in our offerings. Accordingly, fluctuations in the market price of the Class A Ordinary Shares may cause us to become a PFIC. In addition, the application of the PFIC rules is subject to uncertainty in several respects and the composition of our income and assets will be affected by how, and how quickly, we spend the cash we raise in our offerings. We are under no obligation to take steps to reduce the risk of our being classified as a PFIC, and as stated above, the determination of the value of our assets will depend upon material facts (including the market price of our Class A Ordinary Shares from time to time and the amount of cash we raise in our offerings) that may not be within our control. If we are a PFIC for any year during which you hold Class A Ordinary Shares, we will continue to be treated as a PFIC for all succeeding years during which you hold Class A Ordinary Shares. If we cease to be a PFIC and you did not previously make a timely “mark-to-market” election as described below, you may avoid some of the adverse effects of the PFIC regime by making a “purging election” (as described below) with respect to the Class A Ordinary Shares.

If we are a PFIC for your taxable year(s) during which you hold Class A Ordinary Shares, you will be subject to special tax rules with respect to any “excess distribution” that you receive and any gain you realize from a sale or other disposition (including a pledge) of the Class A Ordinary Shares, unless you make a “mark-to-market” election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the Class A Ordinary Shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the Class A Ordinary Shares;
- the amount allocated to your current taxable year, and any amount allocated to any of your taxable year(s) prior to the first taxable year in which we were a PFIC, will be treated as ordinary income, and
- the amount allocated to each of your other taxable year(s) will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the Class A Ordinary Shares cannot be treated as capital, even if you hold the Class A Ordinary Shares as capital assets.

A U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election under Section 1296 of the US Internal Revenue Code for such stock to elect out of the tax treatment discussed above. If you make a mark-to-market election for first taxable year which you hold (or are deemed to hold) Class A Ordinary Shares and for which we are determined to be a PFIC, you will include in your income each year an amount equal to the excess, if any, of the fair market value of the Class A Ordinary Shares as of the close of such taxable year over your adjusted basis in such Class A Ordinary Shares, which excess will be treated as ordinary income and not capital gain. You are allowed an ordinary loss for the excess, if any, of the adjusted basis of the Class A Ordinary Shares over their fair market value as of the close of the taxable year. Such ordinary loss, however, is allowable only to the extent of any net mark-to-market gains on the Class A Ordinary Shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the Class A Ordinary Shares, are treated as ordinary income. Ordinary loss treatment also applies to any loss realized on the actual sale or disposition of the Class A Ordinary Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Class A Ordinary Shares. Your basis in the Class A Ordinary Shares will be adjusted to reflect any such income or loss amounts. If you make a valid mark-to-market election, the tax rules that apply to distributions by corporations which are not PFICs would apply to distributions by us, except that the lower applicable capital gains rate for qualified dividend income discussed above under “—Taxation of Dividends and Other Distributions on our Class A Ordinary Shares” generally would not apply.

The mark-to-market election is available only for “marketable stock,” which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter (“regularly traded”) on a qualified exchange or other market (as defined in applicable U.S. Treasury regulations), including the Nasdaq Capital Market. If the Class A Ordinary Shares are regularly traded on the Nasdaq Capital Market and if you are a holder of Class A Ordinary Shares, the mark-to-market election would be available to you were we to be or become a PFIC. Our Class A Ordinary Shares are presently traded on the Nasdaq Capital Market.

Alternatively, a U.S. Holder of stock in a PFIC may make a “qualified electing fund” election under Section 1295(b) of the U.S. Internal Revenue Code with respect to such PFIC to elect out of the tax treatment discussed above. A U.S. Holder who makes a valid qualified electing fund election with respect to a PFIC will generally include in gross income for a taxable year such holder’s pro rata share of the corporation’s earnings and profits for the taxable year. The qualified electing fund election, however, is available only if such PFIC provides such U.S. Holder with certain information regarding its earnings and profits as required under applicable U.S. Treasury regulations. We do not prepare or provide the information that would enable you to make a qualified electing fund election. If you hold Class A Ordinary Shares in any taxable year in which we are a PFIC, you will be required to file U.S. Internal Revenue Service Form 8621 in each such year and provide certain annual information regarding such Class A Ordinary Shares, including regarding distributions received on the Class A Ordinary Shares and any gain realized on the disposition of the Class A Ordinary Shares.

If you do not make a timely “mark-to-market” election (as described above), and if we were a PFIC at any time during the period you hold our Class A Ordinary Shares, then such Class A Ordinary Shares will continue to be treated as stock of a PFIC with respect to you even if we cease to be a PFIC in a future year, unless you make a “purging election” for the year we cease to be a PFIC. A “purging election” creates a deemed sale of such Class A Ordinary Shares at their fair market value on the last day of the last year in which we are treated as a PFIC. The gain recognized by the purging election will be subject to the special tax and interest charge rules treating the gain as an excess distribution, as described above. As a result of the purging election, you will have a new basis (equal to the fair market value of the Class A Ordinary Shares on the last day of the last year in which we are treated as a PFIC) and holding period (which new holding period will begin the day after such last day) in your Class A Ordinary Shares for tax purposes.

IRC Section 1014(a) provides for a step-up in basis to the fair market value for our Class A Ordinary Shares when inherited from a decedent that was previously a holder of our Class A Ordinary Shares. However, if we are determined to be a PFIC and a decedent that was a U.S. Holder did not make either a timely qualified electing fund election for our first taxable year as a PFIC in which the U.S. Holder held (or was deemed to hold) our Class A Ordinary Shares, or a mark-to-market election and ownership of those Class A Ordinary Shares are inherited, a special provision in IRC Section 1291(e) provides that the new U.S. Holder’s basis should be reduced by an amount equal to the Section 1014 basis minus the decedent’s adjusted basis just before death. As such if we are determined to be a PFIC at any time prior to a decedent’s passing, the PFIC rules will cause any new U.S. Holder that inherits our Class A Ordinary Shares from a U.S. Holder to not get a step-up in basis under Section 1014 and instead will receive a carryover basis in those Class A Ordinary Shares.

You are urged to consult your tax advisors regarding the application of the PFIC rules to your investment in our Class A Ordinary Shares and the elections discussed above.

Information Reporting and Backup Withholding

Dividend payments with respect to our Class A Ordinary Shares and proceeds from the sale, exchange, or redemption of our Class A Ordinary Shares may be subject to information reporting to the U.S. Internal Revenue Service and possible U.S. backup withholding under Section 3406 of the U.S. Internal Revenue Code with at a current flat rate of 24%. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification on U.S. Internal Revenue Service Form W-9 or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on U.S. Internal Revenue Service Form W-9. U.S. Holders are urged to consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the U.S. Internal Revenue Service and furnishing any required information. We do not intend to withhold taxes for individual shareholders. Transactions effected through certain brokers or other intermediaries, however, may be subject to withholding taxes (including backup withholding), and such brokers or intermediaries may be required by law to withhold such taxes.

Under the Hiring Incentives to Restore Employment Act of 2010, certain U.S. Holders are required to report information relating to our Class A Ordinary Shares, subject to certain exceptions (including an exception for Class A Ordinary Shares held in accounts maintained by certain financial institutions), by attaching a complete Internal Revenue Service Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold Class A Ordinary Shares. Failure to report such information could result in substantial penalties. You should consult your own tax advisor regarding your obligation to file a Form 8938.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing, among other things, the furnishing and content of proxy statements to shareholders, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

I. Subsidiary Information

For a listing of our subsidiaries, see “Item 4. Information on the Company—A. History and Development of the Company.”

J. Annual Report to Security Holders

If we are required to provide an annual report to security holders in response to the requirements of Form 6-K, we will submit the annual report to security holders in electronic format in accordance with the EDGAR Filer Manual.

Item 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

Our business is conducted in the PRC by the PRC operating entities, and the PRC operating entities’ books and records are maintained in RMB. The financial statements that we file with the SEC and provide to our shareholders are presented in U.S. dollars. Changes in the exchange rates between the RMB and U.S. dollar affect the value of the PRC operating entities’ assets and results of operations, when presented in U.S. dollars.

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC’s political and economic conditions and perceived changes in the economy of the PRC and the United States. Any significant revaluation of the RMB may materially and adversely affect our cash flows, revenue, and financial condition. Further, our Class A Ordinary Shares offered in the U.S. are offered in U.S. dollars, and we need to convert the net proceeds we receive into RMB in order to use the funds for the PRC operating entities’ business. Changes in the conversion rate among the U.S. dollar and the RMB will affect the amount of proceeds we will have available for the PRC operating entities’ business.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into more hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist primarily of cash. As of June 30, 2024 and 2023, \$218,727 and \$724,437 of our cash was maintained with state-owned banks within the PRC, respectively. Per PRC regulations, the maximum insured bank deposit amount is approximately \$76,500 (RMB500,000) for each financial institution. According to press release of China Securities Times and China News on July 13, 2023, Hong Kong Monetary Authority proposed that the upper limit of deposit protection in Hong Kong be enhanced to HK\$800,000 from HK\$500,000. While management believes that these financial institutions are of high credit quality, it also continually monitors their credit worthiness.

Accounts receivable are typically unsecured and derived from revenue earned from customers, thereby exposed to credit risk. The risk is mitigated by our assessment of its customers' creditworthiness and its ongoing monitoring of outstanding balances.

Interest Rate Risk

We have not used derivative financial instruments to hedge interest risk. Interest-earning instruments carry a degree of interest rate risk. We have not been exposed, nor do we anticipate being exposed to material risks due to changes in market interest rates. However, our future interest income may fall short of expectations due to changes in market interest rates.

Inflation Risk

In recent years, inflation has not had a material impact on our results of operations. According to the National Bureau of Statistics of China, the consumer price index in China increased by 0.3%, 0.2%, and 0.9%, in first three quarters of 2024, and calendar years of 2023 and 2022, respectively. Although we have not in the past been materially affected by inflation since our inception, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China. If inflation rises, it may materially and adversely affect our business.

Item 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Not applicable.

Part II

Item 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

Item 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

See “Item 10. Additional Information” for a description of the rights of securities holders, which remain unchanged.

Use of Proceeds

The following “Use of Proceeds” information relates to the registration statement on Form F-1, as amended (File Number 333-253777) for our initial public offering, which was declared effective by the SEC on June 29, 2021. In July 2021, we completed our initial public offering in which we issued and sold an aggregate of 6,200,000 Class A Ordinary Shares, at a price of \$6.00 per share for \$37.2 million. Network 1 Financial Securities, Inc. was the representative of the underwriters of our initial public offering.

We incurred approximately \$2,360,602 in expenses in connection with our initial public offering, which included approximately \$1,524,000 in underwriting discounts, approximately \$414,783 in expenses paid to or for underwriters, and approximately \$421,819 in other expenses. None of the transaction expenses included payments to directors or officers of our company or their associates, persons owning more than 10% or more of our equity securities or our affiliates. None of the net proceeds we received from the initial public offering were paid, directly or indirectly, to any of our directors or officers or their associates, persons owning 10% or more of our equity securities or our affiliates. The net proceeds raised from the initial public offering were \$34,839,398 after deducting underwriting discounts and the offering expenses payable by us. As of June 30, 2024, we had used up the proceeds for working capital and research and development costs.

Item 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we carried out an evaluation of the effectiveness of our disclosure controls and procedures, which is defined in Rules 13a-15(e) of the Exchange Act, as of June 30, 2024.

Based on that evaluation, our management has concluded that, due to the material weaknesses described below, as of June 30, 2024, our disclosure controls and procedures were not effective. Our conclusion is based on the fact that we do not have sufficient in-house personnel in our accounting department with sufficient knowledge of the U.S. GAAP and SEC reporting rules. Our management is currently in the process of evaluating the steps necessary to remediate the ineffectiveness, such as (i) hiring more qualified accounting personnel with relevant U.S. GAAP and SEC reporting experience and qualifications to strengthen the financial reporting function and to set up a financial and system control framework, and (ii) implementing regular and continuous U.S. GAAP accounting and financial reporting training programs for our accounting and financial reporting personnel.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an assessment of the effectiveness of our internal control over financial reporting as of June 30, 2024. The assessment was based on criteria established in the framework Internal Control—Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that our internal control over financial reporting was not effective as of June 30, 2024. Our management identified the material weakness(es) in our internal control over financial reporting as insufficient in-house personnel in our accounting department with sufficient knowledge of the U.S. GAAP and SEC reporting rules.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with policies or procedures may deteriorate.

Attestation Report of the Registered Public Accounting Firm

This annual report on Form 20-F does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to rules of the SEC where domestic and foreign registrants that are non-accelerated filers, which we are, and "emerging growth companies," which we also are, are not required to provide the auditor attestation report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16. [RESERVED]

Item 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Mr. Zhidi Lin qualifies as an "audit committee financial expert" as defined in Item 16A of Form 20-F. Mr. Zhidi Lin satisfies the "independence" requirements of Section 5605(a)(2) of the NASDAQ Listing Rules as well as the independence requirements of Rule 10A-3 under the Exchange Act.

Item 16B. CODE OF ETHICS

Our board of directors has adopted a code of business conduct and ethics, which is applicable to all of our directors, officers, and employees. Our code of business conduct and ethics is publicly available on our website.

Item 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered and billed by WWC, P.C., our independent registered public accounting firm, for the periods indicated.

	For the Fiscal Years Ended June 30,	
	2024	2023
Audit fees (1)	168,000	\$ 145,000
Audit-Related fees	-	-
Tax fees	-	-
All other fees	-	-
Total	168,000	\$ 145,000

(1) Audit fees include the aggregate fees billed for each of the fiscal years for professional services rendered by our independent registered public accounting firm for the audit of our annual financial statements or for the audits of our financial statements.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by our independent registered public accounting firm, including audit services, audit-related services, tax services, and other services as described above.

Item 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

Item 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

Item 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

There has been no change in independent accountants for our Company during the two most recent fiscal years or any subsequent interim period. There have been no disagreements of the type required to be disclosed by Item 16F(b).

Item 16G. CORPORATE GOVERNANCE

As a Cayman Islands company listed on the Nasdaq Capital Market, we are subject to the Nasdaq corporate governance listing standards. Nasdaq rules, however, permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards.

Nasdaq Listing Rule 5635 generally provides that shareholder approval is required of U.S. domestic companies listed on Nasdaq prior to issuance (or potential issuance) of securities (i) equaling 20% or more of the company's common stock or voting power for less than the greater of market or book value (ii) resulting in a change of control of the company; and (iii) which is being issued pursuant to a stock option or purchase plan to be established or materially amended or other equity compensation arrangement made or materially amended. Notwithstanding this general requirement, Nasdaq Listing Rule 5615(a)(3)(A) permits foreign private issuers to follow their home country practice rather than these shareholder approval requirements. The Cayman Islands do not require shareholder approval prior to any of the foregoing types of issuances. We, therefore, are not required to obtain such shareholder approval prior to entering into a transaction with the potential to issue securities as described above. Specifically, our board of directors has elected to follow our home country rules and be exempt from the requirements to obtain shareholder approval for (i) the issuance 20% or more of our outstanding ordinary shares or voting power in a private offering, (ii) the issuance of securities pursuant to a stock option or purchase plan to be established or materially amended or other equity compensation arrangement made or materially amended, (iii) the issuance of securities when the issuance or potential issuance will result in a change of control of our Company, and (iv) certain issuances of securities in connection with the acquisition of the stock or assets of another company.

Nasdaq Listing Rule 5605(b)(1) requires listed companies to have, among other things, a majority of its board members be independent. As a foreign private issuer, however, we are permitted to, and we may follow home country practice in lieu of the above requirements. The corporate governance practice in our home country, the Cayman Islands, does not require a majority of our board to consist of independent directors. Currently, a majority of our board members are independent. However, if we change our board composition such that independent directors do not constitute a majority of our board of directors, our shareholders may be afforded less protection than they would otherwise enjoy under Nasdaq's corporate governance requirements applicable to U.S. domestic issuers. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Class A Ordinary Shares and the Trading Market—Because we are a foreign private issuer and intend to take advantage of exemptions from certain Nasdaq corporate governance standards applicable to U.S. issuers, you will have less protection than you would have if we were a domestic issuer."

Other than those described above, there are no significant differences between our corporate governance practices and those followed by U.S. domestic companies under Nasdaq corporate governance listing standards.

Item 16H. MINE SAFETY DISCLOSURE

Not applicable.

Item 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

Item 16J. INSIDER TRADING POLICIES

We have adopted insider trading policies governing the purchase, sale, and other dispositions of our securities by directors, senior management, and employees. A copy of the insider trading policies is filed as an exhibit to this annual report.

Item 16K. CYBERSECURITY

We have established cybersecurity risk management to identify, assess, and mitigate cybersecurity risks alongside other business risks. The process is in alignment with our strategic objectives and risk appetite. We may engage assessors, consultants, auditors, or other third parties to enhance our cyber security risk management processes. Any cybersecurity incidents are closely monitored for their potential impact on our business strategy, operations, and financial condition. As of the date of this annual report, we have not experienced any cybersecurity incidents that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition. We continuously adapt our business strategy to enhance resilience, strengthen defenses and ensure the sustainability of our operations.

Part III

Item 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

Item 18. FINANCIAL STATEMENTS

The consolidated financial statements of Pop Culture Group, and its operating entities are included at the end of this annual report.

Item 19. EXHIBITS

EXHIBIT INDEX

Exhibit No.	Description
1.1*	Amended and Restated Memorandum of Association
1.2*	Amended and Restated Articles of Association (included in Exhibit 1.1)
2.1*	Specimen Certificate for Class A Ordinary Shares
2.2	Form of Underwriter's Warrants (incorporated by reference to Exhibit 1.1 of our Registration Statement on Form F-1/A (file No. 333-253777) filed with the Securities and Exchange Commission on May 13, 2021)
2.3*	Description of Securities
4.1	Form of Employment Agreement by and between executive officers and the Registrant (incorporated by reference to Exhibit 10.1 of our Registration Statement on Form F-1 (file No. 333-253777) initially filed with the Securities and Exchange Commission on March 2, 2021)
4.2	Form of Director Offer Letter between the Registrant and its directors (incorporated by reference to Exhibit 10.3 of our Registration Statement on Form F-1 (file No. 333-253777) initially filed with the Securities and Exchange Commission on March 2, 2021)
4.3	The Amended and Restated Exclusive Services Agreement between Heliheng and Xiamen Pop Culture dated February 19, 2021 (incorporated by reference to Exhibit 10.4 of our Registration Statement on Form F-1 (file No. 333-253777) initially filed with the Securities and Exchange Commission on March 2, 2021)
4.4	The form of Amended and Restated Powers of Attorney granted by shareholders of Xiamen Pop Culture, as currently in effect, and a schedule of all executed Powers of Attorney adopting the same form (incorporated by reference to Exhibit 10.5 of our Registration Statement on Form F-1 (file No. 333-253777) initially filed with the Securities and Exchange Commission on March 2, 2021)
4.5	The Power of Attorney granted by Junlong He dated February 19, 2021 (incorporated by reference to Exhibit 10.6 of our Registration Statement on Form F-1 (file No. 333-253777) initially filed with the Securities and Exchange Commission on March 2, 2021)
4.6	The Amended and Restated Share Pledge Agreement among Heliheng, Xiamen Pop Culture, and shareholders of Xiamen Pop Culture dated February 19, 2021 (incorporated by reference to Exhibit 10.7 of our Registration Statement on Form F-1 (file No. 333-253777) initially filed with the Securities and Exchange Commission on March 2, 2021)
4.7	The Amended and Restated Exclusive Option Agreement among Heliheng, Xiamen Pop Culture, and shareholders of Xiamen Pop Culture dated February 19, 2021 (incorporated by reference to Exhibit 10.8 of our Registration Statement on Form F-1 (file No. 333-253777) initially filed with the Securities and Exchange Commission on March 2, 2021)
4.8	The form of Amended and Restated Spousal Consent granted by the spouse of each individual shareholder of Xiamen Pop Culture, as currently in effect, and a schedule of all executed Spousal Consents adopting the same form (incorporated by reference to Exhibit 10.9 of our Registration Statement on Form F-1 (file No. 333-253777) initially filed with the Securities and Exchange Commission on March 2, 2021)
4.9	The Spousal Consent granted by the spouse of Junlong He dated February 19, 2021 (incorporated by reference to Exhibit 10.10 of our Registration Statement on Form F-1 (file No. 333-253777) initially filed with the Securities and Exchange Commission on March 2, 2021)
4.10	English Translation of Trademark Licensing Contract between Xiamen Pop Culture and Zhuoqin Huang dated December 25, 2019 (incorporated by reference to Exhibit 10.15 of our Registration Statement on Form F-1 (file No. 333-253777) initially filed with the Securities and Exchange Commission on March 2, 2021)
4.11	English Translation of Credit Facility Agreement between Xiamen Pop Culture and Xiamen Bank Co., Ltd. dated June 20, 2023 (incorporate by reference to Exhibit 4.11 of our Annual Report on Form 20-F (file No. 001-40543) filed with the Securities and Exchange Commission on October 31, 2023)

4.12	<u>English Translation of Maximum Amount Guarantee Contract between Xiamen Pop Culture and Bank of China Co., Ltd. dated December 10, 2020 (incorporated by reference to Exhibit 10.17 of our Registration Statement on Form F-1 (file No. 333-253777) initially filed with the Securities and Exchange Commission on March 2, 2021)</u>
4.13*	<u>English Translation of Credit Line Contract between Xiamen Pop Culture and Xiamen International Bank Co., Ltd. dated October 8, 2023</u>
4.14*	<u>English Translation of Credit Line Contract between Xiamen Pop Culture and Xiamen International Bank Co., Ltd. dated February 27, 2024</u>
4.15*	<u>English Translation of Credit Line Contract between Xiamen Pop Culture and Xiamen Bank Co., Ltd. dated June 20, 2023</u>
4.16*	<u>English Translation of Loan Contract between Xiamen Pop Culture and Industrial Bank Co., Ltd. dated December 27, 2023</u>
4.17*	<u>English Translation of Loan Contract between Guangzhou Shuzhi and Bank of China Co., Ltd. dated November 24, 2023</u>
4.18*	<u>English Translation of Maximum Amount Mortgage Contract dated November 24, 2023 by and between Guangzhou Shuzhi and Bank of China Co., Ltd.</u>
4.19*	<u>English Translation of Maximum Amount Guarantee Contract dated November 24, 2023 by and between Xiamen Pop Culture and Bank of China Co., Ltd.</u>
4.20*	<u>English Translation of Loan Contract between Guangzhou Shuzhi and Bank of China Co., Ltd. dated December 25, 2023</u>
4.21*	<u>English Translation of Loan Contract between Guangzhou Shuzhi and Bank of China Co., Ltd. dated April 29, 2024</u>
4.22*	<u>English Translation of Loan Contract between Guangzhou Shuzhi and Bank of China Co., Ltd. dated May 17, 2024</u>
4.23*	<u>English Translation of Loan Contract between Guangzhou Shuzhi and Industrial and Commercial Bank of China Limited Guangzhou Fangcun Branch dated August 31, 2023</u>
4.24*	<u>English Translation of Maximum Amount Guarantee Contract dated September 21, 2022 by and between Xiamen Pop Culture and Industrial and Commercial Bank of China Limited Guangzhou Fangcun Branch</u>
4.25	<u>English Translation of Short-Term Working Capital Loan Agreement between Guangzhou Shuzhi and Bank of China Co., Ltd. Guangzhou Panyu Branch Office dated May 31, 2022 (incorporate by reference to Exhibit 4.16 of our Annual Report on Form 20-F (file No. 001-40543) filed with the Securities and Exchange Commission on October 31, 2023)</u>
4.26	<u>English Translation of Occupancy Service Agreement between Xiamen Pop Culture and Qingwa Incubator Co., Ltd. dated January 25, 2022 (incorporate by reference to Exhibit 4.19 of our Annual Report on Form 20-F (file No. 001-40543) filed with the Securities and Exchange Commission on October 28, 2022)</u>
4.27	<u>Copyright Licensing Agreement by and between Pop Culture Group and World Trade Technology LLC dated March 5, 2022 (incorporate by reference to Exhibit 4.32 of our Annual Report on Form 20-F (file No. 001-40543) filed with the Securities and Exchange Commission on October 31, 2023)</u>
4.28*	<u>English Translation of the Lease Agreement dated March 21, 2024 by and between Jiangxi Hualiu and an Independent Third Party</u>
4.29	<u>English Translation of the Housing Sales Agreement dated October 21, 2022 by and between Guangzhou Shuzhi and an Independent Third Party (incorporate by reference to Exhibit 4.37 of our Annual Report on Form 20-F (file No. 001-40543) filed with the Securities and Exchange Commission on October 31, 2023)</u>
4.30	<u>English Translation of the Lease Agreement dated March 9, 2022 by and between Shenzhen Pop and an Independent Third Party (incorporate by reference to Exhibit 4.38 of our Annual Report on Form 20-F (file No. 001-40543) filed with the Securities and Exchange Commission on October 31, 2023)</u>
4.31	<u>English translation of Content Introduction Contract by and between Guangdong Shuzhi and Guangdong Hongshi Digital Media Co., Ltd. dated January 1, 2023 (incorporate by reference to Exhibit 4.41 of our Annual Report on Form 20-F (file No. 001-40543) filed with the Securities and Exchange Commission on October 31, 2023)</u>
4.32*	<u>English Translation of Working Capital Loan Contract dated September 9, 2024 by and between Pupu Digital and Bank of Communications Co., Ltd.</u>
8.1*	<u>List of subsidiaries of the Registrant</u>
11.1	<u>Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 of our Registration Statement on Form F-1 (file No. 333-253777) initially filed with the Securities and Exchange Commission on March 2, 2021)</u>
11.2	<u>Insider Trading Policies adopted February 26, 2021 (incorporate by reference to Exhibit 11.2 of our Annual Report on Form 20-F (file No. 001-40543) filed with the Securities and Exchange Commission on October 31, 2023)</u>
12.1*	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
12.2*	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
13.1*	<u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
13.2*	<u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
15.1*	<u>Consent of WWC, P.C.</u>
15.2*	<u>Consent of AllBright Law Offices (Xiamen)</u>
97.1*	<u>Compensation Recovery Policy of the Registrant</u>
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed with this annual report on Form 20-F

** Furnished with this annual report on Form 20-F

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Pop Culture Group Co., Ltd

By: /s/ Zhuoqin Huang
Zhuoqin Huang
Chief Executive Officer, Director, and
Chairman of the Board of Directors

Date: November 15, 2024

POP CULTURE GROUP CO., LTD
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM



WWC, P.C. CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To: The Board of Directors and Shareholders
Pop Culture Group Co., Ltd

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Pop Culture Group Co., Ltd and its subsidiaries (collectively the “Company”) as of June 30, 2024 and 2023, and the related consolidated statements of operations and comprehensive income (loss), changes in shareholders’ equity, and cash flows for each of the three years in the period ended June 30, 2024, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2024, in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt about the Company’s Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 2 to the consolidated financial statements, the Company has an accumulated deficit that raise doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ WWC, P.C.
WWC, P.C.
Certified Public Accountants
PCAOB ID No.1171

We have served as the Company’s auditor since April 2022.
San Mateo, California

November 15, 2024

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POP CULTURE GROUP CO., LTD
CONSOLIDATED BALANCE SHEETS
(In U.S. dollars, except share data)

		As of June 30,	
		2024	2023
ASSETS			
CURRENT ASSETS:			
Cash	\$	230,563	\$ 2,751,309
Investment in films-current		885,800	885,824
Accounts receivable – third parties, net		22,174,192	19,642,337
Accounts receivable - related parties, net		2,128,750	-
Advances to suppliers		12,697,192	8,864,972
Due from related parties		649,150	13,280
Digital assets		140,586	-
Prepaid expenses and other current assets		2,025,820	95,992
TOTAL CURRENT ASSETS		40,932,053	32,253,714
Property and equipment, net		465,378	844,614
Intangible assets, net		-	119,519
Investment in films-non current		535,857	-
Operating right-of-use assets		35,273	84,892
Prepaid Taxes		-	621,990
Other non-current assets		266,196	5,120,599
TOTAL ASSETS	\$	42,234,757	\$ 39,045,328
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Short-term bank loans	\$	4,251,982	\$ 3,971,702
Long-term bank loans -current portion		415,566	1,158,413
Accounts payable		11,807,997	2,697,089
Contract liability – third parties		265,577	393,003
Contract liability - related parties		2,906,209	-
Taxes payable		4,117,521	4,327,182
Accrued liabilities and other payables – third parties		190,480	215,042
Accrued liabilities and other payables - related parties		1,390,515	-
Operating lease liability - current		45,269	65,115
TOTAL CURRENT LIABILITIES		25,391,116	12,827,546
Long-term bank loans		1,518,467	-
Operating lease liability - non-current		-	39,634
TOTAL LIABILITIES		26,909,583	12,867,180
SHAREHOLDERS' EQUITY			
Ordinary shares (par value \$0.01 per share; 64,400,000 Class A ordinary shares authorized; 3,362,733 and 1,862,733 Class A ordinary shares issued and outstanding as of June 30, 2024 and 2023, respectively; 10,600,000 Class B ordinary shares authorized, 576,308 Class B ordinary shares issued and outstanding as of June 30, 2024 and 2023, 1,000,000 Class C ordinary shares authorized, nil Class C shares issued and outstanding as of June 30, 2024 and 2023)*			
		39,390	24,050
Subscription receivable		(15,441)	(15,441)
Additional paid-in capital		42,459,143	40,174,260
Statutory reserve		1,538,443	1,537,228
Accumulated deficit		(27,006,989)	(13,339,929)
Accumulated other comprehensive loss		(1,705,614)	(1,644,872)
TOTAL POP CULTURE GROUP CO., LTD SHAREHOLDERS' EQUITY		15,308,932	26,735,296
Non-controlling interests		16,242	(557,148)
TOTAL SHAREHOLDERS' EQUITY		15,325,174	26,178,148
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$	42,234,757	\$ 39,045,328

* Retroactively restated to reflect 1-for-10 share consolidation effective on October 26, 2023

The accompanying notes are an integral part of these consolidated financial statements.

POP CULTURE GROUP CO., LTD
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(In U.S. dollars, except share data)

	For the fiscal years ended June 30,		
	2024	2023	2022
Event hosting	\$ 4,094,200	\$ 4,348,303	\$ 14,711,787
Event planning and execution	3,396,661	4,132,477	8,420,328
Brand promotion	39,611,817	9,650,274	8,733,764
Other revenue	279,240	412,189	415,664
REVENUE, NET	\$ 47,381,918	\$ 18,543,243	\$ 32,281,543
Cost of revenue	44,501,198	22,206,058	26,036,011
GROSS PROFIT (LOSS)	2,880,720	(3,662,815)	6,245,532
Selling and marketing expenses	262,328	4,646,875	380,723
General and administrative expenses	2,731,596	3,513,236	3,140,824
Allowance for expected credit loss	8,330,357	2,795,662	1,307,518
Impairment loss	5,200,000	1,109,194	-
Research and development expenses	-	8,694,836	-
Total operating expenses	16,524,281	20,759,803	4,829,065
(LOSS) INCOME FROM OPERATIONS	(13,643,561)	(24,422,618)	1,416,467
Other income (expenses):			
Interest expenses, net	(237,403)	(216,558)	(235,327)
Gain on disposal of subsidiaries	1,242,400	-	-
Other income (expenses), net	130,868	56,044	377,979
Total other income (expenses), net	1,135,865	(160,514)	142,652
(LOSS) INCOME BEFORE INCOME TAX PROVISION	(12,507,696)	(24,583,132)	1,559,119
PROVISION FOR INCOME TAXES	124,419	674,564	871,231
NET (LOSS) INCOME	(12,632,115)	(25,257,696)	687,888
Less: net loss attributable to non-controlling interests	(224,988)	(927,281)	(100,070)
NET (LOSS) INCOME ATTRIBUTABLE TO POP CULTURE GROUP CO., LTD SHAREHOLDERS	(12,407,127)	(24,330,415)	787,958
Other comprehensive income (loss):			
Foreign currency translation adjustment	(63,684)	(1,674,640)	(873,803)
COMPREHENSIVE LOSS	(12,695,799)	(26,932,336)	(185,915)
Less: comprehensive loss attributable to non-controlling interest	(227,930)	(888,030)	(100,070)
COMPREHENSIVE LOSS ATTRIBUTABLE TO POP CULTURE GROUP CO., LTD SHAREHOLDERS	\$ (12,467,869)	\$ (26,044,306)	\$ (85,845)
Net (loss) income per share			
Basic and diluted	\$ (4.32)	\$ (10.1)	\$ 0.4
Weighted average shares used in calculating net income per share*			
Basic and diluted	2,873,764	2,405,001	2,095,000

* Retroactively restated to reflect 1-for-10 share consolidation effective on October 26, 2023

The accompanying notes are an integral part of these consolidated financial statements.

POP CULTURE GROUP CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In U.S. dollars, except share data)

	Ordinary shares		Subscription receivable	Additional paid-in capital	Statutory reserve	(Accumulated deficit) Retained earnings	Accumulated other comprehensive (loss) income	Total Pop Culture Group Co., Ltd's Shareholders' Equity	Non-Controlling Interests	Total shareholders' Equity
	Shares*	Amount								
Balance as of June 30, 2021	1,785,001	17,850	(15,441)	6,643,118	1,241,573	10,498,183	942,822	19,328,105	-	19,328,105
Capital contribution from shareholders	-	-	-	-	-	-	-	-	108,437	108,437
Issuance of Class A Ordinary Shares	620,000	6,200	-	33,515,525	-	-	-	33,521,725	-	33,521,725
Net income(loss) for the period	-	-	-	-	-	787,958	-	787,958	(100,070)	687,888
Appropriation of statutory reserve	-	-	-	-	257,796	(257,796)	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-	(873,803)	(873,803)	-	(873,803)
Balance as of June 30, 2022	\$ 2,405,001	\$ 24,050	\$ (15,441)	\$ 40,158,643	\$ 1,499,369	\$ 11,028,345	\$ 69,019	\$ 52,763,985	\$ 8,367	\$ 52,772,352
Capital contribution from shareholders	-	-	-	-	-	-	-	-	338,132	338,132
Acquisition of Non-controlling interests	-	-	-	15,617	-	-	-	15,617	(15,617)	-
Net loss for the period	-	-	-	-	-	(24,330,415)	-	(24,330,415)	(927,281)	(25,257,696)
Appropriation of statutory reserve	-	-	-	-	37,859	(37,859)	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-	(1,713,891)	(1,713,891)	39,251	(1,674,640)
Balance June 30, 2023	\$ 2,405,001	\$ 24,050	\$ (15,441)	\$ 40,174,260	\$ 1,537,228	\$ (13,339,929)	\$ (1,644,872)	\$ 26,735,296	\$ (557,148)	\$ 26,178,148
Cumulative effect adjustment upon adoption of ASC 326	\$	\$	\$	\$	\$	(1,258,718)	-	(1,258,718)	-	(1,258,718)
Balance July 1, 2023	\$ 2,405,001	\$ 24,050	\$ (15,441)	\$ 40,174,260	\$ 1,537,228	\$ (14,598,647)	\$ (1,644,872)	\$ 25,476,578	\$ (557,148)	\$ 24,919,430
Fractional shares on reverse stock split	34,040	340	-	(340)	-	-	-	-	-	-
Issuance of Class A Ordinary Shares	1,500,000	15,000	-	2,285,223	-	-	-	2,300,223	-	2,300,223
Net loss for the period	-	-	-	-	-	(12,407,127)	-	(12,407,127)	(224,988)	(12,632,115)
A wholly owned subsidiary changes to controlled subsidiary	-	-	-	-	-	-	-	-	25,663	25,663
Disposal of a subsidiary	-	-	-	-	-	-	-	-	775,657	775,657
Appropriation of statutory reserve	-	-	-	-	1,215	(1,215)	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-	(60,742)	(60,742)	(2,942)	(63,684)
Balance June 30, 2024	\$ 3,939,041	\$ 39,390	\$ (15,441)	\$ 42,459,143	\$ 1,538,443	\$ (27,006,989)	\$ (1,705,614)	\$ 15,308,932	\$ 16,242	\$ 15,325,174

* Retroactively restated to reflect 1-for-10 share consolidation effective on October 26, 2023

The accompanying notes are an integral part of these consolidated financial statements.

POP CULTURE GROUP CO., LTD
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In U.S. dollars)

	For the fiscal years ended June 30,		
	2024	2023	2022
Cash flows from operating activities:			
Net (Loss) Income	\$ (12,632,115)	\$ (25,257,696)	\$ 687,888
Adjustments to reconcile net (loss) income to net cash used in operating activities:			
Allowance for credit loss	8,330,357	2,795,662	1,307,518
Impairment loss	5,200,000	1,109,194	-
Depreciation and amortization	399,873	2,140,976	310,343
Non-cash lease expenses	50,881	120,261	84,552
Loss from equity method investments	31,208	-	-
Deferred tax expense (benefit)	-	440,832	(334,045)
Gain on disposal of subsidiaries	(1,242,400)	-	-
Gain on disposal of property and equipment	-	-	(1,237)
Changes in assets and liabilities:			
Accounts receivable	(15,051,073)	2,034,125	(3,001,954)
Advances to suppliers	(5,877,685)	148,432	(7,542,591)
Prepaid expenses and other current assets	(905,077)	8,334,953	1,533,471
Digital assets	(740,586)	-	-
Other non-current assets	(195,684)	36,432	(2,061,939)
Accounts payable	11,434,763	1,881,259	(898,452)
Contract liability	2,919,807	363,871	(1,599,990)
Taxes payable	(243,369)	-	295,333
Accrued liabilities and other payables	3,425,010	(13,439)	156,840
Due to a related party	-	-	(225,000)
Operating lease liability	(60,756)	(97,343)	(86,933)
Net cash used in operating activities	(5,156,846)	(5,962,481)	(11,376,196)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(16,794)	(623,280)	(82,733)
Prepayment for intangible items	-	-	(7,988,850)
Advances paid for brand authorization	-	(4,600,000)	-
Investments in film, net	(535,834)	(885,824)	-
Cash disposed on disposal of subsidiaries	(4,791)	-	-
Proceeds from related party on disposal of subsidiary	13,841	-	-
Repayments from related party	13,329	-	-
Lending to related party	(98,273)	(13,849)	-
Investment of equity method investments	(44,292)	(43,143)	(720,000)
Net cash used in investing activities	(672,814)	(6,166,096)	(8,791,583)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term bank loans	4,318,459	4,141,736	3,433,810
Repayments of short-term bank loans	(4,027,793)	(3,307,636)	(4,956,629)
Proceeds from long-term bank loans	2,090,023	-	(245,791)
Repayments of long-term bank loans	(1,307,303)	(345,145)	-
Contribution from shareholders	4,290,000	338,132	33,630,162
Repayments of related party loan	-	(143,810)	-
Payment for offering costs	(1,989,777)	-	1,197,380
Net cash provided by financing activities	3,373,609	683,277	33,058,932
Effect of exchange rate changes	(64,695)	(199,423)	184,902
Net (decrease) increase in cash	(2,520,746)	(11,644,723)	13,076,055
Cash at beginning of year	2,751,309	14,396,032	1,319,977
Cash at end of year	\$ 230,563	\$ 2,751,309	\$ 14,396,032
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Income tax paid	\$ 204,001	\$ 389,732	\$ 398,370
Interest expenses paid	\$ 241,604	\$ 226,296	\$ 56,733
Non-cash investing and financing activities:			
Payment for R&D services received in the current period, funded through a prior period deposit designated as an investment.	\$ -	\$ 7,988,018	\$ -

Proceeds on disposal of a subsidiary not received by a related party	\$	261,114	-	-
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The accompanying notes are an integral part of these consolidated financial statements.

POP CULTURE GROUP CO., LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, except share data)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Xiamen Pop Culture Co., Ltd (“Pop Culture” or the “VIE”) was incorporated in Xiamen on March 29, 2007 under the laws of the People’s Republic of China (the “PRC” or “China”). Pop Culture hosts entertainment events and provides event planning and execution services and brand promotion services to corporate clients.

Reorganization

On January 3, 2020, Pop Culture Group Co., Ltd (“Pop Group” or the “Company”) was incorporated as an exempted company with limited liability under the laws of the Cayman Islands.

On January 20, 2020, Pop Culture (HK) Holding Limited (“Pop HK”) was established as a wholly-owned subsidiary of Pop Group formed in accordance with laws and regulations of Hong Kong. Pop HK is a holding company and holds all the equity interests of Heliheng Culture Co., Ltd. (“WFOE”), which was established in the PRC on March 13, 2020.

On March 30, 2020, WFOE entered into a series of agreements with Pop Culture and the shareholders of Pop Culture who collectively held 93.55% of the shares in Pop Culture, including an Exclusive Services Agreement, an Exclusive Option Agreement, a Share Pledge Agreement, Powers of Attorney, and Spousal Consents (collectively the “VIE Agreements”). The VIE Agreements are designed to provide WFOE with the power, rights, and obligations with respect to Pop Culture as set forth under the VIE Agreements. The VIE Agreements obligate WFOE to absorb a majority of the risk of loss from business activities of Pop Culture and entitle WFOE to receive a majority of Pop Culture’s residual returns. Therefore, the Company believes that Pop Culture should be considered as a Variable Interest Entity under the Statement of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 810 “Consolidation.”

Between February and May 2020, the Company and its shareholders undertook a series of corporate actions, including share issuances in February 2020, re-designation of ordinary shares of the Company into Class A and Class B ordinary shares in April 2020, and share issuances and transfers in May 2020. See “Note 18—Ordinary Shares.”

The above-mentioned transactions, including the incorporation of Pop Group, Pop HK, and WFOE, the entry into the VIE Agreements, the share issuances, share re-designation, and share transfers, were considered a reorganization of the Company (the “Reorganization”). After the Reorganization, Pop Group ultimately owns 100% equity interests of Pop HK and WFOE, and, for accounting purposes, controls and receives the economic benefits of the business operations of Pop Culture and its subsidiaries through the VIE Agreements, which enables Pop Group to consolidate the financial results of Pop Culture and its subsidiaries in its consolidated financial statements under accounting principles generally accepted in the United States of America (“U.S. GAAP”).

In accordance with ASC 805-50-25, the Reorganization has been accounted for as a recapitalization among entities under common control since the same controlling shareholder controls all these entities before and after the Reorganization. The consolidation of the Company and its subsidiaries and the VIE have been accounted for at historical cost and prepared on the basis as if the aforementioned transactions had become effective as of the beginning of the first period presented in the accompanying consolidated financial statements. Furthermore, ASC 805-50-45-5 indicates that the financial statements and financial information presented for prior years shall also be retrospectively adjusted to furnish comparative information.

POP CULTURE GROUP CO., LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, except share data)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES-Continued

Acquisition of non-controlling interest in the VIE

On February 9, 2021, the Company issued 106,509 Class A ordinary shares to non-controlling shareholders of Pop Culture to acquire their 6.45% non-controlling interests in Pop Culture. See “Note 18—Ordinary Shares.” On February 19, 2021, the VIE Agreements were amended and restated, through which WFOE is entitled to 100% of the net income of Pop Culture. WFOE is obliged to absorb all risk of loss from business activities of Pop Culture and entitled to receive all its residual returns. Upon the above transactions, the Company consummated the acquisition of non-controlling interest in Pop Culture, and Pop Culture does not have any non-controlling interests anymore.

The consolidated financial statements of the Company included the following entities:

	Date of incorporation	Place of incorporation	Percentage of ownership	Principal activities
The Company	January 3, 2020	Cayman Islands	100%	Parent Holding
Wholly owned subsidiaries				
Pop Culture (HK) Holding Limited (“Pop HK”)	January 20, 2020	Hong Kong	100%	Investment holding
Heliheng Culture Co., Ltd. (“WFOE” or “Heliheng”)	March 13, 2020	PRC	100%	WFOE, consultancy and information technology support
Pop Culture Global Operations Inc.	December 3, 2021	California	100%	Overseas hip-hop resource integration and business development
CPHF Holding Limited	December 21, 2023	Hong Kong	100%	Investment holding
Fujian Hualiu Culture & Sports Industry Development Co., Ltd. (formerly known as “Fujian Pupu Shuzhi Sports Industry Development Co., Ltd.”)	July 21, 2022	PRC	100%	Holding sports performance activities
VIE				
Xiamen Pop Culture Co., Ltd. (“Pop Culture”)	March 29, 2007	PRC	VIE	Event planning, execution, and hosting
VIE’s subsidiaries				
Shanghai Pupu Sibo Sports Technology Development Co., Ltd. (“Pupu Sibo”)	March 30, 2017	PRC	60% owned by VIE	Event planning and execution
Jiangxi Hualiu Culture Technology Co., Ltd. (former name “Xiamen Pop Network Technology Co., Ltd.”) (Jiangxi Hualiu)	June 6, 2017	PRC	100% owned by VIE	Marketing
Guangzhou Shuzhi Culture Communication Co., Ltd. (“Guangzhou Shuzhi”)	December 19, 2018	PRC	100% owned by VIE	Event planning and execution
Shenzhen Pop Digital Industrial Development Co., Ltd. (“Shenzhen Pop”)	January 17, 2020	PRC	100% owned by VIE	Event planning and execution
Xiamen Pupu Digital Technology Co., Ltd. (“Pupu Digital”)	June 20, 2022	PRC	100% owned by the VIE	Cultural technology
Hualiu Digital Entertainment (Beijing) International Culture Media Co., Ltd. (“Hualiu Digital”)	April 14, 2022	PRC	100% owned by the VIE	Acting broker and self-branding development
Zhongpu Shuyuan (Xiamen) Digital Technology Co., Ltd. (“Zhongpu Shuyuan”)	March 30, 2022	PRC	54% owned by the VIE*	Digital collection and Metaverse
Xiamen Qiqin Technology Co., Ltd. (“Xiamen Qiqin”)	October 18, 2021	PRC	54% owned by the VIE	IPC License
Xiamen Pop Shuzhi Culture Communication Co., Ltd. (“Pop Shuzhi”)	May 16, 2022	PRC	100% owned by the VIE	Online and offline advertising marketing and exhibitions
VIE’s subsidiaries disposed of or deregistration				
Fujian Shuzhi Fuxin Exhibition Co., Ltd.	Deregistration on October 7, 2023	PRC	Formerly 51% owned by the VIE	
Shenzhen JamBox Technology Co., Ltd. (“Shenzhen JamBox”)	Disposed of on January 22, 2024	PRC	From 56% owned VIE subsidiary to 20% investment	
Xiamen Pupu Investment Co., Ltd. (“Xiamen Pupu Investment”)	Disposed of on March 6, 2024	PRC	Formerly 100% owned by the VIE	

* Zhongpu Shuyuan is 51% owned by Jiangxi Hualiu and 10% owned by Junpu Jiyuan. Junpu Jiyuan is 30% owned by Jiangxi Hualiu.

POP CULTURE GROUP CO., LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, except share data)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES-Continued

Risks in relation to the VIE structure

The Company believes that the VIE Agreements are in compliance with PRC laws and regulations and are legally enforceable. However, uncertainties in the PRC legal system could limit the Company's ability to enforce the VIE Agreements. If the legal structure and the VIE Agreements were found to be in violation of PRC laws and regulations, the PRC government could:

- revoke the business and operating licenses of WFOE and the VIE;
- discontinue or restrict the operations of any related-party transactions between WFOE and the VIE;
- limit the Company's business expansion in China by way of entering into contractual arrangements;
- impose fines or other requirements with which WFOE and the VIE may not be able to comply;
- require the Company or WFOE and the VIE to restructure the relevant ownership structure or operations; or
- restrict or prohibit the Company's use of the proceeds of the additional public offering to finance.

The following financial statement amounts and balances of the VIE and its subsidiaries were included in the accompanying consolidated financial statements after elimination of intercompany transactions:

	As of June 30,	
	2024	2023
Total assets	\$ 35,586,017	\$ 16,775,802
Total liabilities	\$ 26,519,259	\$ 12,336,610

	For the fiscal years ended June 30,		
	2024	2023	2022
Total revenue	\$ 47,171,853	\$ 18,286,074	\$ 24,761,112
Net (loss) income	\$ (7,234,353)	\$ (14,053,844)	\$ 1,882,512
Net cash (used in) provided by operating activities	\$ (4,106,484)	\$ (2,672,557)	\$ 4,365,662
Net cash used in investing activities	\$ (132,899)	\$ (680,272)	\$ (589,351)
Net cash provided by (used in) financing activities	\$ 3,731,488	\$ 683,277	\$ (1,679,374)

The Company believes that there are no assets in Pop Culture that can be used only to settle specific obligations of Pop Culture except for the registered capital of Pop Culture and non-distributable statutory reserves. As Pop Culture is incorporated as a limited liability company under the PRC Company Law, creditors of Pop Culture do not have recourse to the general credit of the Company for any of the liabilities of Pop Culture. There are no terms in any arrangements, explicitly or implicitly, requiring the Company or its subsidiaries to provide financial support to Pop Culture. However, if Pop Culture were ever to need financial support, the Company may, at its discretion and subject to statutory limits and restrictions, provide financial support to Pop Culture through loans.

POP CULTURE GROUP CO., LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, except share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The accompanying consolidated financial statements are prepared in accordance with U.S. GAAP. The consolidated financial statements include the financial statements of the Company, its subsidiaries, the VIE, and subsidiaries of the VIE. All inter-company transactions and balances have been eliminated upon consolidation.

(b) Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period and accompanying notes, including but are not limited to, allowance for credit loss, valuation of investments, advances to suppliers and digital assets, the useful lives of property and equipment and intangible asset, impairment of long-lived assets, deferred cost, and valuation for deferred tax assets. Actual results could differ from those estimates.

(c) Going Concern and Management's Plan

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company incurred operating loss of \$13.6 million and generated negative operating cash flows of \$5.2 million for fiscal year ended June 30, 2024.

The Company has developed plans and implemented measures to address the going concern issue. The Company's management is diligently overseeing its operating costs and capital needs, and is fully dedicated to exploring new customer and business opportunities. In fiscal years 2024 and 2023, the Company's management has taken significant steps to control and reduce expenses. These measures include implementing more rigorous approval processes for various expenditures, establishing new performance appraisal standards, terminating underperforming employees, eliminating certain positions, and renegotiating contracts with specific vendors. In addition, the Company has dissolved unprofitable subsidiaries to curtail operating losses and cash depletion. During the fiscal year 2024, the Company raised \$2.3 million after deducting offering costs, via issuing Class A ordinary shares. Simultaneously, the company will continue to pursue and secure bank loans to support its ongoing operations.

However, there is no assurance that the Company will be successful in securing sufficient funds to sustain or grow its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to reflect the possible future effect on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of these uncertainties. Management believes that the actions presently being taken to obtain additional funding and implement its strategic plan provides the opportunity for the Company to continue as a going concern.

(d) Fair value measurements

The Company applies ASC Topic 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value, and expands financial statement disclosure requirements for fair value measurements.

ASC Topic 820 defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability (an exit price) on the measurement date in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability.

ASC Topic 820 specifies a hierarchy of valuation techniques, which is based on whether the inputs into the valuation technique are observable or unobservable. The hierarchy is as follows:

Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value. Unobservable inputs are valuation technique inputs that reflect the Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Management of the Company is responsible for considering the carrying amount of cash, accounts receivable, other receivable, short-term bank loans, accounts payable, taxes payable, and accrued liabilities and other payables based on the short-term maturity of these instruments to approximate their fair values because of their short-term nature.

POP CULTURE GROUP CO., LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, except share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

(e) Cash

Cash consists of cash on hand and cash in banks. The Company maintains certain cash with various financial institutions in mainland China, Hong Kong, and Cayman. As of June 30, 2024 and 2023, cash balances of the Company were \$230,563 and \$2,751,309, respectively. The Company has not experienced any losses in bank accounts and believes it is not exposed to any risks on its cash in bank accounts.

(f) Credit losses

From July 1, 2023, the Company adopted ASU 2016-13 Financial Instruments - Credit Losses (ASC Topic 326): Measurement of Credit Losses on Financial Instruments, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including accounts receivable and other receivable. The Company uses the roll-rate method to measure the expected credit losses of account receivables on a collective basis when similar risk characteristics exist. The roll-rate method stratifies the receivables balance by delinquency stages and projected forward in one-year increments using historical roll rate. In each period end of the simulation, losses on the receivables are captured, and the ending delinquency stratification serves as the beginning point of the next iteration. This process is repeated on a yearly rolling basis. The loss rate calculated for each delinquency stage is then applied to respective receivables balance. The management adjusts the allowance that is determined by the roll-rate method for both current conditions and forecasts of economic conditions. The Company adopted ASC Topic 326 using the modified retrospective method in scope of the standard. Results for reporting periods beginning after July 1, 2023 are presented under ASC Topic 326, while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Company recorded a decrease to opening retained earnings of \$1,258,718 as of July 1, 2023 due to the cumulative impact of adopting ASC Topic 326. Upon adoption, the Company recorded a credit loss of \$8,330,357 for the fiscal year ended June 30, 2024.

Expected provision for credit losses are included in the consolidated statements of operations and comprehensive income (loss). After all attempts to collect a receivable have failed, the receivable is written off against the allowance.

(g) Investment in films

Investment in films represents the investment into film projects with the expectation that the capital gain upon liquidating the projects when the total tickets income of the films are collected and cost are paid. Investment in films is initially measured at cost and subsequently considered impairment if necessary.

(h) Accounts receivable, net

Accounts receivable, net represent the amounts that the Company has an unconditional right to consideration, which are stated at the original amount less an allowance for credit losses. Allowance for credit losses for accounts receivable amounted to \$12,161,634 and \$4,358,037 as of June 30, 2024 and 2023, respectively.

(i) Digital assets

Digital assets primarily consist of Non-Fungible Token (“NFT”) developed by the Company. For the fiscal year ended June 30, 2024, the Company built NFTs through its own upload-chain work and based on the unique pictures purchased from third parties. Digital assets held are accounted for as intangible assets with indefinite useful lives and are subject to impairment losses if the fair value of digital assets decreases below the carrying value at any time during the period.

(j) Advances to suppliers

Advances to suppliers primarily consist of the prepayments to the service and materials suppliers for the Company’s event hosting, planning, and execution, and brand promotion. The Company maintains an allowance for credit loss to state prepayments at their estimated realizable value based on a variety of factors, including the possibility of releasing the prepayments into services and materials, significant one-time events, and historical experience.

(k) Property and equipment, net

Property and equipment comprise office building, equipment, motor vehicles, and leasehold improvement. They are recorded at cost less accumulated depreciation and impairment loss, if any, and depreciated on a straight-line basis over the estimated useful lives of the assets. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income/loss in the year of disposition. Estimated useful lives are as follows:

	Estimated Useful Life
Building	20 Years
Office equipment	3 to 5 Years
Motor vehicles	10 Years
Leasehold improvement	Shorter of useful life or lease term

POP CULTURE GROUP CO., LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, except share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

(l) Intangible asset, net

Intangible asset is stated at cost less accumulated amortization and impairment loss, if any, and amortized in a method which reflects the pattern in which the economic benefits of the intangible asset are expected to be consumed or otherwise used up. The balance of intangible asset represents a software that the Company purchased externally and is amortized straight-line over 10 years in accordance with the way the Company estimates to generate economic benefits from such software. The software belongs to Shenzhen JamBox, which was disposed of in January 2024.

(m) Impairment of long-lived assets other than goodwill

In accordance with ASC Topic 360, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable, or at least annually. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value. The Company recorded the impairment charge of \$4.6 million, \$1.1 million, and nil for intangible assets, and prepayment of brand authorization for the fiscal years ended June 30, 2024, 2023, and 2022, respectively.

(n) Right-of-use assets

The Company has five operating leases for office, including an option to renew which is not at the Company's sole discretion. The renewal to extend the lease term is not included in the Company's right-of-use ("ROU") assets and lease liability as it is not reasonably certain of exercise. The Company regularly evaluates the renewal option, and, when it is reasonably certain of exercise, the Company will include the renewal period in its lease term. New lease modifications result in re-measurement of the ROU assets and lease liability. The Company's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Effective July 1, 2017, the Company adopted ASC 842, Leases using a modified retrospective transition method. In addition, the Company elected the package of practical expedients, which allowed the Company to not reassess whether any existing contracts contain a lease, to not reassess historical lease classification as operating or finance leases, and to not reassess initial direct costs. The Company has not elected the practical expedient to use hindsight to determine the lease term for its leases at transition. Adoption of ASC 842 resulted in the recording of operating lease ROU assets and corresponding operating lease liability as disclosed in "Note 16—Lease" and had no impact on accumulated profit as of July 1, 2017. ROU assets and related lease obligation are recognized at commencement date based on the present value of remaining lease payments over the lease term.

The Company's lease is classified as operating lease for the office space. Operating lease ROU assets are presented within non-current assets on the consolidated balance sheet and the operating lease liability is classified as current and non-current on the consolidated balance sheet.

(o) Value added tax ("VAT")

The Company's affiliated entities in the PRC, including WFOE, Pop Culture, and subsidiaries of Pop Culture, are subject to PRC VAT for providing services. The applicable VAT rate for these companies was 6% for the fiscal years ended June 30, 2024, 2023, and 2022.

The amount of VAT liability is determined by applying the applicable tax rates to the invoiced amount of services provided (output VAT) less VAT paid on purchases made with the relevant supporting invoices (input VAT). The Company reports revenue net of PRC VAT for all the periods presented in the consolidated statements of operations.

(p) Operating lease liability

Lease where substantially all the reward and risk of ownership of asset remain with the leasing company is accounted for as operating lease. Payments made under operating leases are charged to the consolidated statements of operations on a straight-line basis over the lease period.

(q) Revenue recognition

On July 1, 2017, the Company adopted ASC 606, Revenue from Contracts with Customers, using the modified retrospective approach. The adoption of ASC 606 did not have a material impact on the Company's consolidated financial statements.

POP CULTURE GROUP CO., LTD
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

(q) Revenue recognition-continued

ASC 606 establishes principles for reporting information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the Company's contracts to provide services to customers. The core principle of ASC 606 is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

Step 1: Identify the contract with the customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract; and

Step 5: Recognize revenue when the company satisfies a performance obligation.

The Company mainly generates revenue from event hosting, event planning and execution, and brand promotion, and other services.

Event hosting - The Company regularly hosts live concerts and hip-hop events, and operates hip-hop related online programs. The portfolio of hip-hop events includes a stage play, dance competitions, cultural and musical festivals, and promotional parties. The Company started to operate online hip-hop programs since 2020. The portfolio of online hip-hop programs includes street dance tutorial programs, collections of street dance performances videos, and collections of short music videos on trendy shoes and clothes related to hip-hop culture. The Company generates revenue from concerts, hip-hop events, and online hip-hop programs by providing sponsorship packages to advertisers in exchange for sponsorship fees or by selling tickets for those concerts.

Event planning and execution - The Company provides customized event planning and execution services upon requests from its customers, including design, logistics, layout of events, and coordination and supervision of the actual event set-up and implementation, and generates revenue through service fees.

Brand promotion - The Company provides integrated branding services primarily including the tailor-made digital marketing strategy design and placement on different media platforms based on the customers' needs in different industries, such as consumer goods, advertising and marketing, and media, as the single performance obligation.

Other services - The Company sells digital collections to individual collectors, provides Software-as-a-Service ("SaaS") software services to hip-hop dance training institutions for service fees, and develop software for customers.

The Company accounts for a contract of event hosting, event planning and execution, or brand promotion when it has legally enforceable rights and obligations and collectability of consideration is probable. Each contract typically contains one single performance obligation, which is to deliver a successful event, activity, qualified online program or video, or brand solution, and the contract price is fixed. Contract terms typically include a customary requirement for payment within 90 days after the Company successfully provides services, which is indicated by the customer's signed acknowledgement of completion on such event, activity, online program, or brand solution by providing the Company with completion confirmation forms.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

(q) Revenue recognition-continued

For event hosting and event planning and execution, revenue is recognized at a point of time when services are successfully provided (e.g., upon successful carryout of an event), which is indicated by the customer's acknowledgement of completion on such event, activity, online program, or video, as the customer neither simultaneously receives the benefits provided by the Company's performance nor controls an increasingly enhanced asset or an asset with an alternative use to the customer as the Company performs. Event hosting and event planning and execution are generally short term, which usually take less than three months.

For brand promotion, revenue is recognized over time during the contract period under input method according to the actual placement. The Company is the primary obligator and bearing the service risk of the branding promotion services, and the Company has the right and ability to direct which media channel to place the advertisement to the customer on the Company's behalf and has discretion in establishing the price for the service. Therefore, the Company is identified as a principal.

For digital collections, the PRC operating entities sell digital collections through its own digital collection sales platform. After the customer purchases the digital collection issued on the platform and the digital collection is delivered to the customer, the revenue is recognized.

For SaaS software services, revenue is recognized after the completion of the service provision. The PRC operating entities reach an annual framework service contract with the customer and charge a one-time service fee. Revenue is recognized on a monthly average basis within the service period.

For software development, revenue is recognized upon customer acceptance. The Company contracts with customers to develop customized software for them, and contracts with third parties to undertake the development.

The Company reports revenue on a gross basis for event hosting, event planning and execution, brand promotion, and other services (except for software development), as the Company takes risk and control of the event, activities, online program, or brand solution before they are transferred to customers. While in terms of software development, the Company reports revenue on a net basis since it only arranges third parties to provide the development services, instead of taking the risk and control of the development resources.

The Company applies a practical expedient to make no adjustment for the promised amount of consideration for the effects of a significant financing component as the Company expects, at contract inception, that the period between when the Company transfers a promised service to a customer and when the customer pays for that service will be one year or less.

The following table identifies the disaggregation of the Company's revenue for the fiscal years ended June 30, 2024, 2023, and 2022 respectively:

	For the fiscal years ended June 30,		
	2024	2023	2022
Revenue from operations:			
Event hosting	\$ 4,094,200	\$ 4,348,303	\$ 14,711,787
Event planning and execution	3,396,661	4,132,477	8,420,328
Brand promotion	39,611,817	9,650,274	8,733,764
Other revenue	279,240	412,189	415,664
Total revenue	<u>\$ 47,381,918</u>	<u>\$ 18,543,243</u>	<u>\$ 32,281,543</u>

POP CULTURE GROUP CO., LTD
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

(q) Revenue recognition-continued

Contract liability

The Company presents the consideration that a customer pays before the Company transfers a service to the customer as a contract liability when the payment is made. Contract liability is the Company's obligation to transfer services to a customer for which the Company has received consideration from the customer. As of June 30, 2024 and 2023, the balance of contract liability amounted to \$3,171,786 and \$393,003, respectively, and the movement of contract liability was as below.

	Amount
June 30, 2021	\$ 1,648,847
Addition	47,710
Recognized as revenue within the fiscal year ended June 30, 2022	<u>(1,648,847)</u>
June 30, 2022	47,710
Addition	393,003
Recognized as revenue within the fiscal year ended June 30, 2023	<u>(47,710)</u>
June 30, 2023	393,003
Addition	8,069,950
Recognized as revenue within the fiscal year ended June 30, 2024	<u>(5,291,167)</u>
June 30, 2024	<u>\$ 3,171,786</u>

The Company applies a practical expedient to expense costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less. The Company has no material incremental costs of obtaining contracts with customers that the Company expects the benefit of those costs to be longer than one year which need to be recognized as assets.

(r) Cost of revenue

Cost of revenue consists primarily of event design costs, online program production costs, date promotion fee, salary and benefits expenses, materials costs, and other related expenses.

(s) Selling and marketing expenses

Selling and marketing expenses consist primarily of travelling expenses, advertising expenses and salaries, and other compensation-related expenses to sales and marketing personnel. The Company expenses all advertising costs as incurred. For the fiscal years ended June 30, 2024, 2023, and 2022, advertising expenses amounted to \$59,327, \$1,518,981, and \$48,716, respectively.

(t) General and administrative expenses

General and administrative expenses consist primarily of salaries, bonuses and benefits for employees involved in general corporate functions and those not specifically dedicated to research and development activities, depreciation and amortization of fixed assets which are not used in research and development activities, legal and other professional services fees, rental, and other general corporate related expenses.

(u) Income taxes

The Company accounts for income taxes under ASC 740. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period including the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The provisions of ASC 740-10-25, "Accounting for Uncertainty in Income Taxes," prescribe a more-likely-than-not threshold for consolidated financial statement recognition and measurement of a tax position taken (or expected to be taken) in a tax return. This interpretation also provides guidance on the recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and related disclosures. The Company does not believe that there was any uncertain tax position as of June 30, 2024 and 2023.

The Company's affiliated entities in the PRC are subject to examination by the relevant tax authorities. According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer or the withholding agent. The statute of limitations is extended to five years under special circumstances, where the underpayment of taxes is more than RMB100,000 (approximately \$14,381). In the case of transfer pricing issues, the statute of limitation is 10 years. There is no statute of limitation in the case of tax evasion. As of June 30, 2024, the tax years ended December 31, 2018 through December 31, 2023 for the Company's affiliated entities in the PRC remain open for statutory examination by PRC tax authorities.

POP CULTURE GROUP CO., LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

(v) Foreign currency translation

The reporting currency of the Company is the U.S. dollar ("USD"). The functional currency of the Company's affiliated entities located in China is the Renminbi ("RMB"). For the entities whose functional currency is RMB, results of operations and cash flows are translated at average exchange rates during the period, assets and liabilities are translated at the unified exchange rate at the end of the period, and equity is translated at historical exchange rates. As a result, amounts relating to assets and liabilities reported on the statements of cash flows may not necessarily agree with the changes in the corresponding balances on the balance sheets. Translation adjustments resulting from the process of translating the local currency financial statements into USD are included in determining comprehensive income/loss. Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates. Assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date with any transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

The consolidated balance sheet amounts, with the exception of equity, at June 30, 2024 and 2023 were translated at RMB7.2672 to \$1.00 and at RMB7.2513 to \$1.00, respectively. Equity accounts were stated at their historical rates. The average translation rates applied to consolidated statements of operations and cash flows for the fiscal years ended June 30, 2024, 2023, and 2022 were RMB7.2248 to \$1.00, RMB6.9534 to \$1.00, and RMB6.4554 to \$1.00, respectively.

(w) Earnings per share

The Company computes earnings per share ("EPS") in accordance with ASC 260, "Earnings per Share" ("ASC 260"). ASC 260 requires companies with complex capital structures to present basic and diluted EPS. Basic EPS is measured as net income divided by the weighted average common shares outstanding for the period. Diluted EPS is similar to basic EPS but presents the dilutive effect on a per share basis of potential common shares (for example, convertible securities, options and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. The Company had no dilutive securities as of and for the fiscal years ended June 30, 2024, 2023, and 2022.

(x) Comprehensive income (loss)

Comprehensive income (loss) consists of two components, net income (loss) and other comprehensive income (loss). The foreign currency translation gain or loss resulting from translation of the financial statements expressed in RMB to USD is reported in other comprehensive income (loss) in the consolidated statements of operations and comprehensive income (loss).

(y) Commitments and contingencies

In the normal course of business, the Company is subject to contingencies, such as legal proceedings and claims arising out of its business, which cover a wide range of matters. Liabilities for contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

If the assessment of a contingency indicates that it is probable that a material loss is incurred and the amount of the liability can be estimated, then the estimated liability is accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

POP CULTURE GROUP CO., LTD
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

(z) Concentration and credit risk

Substantially all of the Company's operating activities are transacted in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the People's Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People's Bank of China. Approval of foreign currency payments by the People's Bank of China or other regulatory institutions require submitting a payment application form together with suppliers' invoices, shipping documents, and signed contracts.

The Company maintains certain bank accounts in the PRC, Hong Kong, and Cayman Islands. In China, a company's deposits at one bank are insured for a maximum of RMB500,000 (USD70,000) in the event of bank failure. According to press release of China Securities Times and China News on July 13, 2023, Hong Kong Monetary Authority proposed that the upper limit of deposit protection in Hong Kong be enhanced to HK\$800,000 (USD100,000) from HK\$500,000 (USD64,000). In Cayman Islands, deposits are not insured by Federal Deposit Insurance Corporation ("FDIC") insurance or other insurance. As of June 30, 2024 and 2023, \$218,727 and \$724,437 of the Company's cash were on deposit at financial institutions in the PRC, respectively, and \$11,239 and \$2,026,858 of the Company's cash were on deposit at financial institutions in Hong Kong, respectively.

Accounts receivable are typically unsecured and derived from revenue earned from customers, thereby exposed to credit risk. The risk is mitigated by the Company's assessment of its customers' creditworthiness and its ongoing monitoring of outstanding balances.

The Company's sales are made to customers that are located primarily in China. The Company has a concentration of its revenue and accounts receivable with specific customers. For the fiscal year ended June 30, 2024, two major customers accounted for approximately 34% and 10% of the Company's total revenue, respectively. For the fiscal year ended June 30, 2023, three major customers accounted for approximately 10%, 10%, and 9% of the Company's total revenue, respectively. For the fiscal year ended June 30, 2022, three major customers accounted for approximately 30%, 13%, and 7% of the Company's total revenue, respectively. As of June 30, 2024, the top five customers accounted for 75% of accounts receivable as of June 30, 2024, with each customer representing 27%, 17%, 16%, 10%, and 5% of the accounts receivable balance, respectively. As of June 30, 2023, the top five customers accounted for 68% of accounts receivable as of June 30, 2023, with each customer representing 31%, 19%, 7%, 6%, and 5% of the accounts receivable balance, respectively. As of June 30, 2022, the top five customers accounted for 72% of accounts receivable as of June 30, 2022, with each customer representing 35%, 14%, 9%, 7%, and 7% of the accounts receivable balance, respectively.

For the fiscal year ended June 30, 2024, the Company purchased approximately 17.3%, and 9.7% of its services from two major suppliers, respectively. For the fiscal year ended June 30, 2023, the Company purchased approximately 16.56%, 12.91%, and 10.61% of its services from three major suppliers, respectively. For the fiscal year ended June 30, 2022, the Company purchased approximately 8.59%, 7.88%, and 5.63% of its services from three major suppliers, respectively.

(aa) Segment reporting

The Company uses the management approach to determine operating segments. The management approach considers the internal organization and reporting used by the Company's chief operating decision maker ("CODM") for making decisions, allocating resources, and assessing performance. The Company's CODM has been identified as the chief executive officer, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Company.

The Company's CODM reviews the consolidated financial results when making decisions about allocating resources and assessing the performance of the Company as a whole and hence, the Company has only one reportable segment. The Company operates and manages its business as a single segment. As the Company's long-lived assets are substantially all located in the PRC and substantially all of the Company's revenue is derived from within the PRC, no geographical segments are presented.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

(ab) Related parties

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management, other parties with which the Company may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests, and other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all significant related party transactions in “Note 14—Related Party Transactions.”

(ac) Non-controlling interests

A non-controlling interest in the VIE represents the portion of the equity (net assets) in the VIE that has not been pledged to WFOE, consequently not directly or indirectly attributable to the Company. Non-controlling interests are presented as a separate component of equity on the consolidated balance sheet and net income and other comprehensive income are attributed to controlling and non-controlling interests respectively.

On February 9, 2021, the Company issued 106,509 Class A ordinary shares to non-controlling shareholders of Pop Culture to acquire their 6.45% non-controlling interests in Pop Culture. See “Note 18—Ordinary Shares.” On February 19, 2021, the VIE Agreements were amended and restated, through which WFOE is entitled to 100% of the net income of Pop Culture. Upon this transaction, the Company consummated the acquisition of non-controlling interest in Pop Culture.

On March 30, 2022, Zhongpu Shuyuan was incorporated, 46% of which represented a non-controlling interest. Non-controlling interest of Zhongpu Shuyuan was included in the consolidated financial statements.

On October 18, 2021, Xiamen Qiqin was incorporated, 46% of which represented a non-controlling interest. Non-controlling interest of Xiamen Qiqin was included in the consolidated financial statements.

On August 18, 2020, Pop Sikai was incorporated, 49% of which represented a non-controlling interest. Pop Sikai was dissolved and deregistered on June 27, 2023. Since Pop Sikai had no profit or loss during the fiscal year ended June 30, 2024, no net income or net loss was allocated to non-controlling interest.

On May 18, 2022, Fujian Shuzhi was incorporate. Fujian Shuzhi was dissolved and deregistered on October 7, 2023. Therefore, as of June 30, 2024, no non-controlling-interest of Fujian Shuzhi was included in the balance sheet of non-controlling interest.

On June 28, 2024, the Company sold 40% equity interest of Pupu Sibo to a third party, which resulted in a non-controlling interest on the balance sheet while no net income was allocated to non-controlling interest in connection of Pupu Sibo.

(ad) Recent accounting pronouncements

In October 2023, the FASB issued ASU No. 2023-06, “Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative.” This standard was issued in response to the SEC’s disclosure update and simplification initiative, which affects a variety of topics within the Accounting Standards Codification. The amendments apply to all reporting entities within the scope of the affected topics unless otherwise indicated. This ASU will become effective for each amendment on the date on which the SEC removes the related disclosure from its regulations. However, if by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the Codification and not become effective for any entity. The Company is currently evaluating the impact of adopting this ASU on its financial statements.

In December 2023, the FASB issued ASU No. 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” This ASU requires additional quantitative and qualitative income tax disclosures to enable financial statements users better assess how an entity’s operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. The ASU is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted and can be applied on either a prospective or retroactive basis. The Company is currently evaluating the impact of adopting this ASU on its financial statements.

Recently issued ASUs by the FASB, except for the ones mentioned above, are not expected to have a significant impact on the Company’s consolidated results of operations or financial position. Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its consolidated financial condition, results of operations, cash flows, or disclosures.

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3. INVESTMENTS IN FILM

	As of June 30,	
	2024	2023
Investments in film- current	\$ 885,800	\$ 885,824
Investments in film- non current	535,857	-
	<u>\$ 1,421,657</u>	<u>\$ 885,824</u>

One film was on show and was planned to liquidate the return to investors in June 2025. It was classified as current portion of investments in film. Another one was in the process of producing, which will not be able to liquidate within one year. The Company did not make any impairment for these investments in films as of June 30, 2024.

4. ACCOUNTS RECEIVABLE, NET

As of June 30, 2024 and 2023, accounts receivable consisted of the following:

	As of June 30,	
	2024	2023
Accounts receivable		
- third parties	\$ 34,334,313	\$ 24,000,374
- related parties	2,130,263	-
Less: allowance for credit losses		
- third parties	(12,160,121)	(4,358,037)
- related parties	(1,513)	-
Accounts receivable, net	<u>\$ 24,302,942</u>	<u>\$ 19,642,337</u>

An analysis of the allowance for credit losses for accounts receivable – third parties was as follows:

	As of June 30,	
	2024	2023
Balance at beginning of the year	\$ 4,358,037	\$ 1,815,665
Adoption ASU 2016-13	1,258,718	-
Additional provision charged to expense	8,312,150	2,795,662
Written-off	(1,575,814)	-
Decrease on disposal of a subsidiary	(137,592)	-
Foreign exchange	(55,378)	(253,290)
Balance at the end of the year	<u>\$ 12,160,121</u>	<u>\$ 4,358,037</u>

An analysis of the allowance for credit losses for accounts receivable – related parties was as follows:

	As of June 30,	
	2024	2023
Balance at beginning of the year	\$ -	\$ -
Provision	1,522	-
Foreign exchange	(9)	-
Balance at the end of the year	<u>\$ 1,513</u>	<u>\$ -</u>

The Company recorded expected credit loss of \$8,313,672, \$2,795,662, and \$1,319,925, for the fiscal years ended June 30, 2024, 2023, and 2022, respectively.

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5. ADVANCES TO SUPPLIERS

	As of June 30,	
	2024	2023
Advances to suppliers	\$ 12,697,192	\$ 8,864,972
Less: allowance for credit losses	-	-
Advances to suppliers, net	<u>\$ 12,697,192</u>	<u>\$ 8,864,972</u>

The Company did not make any allowance for credit loss for the advances to suppliers as of June 30, 2024.

6. DIGITAL ASSETS

As of June 30, 2024 and 2023, digital assets consisted of the following:

	As of June 30,	
	2024	2023
NFT A	\$ 140,586	\$ -
NFT B	600,000	-
	740,586	-
Impairment	(600,000)	-
	<u>\$ 140,586</u>	<u>\$ -</u>

NFT A and NFT B were built during the fiscal year ended June 30, 2024. NFT A was sold on cost of \$139,414 during the fiscal year ended June 30, 2024. Considering that NFT B did not generate any sales although it was uploaded to sell for more than 10 months, the Company made full impairment of NFT B as of June 30, 2024.

7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

As of June 30, 2024 and 2023, prepaid expenses and other current assets consisted of the following:

	As of June 30,	
	2024	2023
Deferred costs ⁽¹⁾	\$ 1,258,916	\$ 683
Prepaid tax	650,237	-
Prepaid expenses	44,760	-
Other receivables	102,256	109,100
	2,056,169	109,783
Allowance for credit losses ⁽²⁾	(30,349)	(13,791)
	<u>\$ 2,025,820</u>	<u>\$ 95,992</u>

An analysis of the allowance for credit losses was as follows:

	As of June 30,	
	2024	2023
Balance at beginning of the year	\$ 13,791	\$ 14,930
Provision	16,685	-
Foreign exchange	(127)	(1,139)
Balance at the end of the year	<u>\$ 30,349</u>	<u>\$ 13,791</u>

(1) Deferred costs represent the costs incurred to fulfill a contract with a customer which relates directly to a contract that the Company can specifically identify, generate, or enhance resources of the Company that will be used in satisfying performance obligations in the future as well as are expected to be recovered.

As of June 30, 2023, deferred costs primarily consisted of costs paid by the Company in advance to various vendors for the events and performances to be carried out subsequently in July and December 2023.

As of June 30, 2024, deferred costs primarily consisted of costs paid by the Company in advance to various vendors for the events and performances to be carried out subsequently in July 2024.

(2) The Company recorded credit loss of \$16,685, nil, and negative \$12,407 for other receivables for the fiscal years ended June 30, 2024, 2023, and 2022, respectively.

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8. PROPERTY AND EQUIPMENT

As of June 30, 2024 and 2023, property and equipment consisted of the following:

	As of June 30,	
	2024	2023
Leasehold improvement	\$ 938,126	\$ 939,825
Building	455,749	456,748
Motor vehicle	68,802	53,783
Office equipment	54,262	61,531
	<u>1,516,939</u>	<u>1,511,887</u>
Less: accumulated depreciation	(1,051,561)	(667,273)
	<u>\$ 465,378</u>	<u>\$ 844,614</u>

For the fiscal years ended June 30, 2024, 2023, and 2022, depreciation expenses amounted to \$391,799, \$665,431, and \$60,600, respectively.

9. INTANGIBLE ASSET, NET

As of June 30, 2024 and 2023, intangible assets, net consisted of the following:

	As of June 30,	
	2024	2023
Copyright licenses	\$ 1,959,379	\$ 1,963,676
SaaS	-	137,906
	<u>1,959,379</u>	<u>2,101,582</u>
Less: accumulated amortization	(898,049)	(918,405)
Less: impairment for production copyright	(1,061,330)	(1,063,658)
	<u>\$ -</u>	<u>\$ 119,519</u>

Copyright Licenses of Move it

Currently, the MOVE IT project is losing money, and the carrying value of the amortizable intangible asset could not be recoverable due to the poor financial performance, including declining customer numbers. As of June 30, 2024, the production copyright was fully impaired.

SaaS Software

The SaaS software is used for the administration of hip-hop dance training institutions. The SaaS software was purchased from a related party, Shenzhen HipHopJust Information Technology Co., Ltd., in January 2022 for a total cash consideration of RMB1,000,000 (equivalent to \$154,909). The software belongs to Shenzhen JamBox, which was disposed of in January 2024.

For the fiscal years ended June 30, 2024, 2023, and 2022, amortization expense amounted to \$8,074, \$915,155, and \$249,743, respectively.

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10. OTHER NON-CURRENT ASSETS

	As of June 30,	
	2024	2023
Equity investment	54,289	41,372
Prepayment of brand authorization	4,600,000	4,600,000
Prepaid consulting fees or other expenses	16,430	462,967
Security deposit	-	16,260
Other long-term receivables	195,477	-
	<u>\$ 4,866,196</u>	<u>\$ 5,120,599</u>
Impairment	(4,600,000)	-
Other non-current assets	<u>266,196</u>	<u>5,120,599</u>

As of June 30, 2024, other non-current assets mainly consisted of the prepayment for brand authorization in the amount of \$4,600,000. It included the payment to Wanyee Trading Company Limited and LiheTrading Limited for negotiating with the brand owner of “Stussy” and “fear of god” for acting as an agent for these brands in mainland China. As the recoverability of the prepayment is doubtful, the Company made full impairment against the cost. The equity investment as of June 30, 2024 represented the equity investment in Junpu Jiyuan of \$26,650 and Xiamen Hualiu Boying Film & Media Co., Ltd of \$27,639.

As of June 30, 2023, other non-current assets mainly consisted of the prepayment for brand authorization in the amount of \$4,600,000. It included the payment to Wanyee Trading Company Limited and LiheTrading Limited for negotiating with the brand owner of “Stussy” and “fear of god” for acting as an agent for these brands in mainland China.

11. ACCRUED LIABILITIES AND OTHER PAYABLES

As of June 30, 2024 and 2023, accrued liabilities and other payables consisted of the following:

	As of June 30,	
	2024	2023
Payroll payables	\$ 51,180	\$ 92,856
Other payables – third parties	139,300	122,186
Accrued liabilities and other payables – third parties	<u>\$ 190,480</u>	<u>\$ 215,042</u>
Other payables – related parties	<u>\$ 1,390,515</u>	<u>\$ -</u>

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12. TAXES PAYABLE

As of June 30, 2024 and 2023, taxes payable consisted of the following:

	As of June 30,	
	2024	2023
Corporate income tax	\$ 3,412,916	\$ 3,495,646
VAT	702,401	828,488
Related surcharges on VAT payable	58	108
IIT	174	702
Other tax	1,972	2,238
	<u>\$ 4,117,521</u>	<u>\$ 4,327,182</u>

13. BANK LOANS

Bank loans represent the amounts due to various banks. As of June 30, 2024 and 2023, short-term and long-term bank loans consisted of the following:

a) Summary of short-term bank loans and current portion of long-term loans are as follows:

	Annual Interest Rate	Maturities	As of June 30,	
			2024	2023
<i>Short-term loans:</i>				
Bank of China Ltd. ⁽²⁾	4.25%	May 24, 2024	-	979,135
ICBC ⁽⁴⁾	3.45%	August 30, 2024	688,023	-
Xiamen International Bank ⁽¹⁾	4.50%	October 8, 2024	784,346	-
Industrial Bank Co., Ltd. ⁽¹⁾	4.60%	December 26, 2024	1,100,837	-
Xiamen Bank ⁽¹⁾	3.50%	June 16, 2025	550,418	-
Bank of China Ltd. ⁽⁵⁾	4.05%	May 16, 2025	853,148	-
Xiamen International Bank ⁽¹⁾	4.50%	February 28, 2025	275,210	-
Industrial Bank Co., Ltd. ⁽¹⁾	4.80%	December 7, 2023	-	1,379,063
China Merchants Bank ⁽³⁾	4.93%	March 29, 2024	-	372,347
Xiamen Bank ⁽¹⁾	4%	June 25, 2024	-	551,625
Industrial and Commercial Bank ⁽⁴⁾	3.65%	September 23, 2023	-	689,532
Subtotal			4,251,982	3,971,702
<i>Long-term loans-current portion:</i>				
Bank of China Ltd. ⁽²⁾	3.80%	November 26, 2023	-	330,975
Bank of China Ltd. ⁽⁵⁾	4.35%	May 5, 2027	33,026	-
Bank of China Ltd. ⁽⁵⁾	4.35%	December 3, 2026	192,646	-
Bank of China Ltd. ⁽⁵⁾	4.35%	December 31, 2026	189,894	-
Bank of China Ltd. ⁽²⁾	4.15%	December 29, 2023	-	772,275
Bank of China Ltd. ⁽²⁾	5.10%	April 15, 2024	-	55,163
Subtotal			<u>\$ 415,566</u>	<u>\$ 1,158,413</u>

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13. BANK LOANS-Continued

b) Summary of long-term bank loans is as follows:

	<u>Annual Interest Rate</u>	<u>Maturities</u>	<u>As of June 30,</u>	
			<u>2024</u>	<u>2023</u>
<i>Long-term loans:</i>				
Bank of China Ltd. ⁽⁵⁾	4.35%	May 5, 2027	132,100	-
Bank of China Ltd. ⁽⁵⁾	4.35%	December 31, 2026	712,104	-
Bank of China Ltd. ⁽⁵⁾	4.35%	December 3, 2026	674,263	-
Total			<u>\$ 1,518,467</u>	<u>\$ -</u>

The weighted average interest rate on short-term bank loans outstanding as of June 30, 2024 and 2023 was 4.14% and 4.53%, respectively. The effective interest rate for bank loans was approximately 4.26%, 4.60%, and 4.87% for the fiscal years ended June 30, 2024, 2023, and 2022, respectively. For the fiscal years ended June 30, 2024, 2023, and 2022, interest expenses related to bank loans amounted to \$241,604, \$226,296, and \$266,126, respectively.

- (1) Loans from Xiamen Bank, Industrial Bank Co., Ltd. and Xiamen International Bank were personally guaranteed by Mr. Zhuoqin Huang, the chief executive officer of the Company, and his spouse.
- (2) Loans from Bank of China were jointly guaranteed by Mr. Zhuoqin Huang, the chief executive officer of the Company, and Pop Culture.
- (3) The loan was guaranteed by Mr. Zhuoqin Huang.
- (4) The loan was guaranteed by Pop Culture and Guangzhou Financing Re-guarantee Co., LTD.
- (5) Loans from Bank of China were jointly guaranteed by Mr. Zhuoqin Huang, the chief executive officer of the Company, Guangzhou Shuzhi, and Pop Culture.

As of June 30, 2024, the Company's future long-term loan obligations according to the terms of the loan agreement were as follows:

	<u>USD</u>
Within 1 year	415,566
1-2 year	415,566
2-3 year	<u>1,102,901</u>
Total	<u>1,934,033</u>

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14. RELATED PARTY BALANCES AND TRANSACTIONS

Name of Related Party	Relationship to Us
Zhuoqin Huang	Chairman of the board of the Company
Shenzhen HipHopJust Information Technology Co., Ltd.	Minority shareholder of Shenzhen JamBox
Weiye Lin	Director of Xiamen Pop Shuzhi and former vice president and former director of the Company
Lei Wang	Director of Pupu Sibo
Wanquan Yi	Director of Shenzhen Pop
Shenzhen JamBox	A company controlled by Wanquan Yi, director of Shenzhen Pop
Xiamen Hualiu Boying Film & Media Co., Ltd. ("Hualiu Boying").	A company with minority interest
Xiamen Pupu Investment	A company controlled by the Chairman of the Company

As of June 30, 2024 and 2023, due from related parties consisted of the following:

		As of June 30,	
		2024	2023
Lei Wang	Receivable on disposal of a subsidiary	\$ 11,903	\$ -
Wanquan Yi	Receivable on disposal of a subsidiary	247,688	-
Shenzhen JamBox	Outstanding balance on date of disposal of this subsidiary and further loan to this company	389,559	-
Weiye Lin	Temporary loan	-	13,280
		649,150	13,280
Allowance for credit loss		-	-
Due from related parties, net		\$ 649,150	\$ 13,280

Due from related parties of Lei Wang, Wanquan Yi, and Shenzhen JamBox have been settled in amount of \$11,903, \$206,407, and \$193,334, respectively, by November 14, 2024.

As of June 30, 2024 and 2023, accounts receivable, net - related parties consisted of the following:

		As of June 30,	
		2024	2023
Shenzhen JamBox	Outstanding balance on date of disposal of this subsidiary	\$ 2,121,725	\$ -
Hualiu Boying		8,373	-
Xiamen Pupu Investment		165	-
		2,130,263	-
Allowance for credit loss		(1,513)	-
Accounts receivable, net-related parties		\$ 2,128,750	\$ -

Accounts receivable of Shenzhen JamBox, Hualiu Boying, and Xiamen Pupu Investment were fully settled as of November 14, 2024.

As of June 30, 2024 and 2023, contract liability - related parties consisted of the following:

		As of June 30,	
		2024	2023
Xiamen Pupu Investment	Prepayment from the company for the service provided to	2,906,209	-
Total		\$ 2,906,209	\$ -

Contract liability of Xiamen Pupu Investment were partially settled by services rendered from the Company. As of November 14, 2024, \$2,326,205 of contract liability was still outstanding.

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14. RELATED PARTY BALANCES AND TRANSACTIONS-Continued

As of June 30, 2024 and 2023, accrued liabilities and other payables - related parties consisted of the following:

		As of June 30,	
		2024	2023
Xiamen Pupu Investment	Outstanding balance on date of disposal of this subsidiary	1,390,515	-
Total		\$ 1,390,515	\$ -

Other payable of Xiamen Pupu Investment were fully settled by November 14, 2024.

Related party transaction during the fiscal year ended June 30, 2023:

In February, March, April, and June of 2023, Pop Shuzhi paid RMB96,300 (equivalent to \$13,280) in total to Weiyi Lin, then vice president and director of the Company, for live broadcasting projects.

In February, March, April, and May of 2023, the Company paid \$95,993 in total to Weiyi Lin for petty cash and project borrowings.

Shenzhen JamBox repaid the loan of RMB1,000,000 (approximately \$143,810) to Shenzhen HipHopJust Information Technology Co., Ltd. in November 2022.

Related party transaction during the fiscal year ended June 30, 2024:

The Company loaned to Shenzhen JamBox RMB710,000 (approximately \$98,273). Together with the original balance of receivable from Shenzhen JamBox, the total receivable as of June 30, 2024 was RMB2,831,000, or \$389,559.

The Company sold 40% equity interests in Pupu Sibo to Lei Wang with a total consideration of RMB186,500, of which, RMB100,000 (\$13,841) was received, and the remaining balance of RMB86,500 (\$11,903) was still outstanding as a receivable as of June 30, 2024.

The Company sold 36% equity interests in Shenzhen JamBox to Wanquan Yi with a consideration of RMB1,800,000 or \$249,142, which was still outstanding as a receivable as of June 30, 2024.

The Company sold 60% equity interests in Xiamen Pupu Investment to Mr. Huang, the Chairman of the Company, with nil consideration. The Company sold 40% equity interests in Xiamen Pupu Investment to Mr. Jiaming Wu, an employee of the Company with nil consideration.

The Company provided event hosting services to Xiamen Pupu Investment in the amount of RMB19,292,452.83, or \$2,670,310.

The Company provided technical services to Hualiu Boying in the amount of RMB127,139, or \$18,598.

Weiyi Lin repaid loan amount of RMB96,300, or \$13,329, to the Company.

Loan guarantees for the Company provided by Mr. Huang, the Chairman of the Company, and his spouse, please refer to “Note 13—Bank Loans.”

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15. INCOME TAXES

Cayman Islands

The Company was incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, the Company is not subject to income or capital gains taxes. In addition, dividend payments are not subject to withholdings tax in the Cayman Islands.

Hong Kong

On March 21, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on March 28, 2018 and was announced on the following day. Under the two-tiered profits tax rates regime, the first 2 million Hong Kong Dollar (“HKD”) of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%.

PRC

Generally, WFOE, VIE, and VIE subsidiaries, which were incorporated in PRC, are subject to enterprise income tax on their taxable income as determined under PRC tax laws and accounting standards at a rate of 25%.

According to Taxation 2023 No. 6, which was effective from January 1, 2023 to December 31, 2024, an enterprise is recognized as a small-scale and low-profit enterprise when its taxable income is less than RMB3 million. A small-scale and low-profit enterprise receives a tax preference including a preferential tax rate of 5% on its taxable income below RMB3 million. In accordance with Taxation 2023 No. 12, the preference tax policy as stipulated in Taxation 2023 No. 6 will be extended to December 31, 2027. During the fiscal year ended June 30, 2024, except for Pop Culture, Heliheng, and Guangzhou Shuzhi, other WFOE, VIE, and VIE subsidiaries were qualified as small-scale and low-profit enterprises.

- i) The components of the income tax provision were as follows:

	For the fiscal years ended June 30,		
	2024	2023	2022
Current income tax provision	\$ 124,419	\$ 218,962	\$ 1,205,276
Deferred income tax expense(benefit)	-	455,602	(334,045)
Total	\$ 124,419	\$ 674,564	\$ 871,231

The following table reconciles the statutory rate to the Company’s effective tax rate for the fiscal years ended June 30, 2024, 2023, and 2022:

	For the fiscal years ended June 30,		
	2024	2023	2022
China Statutory income tax rate	25.00%	25.00%	25.00%
Temporary difference	0.00%	(4.76)%	21.04%
Permanent difference	5.01%	(0.01)%	1.03%
Effect of different tax jurisdiction	(12.55)%	(10.10)%	8.81%
Effect of favorable tax rates on small-scale and low-profit entities	(1.20)%	0.41%	-%
Change in valuation allowance	(17.26)%	(13.28)%	-%
Effective tax rate	(1.00)%	(2.74)%	55.88%

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15. INCOME TAXES-Continued

The tax effect of temporary difference under ASC 740 “Accounting for Income Taxes” that gives rise to deferred tax asset as of June 30, 2024 and 2023 was as follows:

	As of June 30,	
	2024	2023
Deferred tax assets:		
Net operating loss carry forwards	\$ 2,913,175	\$ 3,266,711
Allowance for credit loss	3,219,545	1,092,957
Total deferred tax assets	6,132,720	4,359,668
Valuation allowance	(6,132,720)	(4,359,668)
Total deferred tax assets, net	\$ -	\$ -

16. LEASE

Supplemental balance sheet information related to the operating lease was as follows:

	As of June 30,	
	2024	2023
Right-of-use assets	\$ 35,273	\$ 84,892
Operating lease liabilities - current	\$ 45,269	\$ 65,115
Operating lease liabilities - non-current	-	39,634
Total operating lease liabilities	\$ 45,269	\$ 104,749

The Company’s principal executive offices are located in Xiamen, Fujian, China, where Pupu Digital leases an office in Xiamen from an independent third party with an area of approximately 930 square meters, with a lease term of one year from March 21, 2024 to March 20, 2025 and a monthly rent of RMB27,888 (approximately \$3,846).

Xiamen Pop Culture leases an office in Xiamen from an independent third party with an area of approximately 434 square meters, with a lease term of one year from January 20, 2023 to January 19, 2024 and a monthly rent of RMB12,154 (approximately \$1,676).

Jiangxi Hualiu leases an office in Xiamen from an independent third party with an area of approximately 501 square meters, with a lease term of one year from March 21, 2024 to March 20, 2025 and a monthly rent of RMB12,523 (approximately \$1,727).

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16. LEASE-Continued

Xiamen Pop Culture leases offices from an independent third party with an area of approximately 22,227 square meters, with a lease term from March 1, 2022 to February 28, 2025 and a monthly rent of RMB50,000 (approximately \$6,952) and an increase in the monthly rent every year. The lease agreement was terminated on December 31, 2022.

Guangzhou Shuzhi leases an office in Guangzhou from an independent third party with an area of approximately 71 square meters, with a lease term of two years from August 1, 2022 to August 1, 2024 and a monthly rent of RMB5000 (approximately \$690). Guangzhou Shuzhi purchased the building in October 2022, and terminated the lease agreement.

Guangzhou Shuzhi leases an office in Guangzhou from an independent third party with an area of approximately 68 square meters, with a lease term of one and half years from January 1, 2022 to July 31, 2023. The monthly rent from January 1, 2022 to July 31, 2022 was RMB10,976 (approximately \$1,514), and RMB11,628 (approximately \$1,604) from August 1, 2022 to July 31, 2023. On February 1, 2023, the monthly rent was changed to RMB9,113 (approximately \$1,257).

Guangzhou Shuzhi leased an office in Guangzhou from an independent third party with an area of approximately 284 square meters, with a lease term of one and half years from January 1, 2022 to July 31, 2023. The monthly rent from January 1, 2022 to July 31, 2022 was RMB44,012 (approximately \$6,070), and RMB46,635 (approximately \$6,431) from August 1, 2022 to July 31, 2023. The lease agreement was terminated on February 1, 2023.

Shenzhen Pop leases an office in Shenzhen from an independent third party with an area of approximately 294 square meters, with a lease term of one year from March 9, 2022 to March 8, 2025 and a monthly rent ranging from RMB38,408 (approximately \$5,297) to RMB44,463 (approximately \$6,118).

Xiamen Pop Culture leases an office in Xiamen from an independent third party with an area of approximately 413 square meters, with a lease term starting from September 1, 2023 to a day either party ask to terminate, and a monthly rent ranging from RMB28,800 (approximately \$3,963).

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16. LEASE-Continued

The weighted average remaining lease terms and discount rates for the operating lease of Shenzhen Pop as of June 30, 2024 were as follows:

Remaining lease term and discount rate:

Weighted average remaining lease term (years)	0.68
Weighted average discount rate	6.92%

During the fiscal years ended June 30, 2024, 2023, and 2022, the Company incurred total operating lease expenses of \$50,881, \$120,261, and \$84,552, respectively.

As of June 30, 2024, the future minimum rent payable under the non-cancelable operating lease for fiscal years ended June 30 were:

2025	46,454
Less: imputed interest	(1,185)
Present value of lease liabilities	<u>\$ 45,269</u>

17. DISPOSAL OF SUBSIDIARIES

On January 22, 2024, the Company sold 36% of the equity interests in Shenzhen JamBox, which was the Company's 56% owned subsidiary, to Wanquan Yi, with a consideration of RMB1,800,000, or US\$249,142. On March 6, 2024, the Company sold 100% of the equity interests in Xiamen Pupu Investment, which was the Company's wholly owned subsidiary, to two related parties with nil consideration. Both transactions resulted in a loss of control of the two subsidiaries. Both subsidiaries were not significant subsidiaries and the dispositions did not constitute a strategic shift that would have major effect on the Company's operations and financial results. As a result, the operation results of the two subsidiaries were not reported as a discontinued operations under the guidance of ASC 205 "Preparation of Financial Statements." For the fiscal year ended June 30, 2024, the Company recognized a gain of \$1,242,135 and \$265 on disposal of Shenzhen JamBox and Xiamen Pupu Investment, respectively. In addition, the Company considered the retained value of \$0 as part of the impairment assessment immediately prior to the disposition of Shenzhen JamBox, since Shenzhen JamBox had been operating at losses with accumulated deficit.

18. ORDINARY SHARES

On January 3, 2020, 916,500 ordinary shares, par value \$0.01 per share, were held by Joya Enterprises Limited. On February 22, 2020, the Company issued 376,091 ordinary shares, par value \$0.01 per share, to certain founding shareholders, and 201,540 ordinary shares to two new shareholders who made the capital injection of \$2,557,654 in October 2019.

On April 28, 2020, shareholders of the Company approved the re-designation of 576,308 of the Company's issued ordinary shares held by Joya Enterprises Limited into 576,308 Class B ordinary shares and an aggregate of 917,823 of the Company's issued ordinary shares held by Joya Enterprises Limited and certain other shareholders into 917,823 Class A ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. In respect of matters requiring a shareholder vote, each holder of Class A ordinary shares will be entitled to one vote per one Class A ordinary share and each holder of Class B ordinary shares will be entitled to seven votes per one Class B ordinary share. The Class A ordinary shares are not convertible into shares of any other class. The Class B ordinary shares are convertible into Class A ordinary shares at any time after issuance at the option of the holder on a one-to-one basis.

On May 30, 2020, the Company issued 50,000 Class A ordinary shares to two original shareholders of Pop Culture for a nominal cash consideration of \$500 as part of the Reorganization. The shares and per share data as of June 30, 2019 are presented on a retroactive basis to reflect the above share issuances and re-designation.

On May 30, 2020, the Company also issued an aggregate of 134,360 Class A ordinary shares to five new investors for a cash consideration of \$1,707,893 pursuant to certain share purchase agreements entered into on September 30, 2019. This share issuance is presented on a prospective basis.

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18. ORDINARY SHARES-Continued

On February 9, 2021, the Company issued 106,509 Class A ordinary shares to non-controlling shareholders of Pop Culture to acquire their 6.45% non-controlling interests in Pop Culture, which resulted in Pop Culture becoming a VIE fully controlled by the Company. The Company has accounted this acquisition of non-controlling interest as an equity transaction with no gain or loss recognized in accordance with ASC 810-10-45.

The subscription receivable presents the receivable for the issuance of ordinary shares of the Company and is reported as a deduction of equity. Subscription receivable has no payment terms nor any interest receivable accrual.

On July 2, 2021, the Company closed its initial public offering of 620,000 Class A ordinary shares. The Class A ordinary shares were priced at \$60.00 per share, and the offering was conducted on a firm commitment basis. The Company received an aggregate amount of \$34,839,398 representing payment in full to the Company of the purchase price for 620,000 shares in the aggregate amount of \$37,200,000 less underwriting discounts and expenses pursuant to the underwriting agreement dated June 30, 2021.

On October 9, 2023, the Company held an extraordinary meeting of shareholders, during which the shareholders approved a proposal to effect a share consolidation of each 10 ordinary shares with par value of \$0.001 each in the Company's issued and unissued share capital into one ordinary share with par value of \$0.01 each. Consolidation became effective on October 26, 2023, and the Class A Ordinary Shares began trading on a post-Share Consolidation basis on the Nasdaq Capital Market when the market opened on October 27, 2023 under the same symbol "CPOP." 34,040 fractional shares were issued in connection with the Share Consolidation. All fractional shares were rounded up to the whole number of shares. Each 10 pre-split ordinary shares outstanding automatically combined and converted to one issued and outstanding ordinary share without any action on the part of the shareholders. The Company has retroactively restated all share and per share data for all of the periods presented pursuant to ASC 260 to reflect the Share Consolidation.

On March 21, 2024, the Company issued 1,500,000 Class A ordinary shares to several shareholders to raise capital of \$4,290,000 with price of \$2.86 per share. After deducting the offering cost of \$1,989,777, the net proceeds from the capital raising were \$2,300,223.

19. STATUTORY RESERVE

WFOE, VIE, and VIE subsidiaries, which are incorporated in PRC, are required to reserve 10% of their net profit after income tax, as determined in accordance with the PRC accounting rules and regulations. Appropriation to the statutory reserve by the Company is based on profit arrived at under PRC accounting standards for business enterprises for each year. The profit arrived at must be set off against any accumulated losses sustained by the Company in prior years, before allocation is made to the statutory reserve. Appropriation to the statutory reserve must be made before distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital, which was \$12,694,463 as of June 30, 2024. This statutory reserve is not distributable in the form of cash dividends.

For the fiscal years ended June 30, 2024, 2023, and 2022, the Company provided statutory reserve as follows:

Balance - June 30, 2021	\$ 1,241,573
Appropriation to statutory reserve	257,796
Balance - June 30, 2022	1,499,369
Appropriation to statutory reserve	37,859
Balance - June 30, 2023	1,537,228
Appropriation to statutory reserve	1,215
Balance - June 30, 2024	\$ 1,538,443

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20. RESTRICTED NET ASSETS

Relevant PRC laws and regulations restrict WFOE, Pop Culture, and subsidiaries of Pop Culture from transferring a portion of their net assets, equivalent to the balance of their paid-in-capital, additional paid-in-capital and statutory reserves to the Company in the form of loans, advances, or cash dividends. Relevant PRC statutory laws and regulations permit the payments of dividends by WFOE, Pop Culture, and subsidiaries of Pop Culture from their respective retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. As of June 30, 2024 and 2023, the balance of restricted net assets was \$16,577,130 and \$16,378,052, respectively.

21. SUBSEQUENT EVENTS

The Company has evaluated events subsequent to the balance sheet date of June 30, 2024 through November 15, 2024, the date on which the consolidated financial statements were issued, and concluded that there are no other material reportable subsequent events except disclosed below that would have required adjustment or disclosure in the financial statements.

On August 23, 2024, the Company closed a private placement (the “Private Placement”) pursuant to certain subscription agreements dated August 6, 2024 with 12 investors (the “Subscribers”). The Company issued and sold an aggregate of 10,000,000 Class A ordinary shares, par value \$0.01 per share, to the Subscribers at a price of \$1.00 per share and received gross proceeds of \$10 million.

On July 11, 2024, the Company closed the acquisition of 98% of the issued share capital in Yi Caishen (Xiamen) Trading Co., Ltd., a limited liability company incorporated in China (the “Target Company”), pursuant to a share purchase agreement (the “Share Purchase Agreement”), dated May 29, 2024, by and between the Company’s wholly owned subsidiary, Pop HK, and Shaorong Zheng, a shareholder of the Target Company. The Company issued an aggregate of 1,000,000 Class A ordinary shares, par value US\$0.01 per share, with an aggregate value of \$1,100,000, to Shaorong Zheng as consideration for 98% of the issued share capital in the Target Company.

As of the date of this annual report, the Acquisition of Yi Caishen has not been consummated.

On September 9, 2024, Pupu Digital, a wholly owned subsidiary of Xiamen Pop Culture, entered into a liquidity loan contract with Bank of Communications Company Limited, Xiamen Branch, under which Pupu Digital borrowed RMB3 million from Bank of Communications, Xiamen Branch for a credit period from September 9, 2024 to September 9, 2027, and the term of each of the loans to be drawn down under such contract shall not exceed 12 months.

POP CULTURE GROUP CO., LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, except share data)

22. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

The Company performed a test on the restricted net assets of its consolidated subsidiaries, the VIE, and the VIE's subsidiaries in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e)(3), "General Notes to Financial Statements" and concluded that it was applicable for the Company to disclose the financial information for the parent company only.

The subsidiaries did not pay any dividend to the Company for the years presented. Certain information and footnote disclosures generally included in financial statements prepared in accordance with U.S. GAAP have been condensed and omitted. The footnote disclosures contain supplemental information relating to the operations of the Company, as such, these statements should be read in conjunction with the notes to the consolidated financial statements of the Company.

As of June 30, 2024, the Company did not have significant capital commitments and other significant commitments, or guarantees, except for those which have been separately disclosed in the consolidated financial statements.

Condensed Balance Sheets

	As of June 30,	
	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 10,711	\$ 1,095,007
Digital assets, net	140,586	-
Prepaid expenses and other current assets	4,409,914	4,179,826
Due from subsidiaries and the VIE	4,408,299	2,607,402
TOTAL CURRENT ASSETS	8,969,510	7,882,235
Other non-current assets	-	5,062,966
Investments in subsidiaries, consolidated VIE, and VIE's subsidiaries	6,372,217	13,821,695
TOTAL ASSETS	15,341,727	26,766,896
LIABILITIES AND SHAREHOLDERS' EQUITY		
Other Payable	\$ 32,795	\$ 31,600
TOTAL CURRENT LIABILITIES	\$ 32,795	\$ 31,600
TOTAL LIABILITIES	32,795	31,600
SHAREHOLDERS' EQUITY		
Ordinary shares (par value \$0.01 per share; 64,400,000 Class A ordinary shares authorized; 3,362,733 and 1,862,733 Class A ordinary shares issued and outstanding as of June 30, 2024 and 2023, respectively; 10,600,000 Class B ordinary shares authorized, 576,308 Class B ordinary shares issued and outstanding as of June 30, 2024 and 2023, 1,000,000 Class C ordinary shares authorized, nil Class C shares issued and outstanding as of June 30, 2024 and 2023)*	39,390	24,050
Subscription receivable	(15,441)	(15,441)
Additional paid-in capital	42,459,143	40,174,260
Retained earnings	(25,468,546)	(11,802,701)
Accumulated other comprehensive (loss) income	(1,705,614)	(1,644,872)
TOTAL SHAREHOLDERS' EQUITY	15,308,932	26,735,296
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 15,341,727	\$ 26,766,896

* Retroactively restated to reflect 1-for-10 share consolidation effective on October 26, 2023

POP CULTURE GROUP CO., LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, except share data)

22. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION-Continued

Condensed Statements of Operations and Comprehensive Income (Loss)

	For the fiscal years ended June 30,		
	2024	2023	2022
Revenue	\$ 150,000	\$ 257,169	\$ -
Cost of Revenue	139,414	150,000	-
Gross profit	\$ 10,586	107,169	\$ -
Selling expenses	-	125,000	-
General and administrative expenses	\$ 6,289,253	\$ 1,128,970	\$ 1,594,856
Financial expenses (income), net	(1,626)	(1,452)	(11,094)
Research and development expenses	-	8,671,107	-
Loss from operation	(6,277,041)	(9,816,456)	(1,583,762)
Other loss	(69)	(114,097)	-
Share of (loss) income of subsidiaries, consolidated VIE, and VIE's subsidiaries	(6,130,017)	(14,399,862)	2,371,720
(Loss) Income before income tax expenses	(12,407,127)	(24,330,415)	787,958
Income tax expenses	-	-	-
Net (loss) income	\$ (12,407,127)	\$ (24,330,415)	\$ 787,958
Other Comprehensive income (loss)	-	-	-
Foreign currency translation adjustment	(60,742)	(1,713,891)	(873,803)
Total comprehensive loss	\$ (12,467,869)	\$ (26,044,306)	\$ (85,845)

POP CULTURE GROUP CO., LTD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, except share data)

22. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION-Continued

Condensed Statements of Cash Flows

	For the fiscal years ended June 30,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (12,407,127)	\$ (24,330,415)	\$ (8,226,043)
Depreciation and amortization	-	696,000	-
Impairment	5,200,000	-	-
Equity loss of subsidiaries	6,130,017	14,399,862	-
Other current assets	(370,674)	70,245	-
Other payable	(1,800,897)	(58,565)	-
Due from subsidiaries and the VIE	1,196	(2,607,402)	-
Other non-current assets	(137,034)	8,440,200	-
Net cash used in operating activities	\$ (3,384,519)	\$ (3,390,075)	\$ (8,226,043)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment in a subsidiary	-	-	(11,050,252)
Purchase of intangible assets	-	-	(720,000)
Advance paid for agent license	-	(4,600,000)	-
Net cash used in investing activities	-	(4,600,000)	(11,770,252)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of shares	4,290,000	-	33,521,725
Payment for deferred offering costs	(1,989,777)	-	(3,570,805)
Net cash provided by financing activities	2,300,223	-	29,950,920
Effect of exchange rate changes	-	-	(873,803)
Net (decrease) increase in cash	(1,084,296)	(7,990,075)	9,080,822
Cash at beginning of year	1,095,007	9,085,082	4,260
Cash at end of year	\$ 10,711	\$ 1,095,007	\$ 9,085,082

Companies Act (Revised)

Company Limited by Shares

AMENDED AND RESTATED

**MEMORANDUM OF ASSOCIATION
OF
POP CULTURE GROUP CO., LTD
普普文化集團有限公司**

(Adopted by Special Resolution passed on 26 March 2024)



www.verify.gov.ky File#: 358728

Filed: 17-Apr-2024 10:12 EST

Auth Code: C30787432908

Companies Act (Revised)
Company Limited by Shares
Amended and Restated Memorandum of Association
of
Pop Culture Group Co., Ltd
普普文化集团有限公司

(Adopted by Special Resolution passed on 26 March 2024)

- 1 The name of the Company is Pop Culture Group Co., Ltd 普普文化集团有限公司.
- 2 The Company's registered office is at Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands or at such other place in the Cayman Islands as the directors may at any time decide.
- 3 The Company's objects are unrestricted. As provided by section 7(4) of the Companies Act (Revised), the Company has full power and authority to carry out any object not prohibited by any law of the Cayman Islands.
- 4 The Company has unrestricted corporate capacity. Without limitation to the foregoing, as provided by section 27(2) of the Companies Act (Revised), the Company has and is capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit.
- 5 Nothing in any of the preceding paragraphs permits the Company to carry on any of the following businesses without being duly licensed, namely:
 - (a) the business of a bank or trust company without being licensed in that behalf under the Banks and Trust Companies Act (Revised); or
 - (b) insurance business from within the Cayman Islands or the business of an insurance manager, agent, sub-agent or broker without being licensed in that behalf under the Insurance Act (Revised); or
 - (c) the business of company management without being licensed in that behalf under the Companies Management Act (Revised).
- 6 Unless licensed to do so, the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of its business carried on outside the Cayman Islands. Despite this, the Company may effect and conclude contracts in the Cayman Islands and exercise in the Cayman Islands any of its powers necessary for the carrying on of its business outside the Cayman Islands.



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Filed: 17-Apr-2024 10:12 EST

Auth Code: C30787432908

- 7 The Company is a company limited by shares and accordingly the liability of each member is limited to the amount (if any) unpaid on that member's shares.
- 8 The share capital of the Company is US\$760,000 divided into 64,400,000 Class A Ordinary Shares of par value US\$0.01 each, 10,600,000 Class B Ordinary Shares of par value US\$0.01 each and 1,000,000 Class C Ordinary Shares of par value US\$0.01 each. Subject to the Companies Act (Revised) and the Company's articles of association, the Company has power to do any one or more of the following:
- (a) to redeem or repurchase any of its shares; and
 - (b) to increase or reduce its capital; and
 - (c) to issue any part of its capital (whether original, redeemed, increased or reduced):
 - (i) with or without any preferential, deferred, qualified or special rights, privileges or conditions; or
 - (ii) subject to any limitations or restrictionsand unless the condition of issue expressly declares otherwise, every issue of shares (whether declared to be ordinary, preference or otherwise) is subject to this power; or
 - (d) to alter any of those rights, privileges, conditions, limitations or restrictions.
- 9 The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.



Companies Act (Revised)

Company Limited By Shares

**AMENDED AND RESTATED
ARTICLES OF ASSOCIATION
OF
POP CULTURE GROUP CO., LTD
普普文化集团有限公司**

(Adopted by Special Resolution passed on [26 March] 2024)



www.verify.gov.ky File#: 358728

Filed: 17-Apr-2024 10:12 EST

Auth Code: C30787432908

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Companies Act (Revised)
Company Limited by Shares

Amended and Restated
Articles of Association

of

POP CULTURE GROUP CO., LTD
普普文化集团有限公司

(Adopted by Special Resolution passed on [26 March] 2024)

1 Definitions, interpretation and exclusion of Table A

Definitions

1.1 In these Articles, the following definitions apply:

ADS means an American depository share representing an Ordinary Share;

Articles means, as appropriate:

(a) these articles of association as amended from time to time: or

(b) two or more particular articles of these Articles;

and **Article** refers to a particular article of these Articles;

Auditors means the auditor or auditors for the time being of the Company;

Board means the board of Directors from time to time;

Business Day means a day when banks in Grand Cayman, the Cayman Islands are open for the transaction of normal banking business and for the avoidance of doubt, shall not include a Saturday, Sunday or public holiday in the Cayman Islands;

Cayman Islands means the British Overseas Territory of the Cayman Islands;



www.verify.gov.ky File#: 358728

Filed: 17-Apr-2024 10:12 EST

Auth Code: C30787432908

Class A Ordinary Share means an Ordinary Share designated by the directors as a Class A Ordinary Share;

Class B Ordinary Share means an Ordinary Share designated by the directors as a Class B Ordinary Share;

Class C Ordinary Share means an Ordinary Share designated by the directors as a Class C Ordinary Share;

Clear Days, in relation to a period of notice, means that period excluding:

- (a) the day when the notice is given or deemed to be given; and
- (b) the day for which it is given or on which it is to take effect;

Commission means Securities and Exchange Commission of the United States of America or other federal agency for the time being administering the U.S. Securities Act;

Company means the above-named company;

Default Rate means ten per cent per annum;

Designated Stock Exchanges means the NASDAQ Stock Market LLC in the United States of America for so long as the Company's Shares or ADSs are there listed and any other stock exchange on which the Company's Shares or ADSs are listed for trading;

Designated Stock Exchange Rules means the relevant code, rules and regulations, as amended, from time to time, applicable as a result of the original and continued listing of any Shares or ADSs on the Designated Stock Exchanges;

Directors means the directors for the time being of the Company and the expression Director shall be construed accordingly;

Electronic has the meaning given to that term in the Electronic Transactions Act (Revised) of the Cayman Islands;

Electronic Record has the meaning given to that term in the Electronic Transactions Act (Revised) of the Cayman Islands;

Electronic Signature has the meaning given to that term in the Electronic Transactions Act (Revised) of the Cayman Islands;



www.verify.gov.ky File#: 358728

Filed: 17-Apr-2024 10:12 EST

Auth Code: C30787432908

Fully Paid Up means:

- (a) in relation to a Share with par value, means that the par value for that Share and any premium payable in respect of the issue of that Share, has been fully paid or credited as paid in money or money's worth; and
- (b) in relation to a Share without par value, means that the agreed issue price for that Share has been fully paid or credited as paid in money or money's worth;

General Meeting means a general meeting of the Company duly constituted in accordance with the Articles;

Independent Director means a Director who is an independent director as defined in the Designated Stock Exchange Rules as determined by the Board;

Law means the Companies Act (Revised) of the Cayman Islands, including any statutory modification or re-enactment thereof for the time being in force;

Member means any person or persons entered on the register of Members from time to time as the holder of a Share;

Memorandum means the memorandum of association of the Company as amended from time to time;

month means a calendar month;

Officer means a person appointed to hold an office in the Company including a Director, alternate Director or liquidator and excluding the Secretary;

Ordinary Resolution means a resolution of a General Meeting passed by a simple majority of Members who (being entitled to do so) vote in person or by proxy at that meeting. The expression includes a unanimous written resolution;

Ordinary Share means an ordinary share in the capital of the Company having the rights set out in these Articles and issued as either a Class A Ordinary Share, Class B Ordinary Share or Class C Ordinary Share. In these Articles the term **Ordinary Share** shall embrace all classes of Ordinary Share except where reference is made to a specific class;



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Filed: 17-Apr-2024 10:12 EST

Auth Code: C30787432908

Partly Paid Up means:

- (a) in relation to a Share with par value, that the par value for that Share and any premium payable in respect of the issue of that Share, has not been fully paid or credited as paid in money or money's worth; and
- (b) in relation to a Share without par value, means that the agreed issue price for that Share has not been fully paid or credited as paid in money or money's worth;

Secretary means a person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;

Share means a share in the capital of the Company and the expression:

- (a) includes stock (except where a distinction between shares and stock is expressed or implied); and
- (b) where the context permits, also includes a fraction of a Share;

Special Resolution means a resolution of a General Meeting or a resolution of a meeting of the holders of any class of Shares in a class meeting duly constituted in accordance with the Articles in each case passed by a majority of not less than two-thirds of Members who (being entitled to do so) vote in person or by proxy at that meeting. The expression includes a unanimous written resolution;

Treasury Shares means Shares held in treasury pursuant to the Law and Article 2.13; and

U.S. Securities Act means the Securities Act of 1933 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

Voting Share means any Class A Ordinary Share or Class B Ordinary Share.

Interpretation

1.2 In the interpretation of these Articles, the following provisions apply unless the context otherwise requires:

- (a) A reference in these Articles to a statute is a reference to a statute of the Cayman Islands as known by its short title, and includes:
 - (i) any statutory modification, amendment or re-enactment; and



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- (ii) any subordinate legislation or regulations issued under that statute.

Without limitation to the preceding sentence, a reference to a revised Law of the Cayman Islands is taken to be a reference to the revision of that Law in force from time to time as amended from time to time.

- (b) Headings are inserted for convenience only and do not affect the interpretation of these Articles, unless there is ambiguity.
- (c) If a day on which any act, matter or thing is to be done under these Articles is not a Business Day, the act, matter or thing must be done on the next Business Day.
- (d) A word which denotes the singular also denotes the plural, a word which denotes the plural also denotes the singular, and a reference to any gender also denotes the other genders.
- (e) A reference to a **person** includes, as appropriate, a company, trust, partnership, joint venture, association, body corporate or government agency.
- (f) Where a word or phrase is given a defined meaning another part of speech or grammatical form in respect to that word or phrase has a corresponding meaning.
- (g) All references to time are to be calculated by reference to time in the place where the Company's registered office is located.
- (h) The words **written** and **in writing** include all modes of representing or reproducing words in a visible form, but do not include an Electronic Record where the distinction between a document in writing and an Electronic Record is expressed or implied.
- (i) The words **including**, **include** and **in particular** or any similar expression are to be construed without limitation.

1.3 The headings in these Articles are intended for convenience only and shall not affect the interpretation of these Articles.

Exclusion of Table A Articles

1.4 The regulations contained in Table A in the First Schedule of the Law and any other regulations contained in any statute or subordinate legislation are expressly excluded and do not apply to the Company.



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Filed: 17-Apr-2024 10:12 EST

Auth Code: C30787432908

2 Shares

Power to issue Shares and options, with or without special rights

- 2.1 Subject to the provisions of the Law and these Articles about the redemption and purchase of the Shares, the Directors have general and unconditional authority to allot (with or without confirming rights of renunciation), grant options over or otherwise deal with any unissued Shares to such persons, at such times and on such terms and conditions as they may decide. No Share may be issued at a discount except in accordance with the provisions of the Law.
- 2.2 Without limitation to the preceding Article, the Directors may so deal with the unissued Shares:
- (a) either at a premium or at par; or
 - (b) with or without preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise.
- 2.3 Without limitation to the two preceding Articles, the Directors may refuse to accept any application for Shares, and may accept any application in whole or in part, for any reason or for no reason.

Power to pay commissions and brokerage fees

- 2.4 The Company may pay a commission to any person in consideration of that person:
- (a) subscribing or agreeing to subscribe, whether absolutely or conditionally; or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,

for any Shares. That commission may be satisfied by the payment of cash or the allotment of Fully Paid Up or Partly Paid Up Shares or partly in one way and partly in another.

- 2.5 The Company may employ a broker in the issue of its capital and pay him any proper commission or brokerage.



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Auth Code: C30787432908

Trusts not recognised

2.6 Except as required by Law:

- (a) no person shall be recognised by the Company as holding any Share on any trust; and
- (b) no person other than the Member shall be recognised by the Company as having any right in a Share.

Security interests

2.7 Notwithstanding the preceding Article, the Company may (but shall not be obliged to) recognise a security interest of which it has actual notice over shares. The Company shall not be treated as having recognised any such security interest unless it has so agreed in writing with the secured party.

Power to vary class rights

2.8 Unless the terms on which a class of Shares was issued state otherwise, the rights attaching to a class of Shares may only be varied if one of the following applies:

- (a) the Members holding not less than two-thirds of the issued Shares of that class consent in writing to the variation; or
- (b) the variation is made with the sanction of a Special Resolution passed at a separate general meeting of the Members holding the issued Shares of that class.

2.9 For the purpose of Article 2.8(b), all the provisions of these Articles relating to general meetings apply, mutatis mutandis, to every such separate meeting except that:

- (a) the necessary quorum shall be one or more persons holding, or representing by proxy, not less than one third of the issued Shares of the class; and
- (b) any Member holding issued Shares of the class, present in person or by proxy or, in the case of a corporate Member, by its duly authorised representative, may demand a poll.

2.10 For the purposes of a separate class meeting, the Directors may treat two or more or all the classes of Shares as forming one class of Shares if the Directors consider that such classes of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of Shares.



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Effect of new Share issue on existing class rights

- 2.11 Unless the terms on which a class of Shares was issued state otherwise, the rights conferred on the Member holding Shares of any class shall not be deemed to be varied by the creation or issue of further Shares ranking *pari passu* with the existing Shares of that class.

No bearer Shares or warrants

- 2.12 The Company shall not issue Shares or warrants to bearers.

Treasury Shares

- 2.13 Shares that the Company purchases, redeems or acquires by way of surrender in accordance with the Law shall be held as Treasury Shares and not treated as cancelled if:

- (a) the Directors so determine prior to the purchase, redemption or surrender of those shares; and
- (b) the relevant provisions of the Memorandum and Articles and the Law are otherwise complied with.

Rights attaching to Treasury Shares and related matters

- 2.14 No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Members on a winding up) may be made to the Company in respect of a Treasury Share.
- 2.15 The Company shall be entered in the register of Members as the holder of the Treasury Shares. However:
- (a) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void; and
 - (b) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of these Articles or the Law.
- 2.16 Nothing in Article 2.15 prevents an allotment of Shares as Fully Paid Up bonus shares in respect of a Treasury Share and Shares allotted as Fully Paid Up bonus shares in respect of Treasury Share shall be treated as Treasury Shares.



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- 2.17 Treasury Shares may be disposed of by the Company in accordance with the Law and otherwise on such terms and conditions as the Directors determine.

Register of Members

- 2.18 The Directors shall keep or cause to be kept a register of Members as required by the Law and may cause the Company to maintain one or more branch registers as contemplated by the Law, provided that where the Company is maintaining one or more branch registers, the Directors shall ensure that a duplicate of each branch register is kept with the Company's principal register of Members and updated within such number of days of any amendment having been made to such branch register as may be required by the Law.

Annual Return

- 2.19 The Directors in each calendar year shall prepare or cause to be prepared an annual return and declaration setting forth the particulars required by the Law and shall deliver a copy thereof to the registrar of companies for the Cayman Islands.

3 Share certificates

Issue of share certificates

- 3.1 A Member shall only be entitled to a share certificate if the Directors resolve that share certificates shall be issued. Share certificates representing Shares, if any, shall be in such form as the Directors may determine. If the Directors resolve that share certificates shall be issued, upon being entered in the register of Members as the holder of a Share, the Directors may issue to any Member:
- (a) without payment, one certificate for all the Shares of each class held by that Member (and, upon transferring a part of the Member's holding of Shares of any class, to a certificate for the balance of that holding); and
 - (b) upon payment of such reasonable sum as the Directors may determine for every certificate after the first, several certificates each for one or more of that Member's Shares.
- 3.2 Every certificate shall specify the number, class and distinguishing numbers (if any) of the Shares to which it relates and whether they are Fully Paid Up or Partly Paid Up. A certificate may be executed under seal or executed in such other manner as the Directors determine.



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- 3.3 Every certificate shall bear legends required under the applicable laws, including the U.S. Securities Act.
- 3.4 The Company shall not be bound to issue more than one certificate for Shares held jointly by several persons and delivery of a certificate for a Share to one joint holder shall be a sufficient delivery to all of them.

Renewal of lost or damaged share certificates

- 3.5 If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to:
- (a) evidence;
 - (b) indemnity;
 - (c) payment of the expenses reasonably incurred by the Company in investigating the evidence; and
 - (d) payment of a reasonable fee, if any for issuing a replacement share certificate,
- as the Directors may determine, and (in the case of defacement or wearing-out) on delivery to the Company of the old certificate.

4 Lien on Shares

Nature and scope of lien

- 4.1 The Company has a first and paramount lien on all Shares (whether Fully Paid Up or not) registered in the name of a Member (whether solely or jointly with others). The lien is for all monies payable to the Company by the Member or the Member's estate:
- (a) either alone or jointly with any other person, whether or not that other person is a Member; and
 - (b) whether or not those monies are presently payable.
- 4.2 At any time the Board may declare any Share to be wholly or partly exempt from the provisions of this Article.



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Company may sell Shares to satisfy lien

4.3 The Company may sell any Shares over which it has a lien if all of the following conditions are met:

- (a) the sum in respect of which the lien exists is presently payable;
 - (b) the Company gives notice to the Member holding the Share (or to the person entitled to it in consequence of the death or bankruptcy of that Member) demanding payment and stating that if the notice is not complied with the Shares may be sold; and
 - (c) that sum is not paid within fourteen Clear Days after that notice is deemed to be given under these Articles,
- and Shares to which this Article 4.3 applies shall be referred to as Lien Default Shares.

4.4 The Lien Default Shares may be sold in such manner as the Board determines.

4.5 To the maximum extent permitted by law, the Directors shall incur no personal liability to the Member concerned in respect of the sale.

Authority to execute instrument of transfer

4.6 To give effect to a sale, the Directors may authorise any person to execute an instrument of transfer of the Lien Default Shares sold to, or in accordance with the directions of, the purchaser.

4.7 The title of the transferee of the Lien Default Shares shall not be affected by any irregularity or invalidity in the proceedings in respect of the sale.

Consequences of sale of Shares to satisfy lien

4.8 On a sale pursuant to the preceding Articles:

- (a) the name of the Member concerned shall be removed from the register of Members as the holder of those Lien Default Shares; and
- (b) that person shall deliver to the Company for cancellation the certificate (if any) for those Lien Default Shares.



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- 4.9 Notwithstanding the provisions of Article 4.8, such person shall remain liable to the Company for all monies which, at the date of sale, were presently payable by him to the Company in respect of those Lien Default Shares. That person shall also be liable to pay interest on those monies from the date of sale until payment at the rate at which interest was payable before that sale or, failing that, at the Default Rate. The Board may waive payment wholly or in part or enforce payment without any allowance for the value of the Lien Default Shares at the time of sale or for any consideration received on their disposal.

Application of proceeds of sale

- 4.10 The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable. Any residue shall be paid to the person whose Lien Default Shares have been sold:
- (a) if no certificate for the Lien Default Shares was issued, at the date of the sale; or
 - (b) if a certificate for the Lien Default Shares was issued, upon surrender to the Company of that certificate for cancellation
- but, in either case, subject to the Company retaining a like lien for all sums not presently payable as existed on the Lien Default Shares before the sale.

5 Calls on Shares and forfeiture

Power to make calls and effect of calls

- 5.1 Subject to the terms of allotment, the Board may make calls on the Members in respect of any monies unpaid on their Shares including any premium. The call may provide for payment to be by instalments. Subject to receiving at least 14 Clear Days' notice specifying when and where payment is to be made, each Member shall pay to the Company the amount called on his Shares as required by the notice.
- 5.2 Before receipt by the Company of any sum due under a call, that call may be revoked in whole or in part and payment of a call may be postponed in whole or in part. Where a call is to be paid in instalments, the Company may revoke the call in respect of all or any remaining instalments in whole or in part and may postpone payment of all or any of the remaining instalments in whole or in part.



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- 5.3 A Member on whom a call is made shall remain liable for that call notwithstanding the subsequent transfer of the Shares in respect of which the call was made. He shall not be liable for calls made after he is no longer registered as Member in respect of those Shares.

Time when call made

- 5.4 A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.

Liability of joint holders

- 5.5 Members registered as the joint holders of a Share shall be jointly and severally liable to pay all calls in respect of the Share.

Interest on unpaid calls

- 5.6 If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid:

- (a) at the rate fixed by the terms of allotment of the Share or in the notice of the call; or
- (b) if no rate is fixed, at the Default Rate.

The Directors may waive payment of the interest wholly or in part.

Deemed calls

- 5.7 Any amount payable in respect of a Share, whether on allotment or on a fixed date or otherwise, shall be deemed to be payable as a call. If the amount is not paid when due the provisions of these Articles shall apply as if the amount had become due and payable by virtue of a call.

Power to accept early payment

- 5.8 The Company may accept from a Member the whole or a part of the amount remaining unpaid on Shares held by him although no part of that amount has been called up.



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Power to make different arrangements at time of issue of Shares

- 5.9 Subject to the terms of allotment, the Directors may make arrangements on the issue of Shares to distinguish between Members in the amounts and times of payment of calls on their Shares.

Notice of default

- 5.10 If a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than 14 Clear Days' notice requiring payment of:
- (a) the amount unpaid;
 - (b) any interest which may have accrued;
 - (c) any expenses which have been incurred by the Company due to that person's default.
- 5.11 The notice shall state the following:
- (a) the place where payment is to be made; and
 - (b) a warning that if the notice is not complied with the Shares in respect of which the call is made will be liable to be forfeited.

Forfeiture or surrender of Shares

- 5.12 If the notice given pursuant to Article 5.10 is not complied with, the Directors may, before the payment required by the notice has been received, resolve that any Share the subject of that notice be forfeited. The forfeiture shall include all dividends or other monies payable in respect of the forfeited Share and not paid before the forfeiture. Despite the foregoing, the Board may determine that any Share the subject of that notice be accepted by the Company as surrendered by the Member holding that Share in lieu of forfeiture.

Disposal of forfeited or surrendered Share and power to cancel forfeiture or surrender

- 5.13 A forfeited or surrendered Share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Board determine either to the former Member who held that Share or to any other person. The forfeiture or surrender may be cancelled on such terms as the Directors think fit at any time before a sale, re-allotment or other disposition. Where, for the purposes of its disposal, a forfeited or surrendered Share is to be transferred to any person, the Directors may authorise some person to execute an instrument of transfer of the Share to the transferee.



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Effect of forfeiture or surrender on former Member

5.14 On forfeiture or surrender:

- (a) the name of the Member concerned shall be removed from the register of Members as the holder of those Shares and that person shall cease to be a Member in respect of those Shares; and
- (b) that person shall surrender to the Company for cancellation the certificate (if any) for the forfeited or surrendered Shares.

5.15 Despite the forfeiture or surrender of his Shares, that person shall remain liable to the Company for all monies which at the date of forfeiture or surrender were presently payable by him to the Company in respect of those Shares together with:

- (a) all expenses; and
- (b) interest from the date of forfeiture or surrender until payment:
 - (i) at the rate of which interest was payable on those monies before forfeiture; or
 - (ii) if no interest was so payable, at the Default Rate.

The Directors, however, may waive payment wholly or in part.

Evidence of forfeiture or surrender

5.16 A declaration, whether statutory or under oath, made by a Director or the Secretary shall be conclusive evidence of the following matters stated in it as against all persons claiming to be entitled to forfeited Shares:

- (a) that the person making the declaration is a Director or Secretary of the Company, and
- (b) that the particular Shares have been forfeited or surrendered on a particular date.

Subject to the execution of an instrument of transfer, if necessary, the declaration shall constitute good title to the Shares.



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Sale of forfeited or surrendered Shares

- 5.17 Any person to whom the forfeited or surrendered Shares are disposed of shall not be bound to see to the application of the consideration, if any, of those Shares nor shall his title to the Shares be affected by any irregularity in, or invalidity of the proceedings in respect of, the forfeiture, surrender or disposal of those Shares.

6 Transfer of Shares

Right to transfer

- 6.1 The instrument of transfer of any Share shall be in writing and in any usual or common form or such other form as the Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if in respect of a nil or Partly Paid Up Share, or if so required by the Directors, shall also be executed on behalf of the transferee and shall be accompanied by the certificate (if any) of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a Member until the name of the transferee is entered in the register of Members in respect of the relevant Shares.
- 6.2 The Directors may in their absolute discretion decline to register any transfer of Shares which is not Fully Paid Up or on which the Company has a lien.
- 6.3 The Directors may also, but are not required to, decline to register any transfer of any Share unless:
- (a) the instrument of transfer is lodged with the Company, accompanied by the certificate (if any) for the Shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
 - (b) the instrument of transfer is in respect of only one class of Shares;
 - (c) the instrument of transfer is properly stamped, if required;
 - (d) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four;
 - (e) the Shares transferred are Fully Paid Up and free of any lien in favour of the Company; and
 - (f) any applicable fee of such maximum sum as the Designated Stock Exchanges may determine to be payable, or such lesser sum as the Board may from time to time require, related to the transfer is paid to the Company.



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Suspension of transfers

- 6.4 The registration of transfers may, on 14 days' notice being given by advertisement in such one or more newspapers or by electronic means, be suspended and the register of Members closed at such times and for such periods as the Directors may, in their absolute discretion, from time to time determine, provided always that such registration of transfer shall not be suspended nor the register of Members closed for more than 30 days in any year.

Company may retain instrument of transfer

- 6.5 All instruments of transfer that are registered shall be retained by the Company.

Notice of refusal to register

- 6.6 If the Directors refuse to register a transfer of any Shares, they shall within three months after the date on which the instrument of transfer was lodged with the Company send to each of the transferor and the transferee notice of the refusal.

7 Transmission of Shares

Persons entitled on death of a Member

- 7.1 If a Member dies, the only persons recognised by the Company as having any title to the deceased Members' interest are the following:
- (a) where the deceased Member was a joint holder, the survivor or survivors; and
 - (b) where the deceased Member was a sole holder, that Member's personal representative or representatives.
- 7.2 Nothing in these Articles shall release the deceased Member's estate from any liability in respect of any Share, whether the deceased was a sole holder or a joint holder.



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Registration of transfer of a Share following death or bankruptcy

- 7.3 A person becoming entitled to a Share in consequence of the death or bankruptcy of a Member may elect to do either of the following:
- (a) to become the holder of the Share; or
 - (b) to transfer the Share to another person.
- 7.4 That person must produce such evidence of his entitlement as the Directors may properly require.
- 7.5 If the person elects to become the holder of the Share, he must give notice to the Company to that effect. For the purposes of these Articles, that notice shall be treated as though it were an executed instrument of transfer.
- 7.6 If the person elects to transfer the Share to another person then:
- (a) if the Share is Fully Paid Up, the transferor must execute an instrument of transfer; and
 - (b) if the Share is nil or Partly Paid Up, the transferor and the transferee must execute an instrument of transfer.
- 7.7 All the Articles relating to the transfer of Shares shall apply to the notice or, as appropriate, the instrument of transfer.

Indemnity

- 7.8 A person registered as a Member by reason of the death or bankruptcy of another Member shall indemnify the Company and the Directors against any loss or damage suffered by the Company or the Directors as a result of that registration.

Rights of person entitled to a Share following death or bankruptcy

- 7.9 A person becoming entitled to a Share by reason of the death or bankruptcy of a Member shall have the rights to which he would be entitled if he were registered as the holder of the Share. But, until he is registered as Member in respect of the Share, he shall not be entitled to attend or vote at any meeting of the Company or at any separate meeting of the holders of that class of Shares.



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8 Alteration of capital

Increasing, consolidating, converting, dividing and cancelling share capital

- 8.1 To the fullest extent permitted by the Law, the Company may by Ordinary Resolution do any of the following and amend its Memorandum for that purpose:
- (a) increase its share capital by new Shares of the amount fixed by that Ordinary Resolution and with the attached rights, priorities and privileges set out in that Ordinary Resolution;
 - (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
 - (c) convert all or any of its Paid Up Shares into stock, and reconvert that stock into Paid Up Shares of any denomination;
 - (d) sub-divide its Shares or any of them into Shares of an amount smaller than that fixed by the Memorandum, so, however, that in the sub-division, the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived; and
 - (e) cancel Shares which, at the date of the passing of that Ordinary Resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the Shares so cancelled or, in the case of Shares without nominal par value, diminish the number of Shares into which its capital is divided.

Dealing with fractions resulting from consolidation of Shares

- 8.2 Whenever, as a result of a consolidation of Shares, any Members would become entitled to fractions of a Share the Directors may on behalf of those Members deal with the fractions as it thinks fit, including (without limitation):
- (a) sell the Shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Law, the Company); and
 - (b) distribute the net proceeds in due proportion among those Members.
- 8.3 For the purposes of Article 8.2, the Directors may authorise some person to execute an instrument of transfer of the Shares to, in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall the transferee's title to the Shares be affected by any irregularity in, or invalidity of, the proceedings in respect of the sale.



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Reducing share capital

- 8.4 Subject to the Law and to any rights for the time being conferred on the Members holding a particular class of Shares, the Company may, by Special Resolution, reduce its share capital in any way.

9 Redemption and purchase of own Shares

Power to issue redeemable Shares and to purchase own Shares

- 9.1 Subject to the Law and to any rights for the time being conferred on the Members holding a particular class of Shares, the Company may by its Directors:

- (a) issue Shares that are to be redeemed or liable to be redeemed, at the option of the Company or the Member holding those redeemable Shares, on the terms and in the manner its Directors determine before the issue of those Shares;
- (b) with the consent by Special Resolution of the Members holding Shares of a particular class, vary the rights attaching to that class of Shares so as to provide that those Shares are to be redeemed or are liable to be redeemed at the option of the Company on the terms and in the manner which the Directors determine at the time of such variation; and
- (c) purchase all or any of its own Shares of any class including any redeemable Shares on the terms and in the manner which the Directors determine at the time of such purchase.

The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner authorised by the Law, including out of any combination of the following: capital, its profits and the proceeds of a fresh issue of Shares.

Power to pay for redemption or purchase in cash or in specie

- 9.2 When making a payment in respect of the redemption or purchase of Shares, the Directors may make the payment in cash or *in specie* (or partly in one and partly in the other) if so authorised by the terms of the allotment of those Shares or by the terms applying to those Shares in accordance with Article 9.1, or otherwise by agreement with the Member holding those Shares.



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Effect of redemption or purchase of a Share

9.3 Upon the date of redemption or purchase of a Share:

- (a) the Member holding that Share shall cease to be entitled to any rights in respect of the Share other than the right to receive:
 - (i) the price for the Share; and
 - (ii) any dividend declared in respect of the Share prior to the date of redemption or purchase;
- (b) the Member's name shall be removed from the register of Members with respect to the Share; and
- (c) the Share shall be cancelled or held as a Treasury Share, as the Directors may determine.

For the purpose of this Article 9.3, the date of redemption or purchase is the date when the Member's name is removed from the register of Members with respect to the Shares the subject of the redemption or purchase.

Conversion Rights

9.4 Each Class B Ordinary Share shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such Share, at the office of the Company or any transfer agent for such Shares, into one fully paid and non-assessable Class A Ordinary Share.

9.5 The Directors shall at all times reserve and keep available out of the Company's authorised but unissued Class A Ordinary Shares, solely for the purpose of effecting the conversion of the Class B Ordinary Shares, such number of its Class A Ordinary Shares as shall from time to time be sufficient to effect the conversion of all outstanding Class B Ordinary Shares; and if at any time the number of authorised but unissued Class A Ordinary Shares shall not be sufficient to effect the conversion of all then outstanding Class B Ordinary Shares, in addition to such other remedies as shall be available to the holders of such Class B Ordinary Shares, the Directors will take such action as may be necessary to increase its authorised but unissued Class A Ordinary Shares to such number of Shares as shall be sufficient for such purposes.



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Share Conversions

- 9.6 All conversions of Class B Ordinary Shares to Class A Ordinary Shares shall be effected by way of redemption or repurchase by the Company of the relevant Class B Ordinary Shares and the simultaneous issue of Class A Ordinary Shares in consideration for such redemption or repurchase. The Members and the Company will procure that any and all necessary corporate actions are taken to effect such conversion.

10 Meetings of Members

Annual and extraordinary general meetings

- 10.1 The Company may, but shall not (unless required by the Designated Stock Exchange Rules) be obligated to, in each year hold a general meeting as an annual general meeting, which, if held, shall be convened by the Board, in accordance with these Articles.
- 10.2 All general meetings other than annual general meetings shall be called extraordinary general meetings.

Power to call meetings

- 10.3 The Directors may call a general meeting at any time.
- 10.4 If there are insufficient Directors to constitute a quorum and the remaining Directors are unable to agree on the appointment of additional Directors, the Directors must call a general meeting for the purpose of appointing additional Directors.
- 10.5 The Directors must also call a general meeting if requisitioned in the manner set out in the next two Articles.
- 10.6 The requisition must be in writing and given by one or more Members who together hold at least ten per cent of the rights to vote at such general meeting.
- 10.7 The requisition must also:
- (a) specify the purpose of the meeting.
 - (b) be signed by or on behalf of each requisitioner (and for this purpose each joint holder shall be obliged to sign). The requisition may consist of several documents in like form signed by one or more of the requisitioners; and



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(c) be delivered in accordance with the notice provisions.

- 10.8 Should the Directors fail to call a general meeting within 21 Clear Days' from the date of receipt of a requisition, the requisitioners or any of them may call a general meeting within three months after the end of that period.
- 10.9 Without limitation to the foregoing, if there are insufficient Directors to constitute a quorum and the remaining Directors are unable to agree on the appointment of additional Directors, any one or more Members who together hold at least five per cent of the rights to vote at a general meeting may call a general meeting for the purpose of considering the business specified in the notice of meeting which shall include as an item of business the appointment of additional Directors.
- 10.10 If the Members call a meeting under the above provisions, the Company shall reimburse their reasonable expenses.

Content of notice

- 10.11 Notice of a general meeting shall specify each of the following:
- (a) the place, the date and the hour of the meeting;
 - (b) if the meeting is to be held in two or more places, the technology that will be used to facilitate the meeting;
 - (c) subject to paragraph (d) and the requirements of (to the extent applicable) the Designated Stock Exchange Rules, the general nature of the business to be transacted; and
 - (d) if a resolution is proposed as a Special Resolution, the text of that resolution.
- 10.12 In each notice there shall appear with reasonable prominence the following statements:
- (a) that a Member who is entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of that Member; and
 - (b) that a proxyholder need not be a Member.



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Period of notice

- 10.13 At least twenty-one Clear Days' notice of an annual general meeting must be given to Members. For any other general meeting, at least fourteen Clear Days' notice must be given to Members.
- 10.14 Subject to the Law, a meeting may be convened on shorter notice, subject to the Law with the consent of the Member or Members who, individually or collectively, hold at least ninety per cent of the voting rights of all those who have a right to vote at that meeting.

Persons entitled to receive notice

- 10.15 Subject to the provisions of these Articles and to any restrictions imposed on any Shares, the notice shall be given to the following people:
- (a) the Members
 - (b) persons entitled to a Share in consequence of the death or bankruptcy of a Member;
 - (c) the Directors; and
 - (d) the Auditors.
- 10.16 The Board may determine that the Members entitled to receive notice of a meeting are those persons entered on the register of Members at the close of business on a day determined by the Board.

Accidental omission to give notice or non-receipt of notice

- 10.17 Proceedings at a meeting shall not be invalidated by the following:
- (a) an accidental failure to give notice of the meeting to any person entitled to notice; or
 - (b) non-receipt of notice of the meeting by any person entitled to notice.
- 10.18 In addition, where a notice of meeting is published on a website proceedings at the meeting shall not be invalidated merely because it is accidentally published:
- (a) in a different place on the website; or
 - (b) for part only of the period from the date of the notification until the conclusion of the meeting to which the notice relates.



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*Filed: 17-Apr-2024 10:12 EST
Auth Code: C30787432908*

11 Proceedings at meetings of Members

Quorum

- 11.1 Save as provided in the following Article, no business shall be transacted at any meeting unless a quorum is present in person or by proxy. A quorum is as follows:
- (a) if the Company has only one Member: that Member;
 - (b) if the Company has more than one Member: one or more Members holding Shares that represent not less than one-third of the outstanding Shares carrying the right to vote at such general meeting.

Lack of quorum

- 11.2 If a quorum is not present within fifteen minutes of the time appointed for the meeting, or if at any time during the meeting it becomes inquorate, then the following provisions apply:
- (a) If the meeting was requisitioned by Members, it shall be cancelled.
 - (b) In any other case, the meeting shall stand adjourned to the same time and place seven days hence, or to such other time or place as is determined by the Directors. If a quorum is not present within fifteen minutes of the time appointed for the adjourned meeting, then the Members present in person or by proxy shall constitute a quorum.

Chairman

- 11.3 The chairman of a general meeting shall be the chairman of the Board or such other Director as the Directors have nominated to chair Board meetings in the absence of the chairman of the Board. Absent any such person being present within fifteen minutes of the time appointed for the meeting, the Directors present shall elect one of their number to chair the meeting.
- 11.4 If no Director is present within fifteen minutes of the time appointed for the meeting, or if no Director is willing to act as chairman, the Members present in person or by proxy and entitled to vote shall choose one of their number to chair the meeting.



www.verify.gov.ky File#: 358728

*Filed: 17-Apr-2024 10:12 EST
Auth Code: C30787432908*

Right of a Director to attend and speak

- 11.5 Even if a Director is not a Member, he shall be entitled to attend and speak at any general meeting and at any separate meeting of Members holding a particular class of Shares.

Accommodation of Members at meeting

- 11.6 If it appears to the chairman of the meeting that the meeting place specified in the notice convening the meeting is inadequate to accommodate all Members entitled and wishing to attend, the meeting will be duly constituted and its proceedings valid if the chairman is satisfied that adequate facilities are available to ensure that a Member who is unable to be accommodated is able (whether at the meeting place or elsewhere):
- (a) to participate in the business for which the meeting has been convened;
 - (b) to hear and see all persons present who speak (whether by the use of microphones, loud-speakers, audio-visual communications equipment or otherwise); and
 - (c) to be heard and seen by all other persons present in the same way.

Security

- 11.7 In addition to any measures which the Board may be required to take due to the location or venue of the meeting, the Board may make any arrangement and impose any restriction it considers appropriate and reasonable in the circumstances to ensure the security of a meeting including, without limitation, the searching of any person attending the meeting and the imposing of restrictions on the items of personal property that may be taken into the meeting place. The Board may refuse entry to, or eject from, a meeting a person who refuses to comply with any such arrangements or restrictions.

Adjournment

- 11.8 The chairman may at any time adjourn a meeting with the consent of the Members constituting a quorum. The chairman must adjourn the meeting if so directed by the meeting. No business, however, can be transacted at an adjourned meeting other than business which might properly have been transacted at the original meeting.
- 11.9 Should a meeting be adjourned for more than seven Clear Days, whether because of a lack of quorum or otherwise, Members shall be given at least seven Clear Days' notice of the date, time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any notice of the adjournment.



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Filed: 17-Apr-2024 10:12 EST

Auth Code: C30787432908

Method of voting

- 11.10 A resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on, the declaration of the result of the show of hands, a poll is duly demanded. Subject to the Law, a poll may be demanded:
- (a) by the chairman of the meeting;
 - (b) by at least two Members having the right to vote on the resolutions;
 - (c) by any Member or Members present who, individually or collectively, hold at least ten per cent of the voting rights of all those who have a right to vote on the resolution.

Outcome of vote by show of hands

- 11.11 Unless a poll is duly demanded, a declaration by the chairman as to the result of a resolution and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the outcome of a show of hands without proof of the number or proportion of the votes recorded in favour of or against the resolution.

Withdrawal of demand for a poll

- 11.12 The demand for a poll may be withdrawn before the poll is taken, but only with the consent of the chairman. The chairman shall announce any such withdrawal to the meeting and, unless another person forthwith demands a poll, any earlier show of hands on that resolution shall be treated as the vote on that resolution; if there has been no earlier show of hands, then the resolution shall be put to the vote of the meeting.

Taking of a poll

- 11.13 A poll demanded on the question of adjournment shall be taken immediately.
- 11.14 A poll demanded on any other question shall be taken either immediately or at an adjourned meeting at such time and place as the chairman directs, not being more than thirty Clear Days after the poll was demanded.
- 11.15 The demand for a poll shall not prevent the meeting continuing to transact any business other than the question on which the poll was demanded.
- 11.16 A poll shall be taken in such manner as the chairman directs. He may appoint scrutineers (who need not be Members) and fix a place and time for declaring the result of the poll. If, through the aid of technology, the meeting is held in more than place, the chairman may appoint scrutineers in more than place; but if he considers that the poll cannot be effectively monitored at that meeting, the chairman shall adjourn the holding of the poll to a date, place and time when that can occur.



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Chairman's casting vote

- 11.17 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall not be entitled to a second or casting vote.

Written resolutions

- 11.18 Members may pass a resolution in writing without holding a meeting if the following conditions are met:
- (a) all Members entitled to vote are given notice of the resolution as if the same were being proposed at a meeting of Members;
 - (b) all Members entitled so to vote;
 - (i) sign a document; or
 - (ii) sign several documents in the like form each signed by one or more of those Members; and
 - (c) the signed document or documents is or are delivered to the Company, including, if the Company so nominates, by delivery of an Electronic Record by Electronic means to the address specified for that purpose.
 - (d) Such written resolution shall be as effective as if it had been passed at a meeting of the Members entitled to vote duly convened and held.
- 11.19 If a written resolution is described as a Special Resolution or as an Ordinary Resolution, it has effect accordingly.
- 11.20 The Directors may determine the manner in which written resolutions shall be put to Members. In particular, they may provide, in the form of any written resolution, for each Member to indicate, out of the number of votes the Member would have been entitled to cast at a meeting to consider the resolution, how many votes he wishes to cast in favour of the resolution and how many against the resolution or to be treated as abstentions. The result of any such written resolution shall be determined on the same basis as on a poll.

Sole-Member Company

- 11.21 If the Company has only one Member, and the Member records in writing his decision on a question, that record shall constitute both the passing of a resolution and the minute of it.

12 Voting rights of Members

Right to vote

- 12.1 Subject to the following, unless their Shares carry no right to vote, or unless a call or other amount presently payable has not been paid, all Members are entitled to vote at a general meeting, whether on a show of hands or on a poll, and all Members holding Shares of a particular class of Shares are entitled to vote at a meeting of the holders of that class of Shares.

Voting Rights

- 12.2 The holder of an Ordinary Share shall (in respect of such Ordinary Share) have the right to receive notice of and attend as a Member at any general meeting of the Company.
- 12.3 Only holders of a Voting Share shall (in respect of such Voting Share) have the right to vote as a Member at any general meeting of the Company.
- 12.4 Each holder of Voting Shares shall, on a poll, be entitled to one vote for each Voting Share he or she holds save that each holder of Class B Ordinary Shares shall, on a poll, be entitled to exercise 100 votes for each Class B Ordinary Share he or she holds on any and all matters.



- 12.5 Members may vote in person or by proxy.
- 12.6 On a show of hands, every Member that holds Voting Shares shall have one vote. For the avoidance of doubt, an individual who represents two or more Members that hold Voting Shares, including a Member in that individual's own right, that individual shall be entitled to a separate vote for each Member that holds Voting Shares.
- 12.7 No Member is bound to vote on his Voting Shares or any of them; nor is he bound to vote each of his Voting Shares in the same way.

Rights of joint holders

- 12.8 If Voting Shares are held jointly, only one of the joint holders may vote. If more than one of the joint holders tenders a vote, the vote of the holder whose name in respect of those Voting Shares appears first in the register of Members shall be accepted to the exclusion of the votes of the other joint holder.

Representation of corporate Members

- 12.9 Save where otherwise provided, a corporate Member must act by a duly authorised representative.
- 12.10 A corporate Member wishing to act by a duly authorised representative must identify that person to the Company by notice in writing.
- 12.11 The authorisation may be for any period of time, and must be delivered to the Company before the commencement of the meeting at which it is first used.
- 12.12 The Directors of the Company may require the production of any evidence which they consider necessary to determine the validity of the notice.
- 12.13 Where a duly authorised representative is present at a meeting that Member is deemed to be present in person; and the acts of the duly authorised representative are personal acts of that Member.
- 12.14 A corporate Member may revoke the appointment of a duly authorised representative at any time by notice to the Company; but such revocation will not affect the validity of any acts carried out by the duly authorised representative before the Directors of the Company had actual notice of the revocation.

Member with mental disorder

- 12.15 A Member in respect of whom an order has been made by any court having jurisdiction (whether in the Cayman Islands or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by that Member's receiver, *curator bonis* or other person authorised in that behalf appointed by that court.
- 12.16 For the purpose of the preceding Article, evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote must be received not Less than 24 hours before holding the relevant meeting or the adjourned meeting in any manner specified for the delivery of forms of appointment of a proxy, whether in writing or by Electronic means. In default, the right to vote shall not be exercisable.



Objections to admissibility of votes

- 12.17 An objective to the validity of a person's vote may only be raised at the meeting or at the adjourned meeting at which the vote is sought to be tendered. Any objection duly made shall be referred to the chairman whose decision shall be final and conclusive.

Form of proxy

- 12.18 An instrument appointing a proxy shall be in any common form or in any other form approved by the Directors.

- 12.19 The instrument must be in writing and signed in one of the following ways:

- (a) by the Member; or
- (b) by the Member's authorised attorney; or
- (c) if the Member is a corporation or other body corporate, under seal or signed by an authorised officer, secretary or attorney.

If the Directors so resolve, the Company may accept an Electronic Record of that instrument delivered in the manner specified below and otherwise satisfying the Articles about authentication of Electronic Records.

- 12.20 The Directors may require the production of any evidence which they consider necessary to determine the validity of any appointment of a proxy.
- 12.21 A Member may revoke the appointment of a proxy at any time by notice to the Company duly signed in accordance with Article 12.19.
- 12.22 No revocation by a Member of the appointment of a proxy made in accordance with Article 12.21 will affect the validity of any acts carried out by the relevant proxy before the Directors of the Company had actual notice of the revocation.



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*Filed: 17-Apr-2024 10:12 EST
Auth Code: C30787432908*

How and when proxy is to be delivered

- 12.23 Subject to the following Articles, the Directors may, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited. In the absence of any such direction from the Directors in the notice convening any meeting or adjourned meeting or in an instrument of proxy sent out by the Company, the form of appointment of a proxy and any authority under which it is signed (or a copy of the authority certified notarially or in any other way approved by the Directors) must be delivered so that it is received by the Company before the time for holding the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote. They must be delivered in either of the following ways:
- (a) In the case of an instrument in writing, it must be left at or sent by post:
 - (i) to the registered office of the Company; or
 - (ii) to such other place within the Cayman Islands specified in the notice convening the meeting or in any form of appointment of proxy sent out by the Company in relation to the meeting.
 - (b) If, pursuant to the notice provisions, a notice may be given to the Company in an Electronic Record, an Electronic Record of an appointment of a proxy must be sent to the address specified pursuant to those provisions unless another address for that purpose is specified:
 - (i) in the notice convening the meeting; or
 - (ii) in any form of appointment of a proxy sent out by the Company in relation to the meeting; or
 - (iii) in any invitation to appoint a proxy issued by the Company in relation to the meeting.
 - (c) Notwithstanding Article 12.23(a) and Article 12.23(b), the chairman of the Company may, in any event at his discretion, direct that an instrument of proxy shall be deemed to have been duly deposited.
- 12.24 Where a poll is taken:
- (a) if it is taken more than seven Clear Days after it is demanded, the form of appointment of a proxy and any accompanying authority (or an Electronic Record of the same) must be delivered in accordance with Article 12.23 before the time appointed for the taking of the poll;



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- (b) if it to be taken within seven Clear Days after it was demanded, the form of appointment of a proxy and any accompanying authority (or an Electronic Record of the same) must be delivered in accordance with Article 12.23 before the time appointed for the taking of the poll.

- 12.25 If the form of appointment of proxy is not delivered on time, it is invalid.
- 12.26 When two or more valid but differing appointments of proxy are delivered or received in respect of the same Share for use at the same meeting and in respect of the same matter, the one which is last validly delivered or received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the other or others as regards that Share. If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that Share.
- 12.27 The Board may at the expense of the Company send forms of appointment of proxy to the Members by post (that is to say, pre-paying and posting a letter), or by Electronic communication or otherwise (with or without provision for their return by pre-paid post) for use at any general meeting or at any separate meeting of the holders of any class of Shares, either blank or nominating as proxy in the alternative any one or more of the Directors or any other person. If for the purpose of any meeting invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the Company's expense, they shall be issued to all (and not to some only) of the Members entitled to be sent notice of the meeting and to vote at it. The accidental omission to send such a form of appointment or to give such an invitation to, or the non-receipt of such form of appointment by, any Member entitled to attend and vote at a meeting shall not invalidate the proceedings at that meeting

Voting by proxy

- 12.28 A proxy shall have the same voting rights at a meeting or adjourned meeting as the Member would have had except to the extent that the instrument appointing him limits those rights. Notwithstanding the appointment of a proxy, a Member may attend and vote at a meeting or adjourned meeting. If a Member votes on any resolution a vote by his proxy on the same resolution, unless in respect of different Shares, shall be invalid.
- 12.29 The instrument appointing a proxy to vote at a meeting shall be deemed also to confer authority to demand or join in demanding a poll and, for the purposes of Article 11.11, a demand by a person as proxy for a Member shall be the same as a demand by a Member. Such appointment shall not confer any further right to speak at the meeting, except with the permission of the chairman of the meeting.



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13 Number of Directors

- 13.1 There shall be a Board consisting of not less than one person provided however that the Company may by Ordinary Resolution increase or reduce the limits in the number of Directors. Unless fixed by Ordinary Resolution, the maximum number of Directors shall be unlimited.

14 Appointment, disqualification and removal of Directors

First Directors

- 14.1 The first Directors shall be appointed in writing by the subscriber or subscribers to the Memorandum, or a majority of them.

No age limit

- 14.2 There is no age limit for Directors save that they must be at least eighteen years of age.

Corporate Directors

- 14.3 Unless prohibited by law, a body corporate may be a Director. If a body corporate is a Director, the Articles about representation of corporate Members at general meetings apply, mutatis mutandis, to the Articles about Directors' meetings.

No shareholding qualification

- 14.4 Unless a shareholding qualification for Directors is fixed by Ordinary Resolution, no Director shall be required to own Shares as a condition of his appointment.

Appointment of Directors

- 14.5 A Director may be appointed by Ordinary Resolution or by the Directors. Any appointment may be to fill a vacancy or as an additional Director.
- 14.6 A remaining Director may appoint a Director even though there is not a quorum of Directors.
- 14.7 No appointment can cause the number of Directors to exceed the maximum (if one is set); and any such appointment shall be invalid.



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- 14.8 For so long as Shares or ADSs are listed on a Designated Stock Exchange, the Directors shall include at least such number of Independent Directors as applicable law, rules or regulations or the Designated Stock Exchange Rules require as determined by the Board.

Board's power to appoint Directors

- 14.9 Without prejudice to the Company's power to appoint a person to be a Director pursuant to these Articles, the Board shall have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board, subject to the total number of Directors not exceeding any maximum number fixed by or in accordance with these Articles.
- 14.10 Any Director so appointed shall, if still a Director, retire at the next annual general meeting after his appointment and be eligible to stand for election as a Director at such meeting.

Eligibility

- 14.11 No person (other than a Director retiring in accordance with these Articles) shall be appointed or re-appointed a Director at any general meeting unless:
- (a) he is recommended by the Board; or
 - (b) not less than seven nor more than forty-two Clear Days before the date appointed for the meeting, a Member (other than the person to be proposed) entitled to vote at the meeting has given to the Company notice of his intention to propose a resolution for the appointment of that person, stating the particulars which would, if he were so appointed, be required to be included in the Company's register of Directors and a notice executed by that person of his willingness to be appointed.

Appointment at annual general meeting

- 14.12 Unless re-appointed pursuant to the provisions of Article 14.5 or removed from office pursuant to the provisions of Article 14.13, each Director shall be appointed for a term expiring at the next-following annual general meeting of the Company. At any such annual general meeting, Directors will be elected by Ordinary Resolution. At each annual general meeting of the Company, each Director elected at such meeting shall be elected to hold office for a one-year term and until the election of their respective successors in office or removal pursuant to Articles 14.5 and 14.13.



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Removal of Directors

14.13 A Director may be removed by Ordinary Resolution.

Resignation of Directors

14.14 A Director may at any time resign office by giving to the Company notice in writing or, if permitted pursuant to the notice provisions, in an Electronic Record delivered in either case in accordance with those provisions.

14.15 Unless the notice specifies a different date, the Director shall be deemed to have resigned on the date that the notice is delivered to the Company.

Termination of the office of Director

14.16 A Director may retire from office as a Director by giving notice in writing to that effect to the Company at the registered office, which notice shall be effective upon such date as may be specified in the notice, failing which upon delivery to the registered office.

14.17 Without prejudice to the provisions in these Articles for retirement (by rotation or otherwise), a Director's office shall be terminated forthwith if:

- (a) he is prohibited by the law of the Cayman Islands from acting as a Director; or
- (b) he is made bankrupt or makes an arrangement or composition with his creditors generally; or
- (c) he resigns his office by notice to the Company; or
- (d) he only held office as a Director for a fixed term and such term expires; or
- (e) in the opinion of a registered medical practitioner by whom he is being treated he becomes physically or mentally incapable of acting as a Director; or
- (f) he is given notice by the majority of the other Directors (not being less than two in number) to vacate office (without prejudice to any claim for damages for breach of any agreement relating to the provision of the services of such Director); or
- (g) he is made subject to any law relating to mental health or incompetence, whether by court order or otherwise; or
- (h) without the consent of the other Directors, he is absent from meetings of Directors for a continuous period of six months.



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Filed: 17-Apr-2024 10:12 EST

Auth Code: C30787432908

15 Alternate Directors

Appointment and removal

- 15.1 Any Director may appoint any other person, including another Director, to act in his place as an alternate Director. No appointment shall take effect until the Director has given notice of the appointment to the Board.
- 15.2 A Director may revoke his appointment of an alternate at any time. No revocation shall take effect until the Director has given notice of the revocation to the Board.
- 15.3 A notice of appointment or removal of an alternate Director shall be effective only if given to the Company by one or more of the following methods:
- (a) by notice in writing in accordance with the notice provisions contained in these Articles;
 - (b) if the Company has a facsimile address for the time being, by sending by facsimile transmission to that facsimile address a facsimile copy or, otherwise, by sending by facsimile transmission to the facsimile address of the Company's registered office a facsimile copy (in either case, the facsimile copy being deemed to be the notice unless Article 29.7 applies), in which event notice shall be taken to be given on the date of an error-free transmission report from the sender's fax machine;
 - (c) if the Company has an email address for the time being, by emailing to that email address a scanned copy of the notice as a PDF attachment or, otherwise, by emailing to the email address provided by the Company's registered office a scanned copy of the notice as a PDF attachment (in either case, the PDF version being deemed to be the notice unless Article 29.7 applies), in which event notice shall be taken to be given on the date of receipt by the Company or the Company's registered office (as appropriate) in readable form; or
 - (d) if permitted pursuant to the notice provisions, in some other form of approved Electronic Record delivered in accordance with those provisions in writing.



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Notices

15.4 All notices of meetings of Directors shall continue to be given to the appointing Director and not to the alternate.

Rights of alternate Director

15.5 An alternate Director shall be entitled to attend and vote at any Board meeting or meeting of a committee of the Directors at which the appointing Director is not personally present, and generally to perform all the functions of the appointing Director in his absence. An alternate Director, however, is not entitled to receive any remuneration from the Company for services rendered as an alternate Director.

Appointment ceases when the appointor ceases to be a Director

15.6 An alternate Director shall cease to be an alternate Director if:

- (a) the Director who appointed him ceases to be a Director; or
- (b) the Director who appointed him revokes his appointment by notice delivered to the Board or to the registered office of the Company or in any other manner approved by the Board; or
- (c) in any event happens in relation to him which, if he were a Director of the Company, would cause his office as Director to be vacated.

Status of alternate Director

15.7 An alternate Director shall carry out all functions of the Director who made the appointment.

15.8 Save where otherwise expressed, an alternate Director shall be treated as a Director under these Articles.

15.9 An alternate Director is not the agent of the Director appointing him.

15.10 An alternate Director is not entitled to any remuneration for acting as alternate Director.

Status of the Director making the appointment

15.11 A Director who has appointed an alternate is not thereby relieved from the duties which he owes the Company.



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Filed: 17-Apr-2024 10:12 EST

Auth Code: C30787432908

16 Powers of Directors

Powers of Directors

- 16.1 Subject to the provisions of the Law, the Memorandum and these Articles the business of the Company shall be managed by the Directors who may for that purpose exercise all the powers of the Company.
- 16.2 No prior act of the Directors shall be invalidated by any subsequent alteration of the Memorandum or these Articles. However, to the extent allowed by the Law, Members may, by Special Resolution, validate any prior or future act of the Directors which would otherwise be in breach of their duties.

Directors below the minimum number

- 16.3 If the number of Directors is less than the minimum prescribed in accordance with these Articles, the remaining Director or Directors shall act only for the purposes of appointing an additional Director or Directors to make up such minimum or of convening a general meeting of the Company for the purpose of making such appointment. If there are no Director or Directors able or willing to act, any two Members may summon a general meeting for the purpose of appointing Directors. Any additional Director so appointed shall hold office (subject to these Articles) only until the dissolution of the annual general meeting next following such appointment unless he is re-elected during such meeting.

Appointments to office

- 16.4 The Directors may appoint a Director:
- (a) as chairman of the Board;
 - (b) as managing Director;
 - (c) to any other executive office,
- for such period, and on such terms, including as to remuneration as they think fit.
- 16.5 The appointee must consent in writing to holding that office.
- 16.6 Where a chairman is appointed he shall, unless unable to do so, preside at every meeting of Directors.



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- 16.7 If there is no chairman, or if the chairman is unable to preside at a meeting, that meeting may select its own chairman; or the Directors may nominate one of their number to act in place of the chairman should he ever not be available.
- 16.8 Subject to the provisions of the Law, the Directors may also appoint and remove any person, who need not be a Director:
- (a) as Secretary; and
 - (b) to any office that may be required
- for such period and on such terms, including as to remuneration, as they think fit. In the case of an Officer, that Officer may be given any title the Directors decide.
- 16.9 The Secretary or Officer must consent in writing to holding that office.
- 16.10 A Director, Secretary or other Officer of the Company may not hold the office, or perform the services, of auditor.

Provisions for employees

- 16.11 The Board may make provision for the benefit of any persons employed or formerly employed by the Company or any of its subsidiary undertakings (or any member of his family or any person who is dependent on him) in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or any of its subsidiary undertakings.

Exercise of voting rights

- 16.12 The Board may exercise the voting power conferred by the Shares in any body corporate held or owned by the Company in such manner in all respects as it thinks fit (including, without limitation, the exercise of that power in favour of any resolution appointing any Director as a Director of such body corporate, or voting or providing for the payment of remuneration to the Directors of such body corporate).

Remuneration

- 16.13 Every Director may be remunerated by the Company for the services he provides for the benefit of the Company, whether as Director, employee or otherwise, and shall be entitled to be paid for the expenses incurred in the Company's business including attendance at Directors' meetings.



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- 16.14 Until otherwise determined by the Company by Ordinary Resolution, the Directors (other than alternate Directors) shall be entitled to such remuneration by way of fees for their services in the office of Director as the Directors may determine.
- 16.15 Remuneration may take any form and may include arrangements to pay pensions, health insurance, death or sickness benefits, whether to the Director or to any other person connected to or related to him.
- 16.16 Unless his fellow Directors determine otherwise, a Director is not accountable to the Company for remuneration or other benefits received from any other company which is in the same group as the Company or which has common shareholdings.

Disclosure of information

- 16.17 The Directors may release or disclose to a third party any information regarding the affairs of the Company, including any information contained in the register of Members relating to a Member, (and they may authorise any Director, Officer or other authorised agent of the Company to release or disclose to a third party any such information in his possession) if:
- (a) the Company or that person, as the case may be, is lawfully required to do so under the laws of any jurisdiction to which the Company is subject; or
 - (b) such disclosure is in compliance with the Designated Stock Exchange Rules; or
 - (c) such disclosure is in accordance with any contract entered into by the Company; or
 - (d) the Directors are of the opinion such disclosure would assist or facilitate the Company's operations.

17 Delegation of powers

Power to delegate any of the Directors' powers to a committee

- 17.1 The Directors may delegate any of their powers to any committee consisting of one or more persons who need not be Members. Persons on the committee may include non-Directors so long as the majority of those persons are Directors. Any such committee shall be made up of such number of Independent Directors as required from time to time by the Designated Stock Exchange Rules or otherwise required by applicable law.
- 17.2 The delegation may be collateral with, or to the exclusion of, the Directors' own powers.



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- 17.3 The delegation may be on such terms as the Directors think fit, including provision for the committee itself to delegate to a sub-committee; save that any delegation must be capable of being revoked or altered by the Directors at will.
- 17.4 Unless otherwise permitted by the Directors, a committee must follow the procedures prescribed for the taking of decisions by Directors.
- 17.5 The Board shall establish an audit committee, a compensation committee and a nominating and corporate governance committee. Each of these committees shall be empowered to do all things necessary to exercise the rights of such committee set forth in these Articles. Each of the audit committee, compensation committee and nominating and corporate governance committee shall consist of at least three Directors (or such larger minimum number as may be required from time to time by the Designated Stock Exchange Rules). The majority of the committee members on each of the compensation committee and nominating and corporate governance committee shall be Independent Directors. The audit committee shall be made up of such number of Independent Directors as required from time to time by the Designated Stock Exchange Rules or otherwise required by applicable law.

Local boards

- 17.6 The Board may establish any local or divisional board or agency for managing any of the affairs of the Company whether in the Cayman Islands or elsewhere and may appoint any persons to be members of a local or divisional Board, or to be managers or agents, and may fix their remuneration.
- 17.7 The Board may delegate to any local or divisional board, manager or agent any of its powers and authorities (with power to sub-delegate) and may authorise the members of any local or divisional board or any of them to fill any vacancies and to act notwithstanding vacancies.
- 17.8 Any appointment or delegation under this Article 17.8 may be made on such terms and subject to such conditions as the Board thinks fit and the Board may remove any person so appointed, and may revoke or vary any delegation.

Power to appoint an agent of the Company

- 17.9 The Directors may appoint any person, either generally or in respect of any specific matter, to be the agent of the Company with or without authority for that person to delegate all or any of that person's powers. The Directors may make that appointment:
- (a) by causing the Company to enter into a power of attorney or agreement; or



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- (b) in any other manner they determine.

Power to appoint an attorney or authorised signatory of the Company

17.10 The Directors may appoint any person, whether nominated directly or indirectly by the Directors, to be the attorney or the authorised signatory of the Company. The appointment may be:

- (a) for any purpose;
- (b) with the powers, authorities and discretions;
- (c) for the period; and
- (d) subject to such conditions

as they think fit. The powers, authorities and discretions, however, must not exceed those vested in, or exercisable, by the Directors under these Articles. The Directors may do so by power of attorney or any other manner they think fit.

17.11 Any power of attorney or other appointment may contain such provision for the protection and convenience for persons dealing with the attorney or authorised signatory as the Directors think fit. Any power of attorney or other appointment may also authorise the attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in that person.

17.12 The Board may remove any person appointed under Article 17.10 and may revoke or vary the delegation.

Borrowing Powers

17.13 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future and uncalled capital, or any part thereof, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or its parent undertaking (if any) or any subsidiary undertaking of the Company or of any third party.

Corporate Governance

17.14 The Board may, from time to time, and except as required by applicable law or the Designated Stock Exchange Rules, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives of the Company, which shall be intended to set forth the guiding principles and policies of the Company and the Board on various corporate governance related matters as the Board shall determine by resolution from time to time.



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18 Meetings of Directors

Regulation of Directors' meetings

18.1 Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit.

Calling meetings

18.2 Any Director may call a meeting of Directors at any time. The Secretary must call a meeting of the Directors if requested to do so by a Director.

Notice of meetings

18.3 Notice of a Board meeting may be given to a Director personally or by word of mouth or given in writing or by Electronic communications at such address as he may from time to time specify for this purpose (or, if he does not specify an address, at his last known address). A Director may waive his right to receive notice of any meeting either prospectively or retrospectively.

Use of technology

18.4 A Director may participate in a meeting of Directors through the medium of conference telephone, video or any other form of communications equipment providing all persons participating in the meeting are able to hear and speak to each other throughout the meeting.

18.5 A Director participating in this way is deemed to be present in person at the meeting.

Quorum

18.6 The quorum for the transaction of business at a meeting of Directors shall be two unless the Directors fix some other number or unless the Company has only one Director.

Chairman or deputy to preside

18.7 The Board may appoint a chairman and one or more deputy chairman or chairmen and may at any time revoke any such appointment.



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- 18.8 The chairman, or failing him any deputy chairman (the longest in office taking precedence if more than one is present), shall preside at all Board meetings. If no chairman or deputy chairman has been appointed, or if he is not present within five minutes after the time fixed for holding the meeting, or is unwilling to act as chairman of the meeting, the Directors present shall choose one of their number to act as chairman of the meeting.

Voting

- 18.9 A question which arises at a Board meeting shall be decided by a majority of votes. If votes are equal the chairman may, if he wishes, exercise a casting vote.

Recording of dissent

- 18.10 A Director present at a meeting of Directors shall be presumed to have assented to any action taken at that meeting unless:

- (a) his dissent is entered in the minutes of the meeting; or
- (b) he has filed with the meeting before it is concluded signed dissent from that action; or
- (c) he has forwarded to the Company as soon as practical following the conclusion of that meeting signed dissent.

A Director who votes in favour of an action is not entitled to record his dissent to it.

Written resolutions

- 18.11 The Directors may pass a resolution in writing without holding a meeting if all Directors sign a document or sign several documents in the like form each signed by one or more of those Directors.
- 18.12 A written resolution signed by a validly appointed alternate Director need not also be signed by the appointing Director.
- 18.13 A written resolution signed personally by the appointing Director need not also be signed by his alternate.
- 18.14 A resolution in writing passed pursuant to Article 18.11, Article 18.12 and/or Article 18.13 shall be as effective as if it had been passed at a meeting of the Directors duly convened and held; and it shall be treated as having been passed on the day and at the time that the last Director signs (and for the avoidance of doubt, such day may or may not be a Business Day).



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Validity of acts of Directors in spite of formal defect

- 18.15 All acts done by a meeting of the Board, or of a committee of the Board, or by any person acting as a Director or an alternate Director, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or alternate Director or member of the committee, or that any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and qualified and had continued to be a Director or alternate Director and had been entitled to vote.

19 Permissible Directors' interests and disclosure

- 19.1 A Director shall not, as a Director, vote in respect of any contract, transaction, arrangement or proposal in which he has an interest which (together with any interest of any person connected with him) is a material interest (otherwise than by virtue of his interests, direct or indirect, in Shares or debentures or other securities of, or otherwise in or through, the Company) and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting, but (in the absence of some other material interest than is mentioned below) none of these prohibitions shall apply to:

- (a) the giving of any security, guarantee or indemnity in respect of:
 - (i) money lent or obligations incurred by him or by any other person for the benefit of the Company or any of its subsidiaries; or
 - (ii) a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- (b) where the Company or any of its subsidiaries is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to or may participate;
- (c) any contract, transaction, arrangement or proposal affecting any other body corporate in which he is interested, directly or indirectly and whether as an officer, shareholder, creditor or otherwise howsoever, provided that he (together with persons connected with him) does not to his knowledge hold an interest representing one per cent or more of any class of the equity share capital of such body corporate (or of any third body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purposes of this Article 19.1 to be a material interest in all circumstances);



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- (d) any act or thing done or to be done in respect of any arrangement for the benefit of the employees of the Company or any of its subsidiaries under which he is not accorded as a Director any privilege or advantage not generally accorded to the employees to whom such arrangement relates; or
- (e) any matter connected with the purchase or maintenance for any Director of insurance against any liability or (to the extent permitted by the Law) indemnities in favour of Directors, the funding of expenditure by one or more Directors in defending proceedings against him or them or the doing of any thing to enable such Director or Directors to avoid incurring such expenditure.

19.2 A Director may, as a Director, vote (and be counted in the quorum) in respect of any contract, transaction, arrangement or proposal in which he has an interest which is not a material interest or which falls within Article 19.1.

20 Minutes

20.1 The Company shall cause minutes to be made in books of:

- (a) all appointments of Officers and committees made by the Board and of any such Officer's remuneration; and
- (b) the names of Directors present at every meeting of the Directors, a committee of the Board, the Company or the holders of any class of shares or debentures, and all orders, resolutions and proceedings of such meetings.

20.2 Any such minutes, if purporting to be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting or the Secretary, shall be prima facie evidence of the matters stated in them.

21 Accounts and audit

21.1 The Directors must ensure that proper accounting and other records are kept, and that accounts and associated reports are distributed in accordance with the requirements of the Law.

21.2 The books of account shall be kept at the registered office of the Company and shall always be open to inspection by the Directors. No Member (other than a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Law or as authorised by the Directors or by Ordinary Resolution.



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21.3 Unless the Directors otherwise prescribe, the financial year of the Company shall end on 30 June in each year and begin on 1 July in each year.

Auditors

21.4 The Directors may appoint an Auditor of the Company who shall hold office on such terms as the Directors determine.

21.5 At any general meeting convened and held at any time in accordance with these Articles, the Members may, by Ordinary Resolution, remove the Auditor before the expiration of his term of office. If they do so, the Members shall, by Ordinary Resolution, at that meeting appoint another Auditor in his stead for the remainder of his term.

21.6 The Auditors shall examine such books, accounts and vouchers; as may be necessary for the performance of their duties.

21.7 The Auditors shall, if so requested by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment, and at any time during their term of office, upon request of the Directors or any general meeting of the Company.

22 Record dates

22.1 Except to the extent of any conflicting rights attached to Shares, the resolution declaring a dividend on Shares of any class, whether it be an Ordinary Resolution of the Members or a Director's resolution, may specify that the dividend is payable or distributable to the persons registered as the holders of those Shares at the close of business on a particular date, notwithstanding that the date may be a date prior to that on which the resolution is passed.

22.2 If the resolution does so specify, the dividend shall be payable or distributable to the persons registered as the holders of those Shares at the close of business on the specified date in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of the dividend of transferors and transferees of any of those Shares.

22.3 The provisions of this Article apply, *mutatis mutandis*, to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the Members.



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23 Dividends

Source of dividends

- 23.1 Dividends may be declared and paid out of any funds of the Company lawfully available for distribution.
- 23.2 Subject to the requirements of the Law regarding the application of a company's Share premium account and with the sanction of an Ordinary Resolution, dividends may also be declared and paid out of any share premium account.

Declaration of dividends by Members

- 23.3 Subject to the provisions of the Law, the Company may by Ordinary Resolution declare dividends in accordance with the respective rights of the Members but no dividend shall exceed the amount recommended by the Directors.

Payment of interim dividends and declaration of final dividends by Directors

- 23.4 The Directors may declare and pay interim dividends or recommend final dividends in accordance with the respective rights of the Members if it appears to them that they are justified by the financial position of the Company and that such dividends may lawfully be paid.
- 23.5 Subject to the provisions of the Law, in relation to the distinction between interim dividends and final dividends, the following applies:
- (a) Upon determination to pay a dividend or dividends described as interim by the Directors in the dividend resolution, no debt shall be created by the declaration until such time as payment is made.
 - (b) Upon declaration of a dividend or dividends described as final by the Directors in the dividend resolution, a debt shall be created immediately following the declaration, the due date to be the date the dividend is stated to be payable in the resolution.

If the resolution fails to specify whether a dividend is final or interim, it shall be assumed to be interim.

- 23.6 In relation to Shares carrying differing rights to dividends or rights to dividends at a fixed rate, the following applies:
- (a) If the share capital is divided into different classes, the Directors may pay dividends on Shares which confer deferred or non-preferred rights with regard to dividends as well as on Shares which confer preferential rights with regard to dividends but no dividend shall be paid on Shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.



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- (b) The Directors may also pay, at intervals settled by them, any dividend payable at a fixed rate If it appears to them that there are sufficient funds of the Company lawfully available for distribution to justify the payment.
- (c) If the Directors act in good faith, they shall not incur any liability to the Members holding Shares conferring preferred rights for any loss those Members may suffer by the lawful payment of the dividend on any Shares having deferred or non-preferred rights.

Apportionment of dividends

- 23.7 Except as otherwise provided by the rights attached to Shares all dividends shall be declared and paid according to the amounts Paid Up on the Shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amount Paid Up on the Shares during the time or part of the time in respect of which the dividend is paid. But if a Share is issued on terms providing that it shall rank for dividend as from a particular date, that Share shall rank for dividend accordingly.

Right of set off

- 23.8 The Directors may deduct from a dividend or any other amount payable to a person in respect of a Share any amount due by that person to the Company on a call or otherwise in relation to a Share.

Power to pay other than in cash

- 23.9 If the Directors so determine, any resolution declaring a dividend may direct that it shall be satisfied wholly or partly by the distribution of assets. If a difficulty arises in relation to the distribution, the Directors may settle that difficulty in any way they consider appropriate. For example, they may do any one or more of the following:
- (a) issue fractional Shares;



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- (b) fix the value of assets for distribution and make cash payments to some Members on the footing of the value so fixed in order to adjust the rights of Members; and
- (c) vest some assets in trustees.

How payments may be made

- 23.10 A dividend or other monies payable on or in respect of a Share may be paid in any of the following ways:
- (a) if the Member holding that Share or other person entitled to that Share nominates a bank account for that purpose - by wire transfer to that bank account; or
 - (b) by cheque or warrant sent by post to the registered address of the Member holding that Share or other person entitled to that Share.
- 23.11 For the purposes of Article 23.10(a), the nomination may be in writing or in an Electronic Record and the bank account nominated may be the bank account of another person. For the purposes of Article 23.10(b), subject to any applicable law or regulation, the cheque or warrant shall be made to the order of the Member holding that Share or other person entitled to the Share or to his nominee, whether nominated in writing or in an Electronic Record, and payment of the cheque or warrant shall be a good discharge to the Company.
- 23.12 If two or more persons are registered as the holders of the Share or are jointly entitled to it by reason of the death or bankruptcy of the registered holder (**Joint Holders**), a dividend (or other amount) payable on or in respect of that Share may be paid as follows:
- (a) to the registered address of the Joint Holder of the Share who is named first on the register of Members or to the registered address of the deceased or bankrupt holder, as the case may be; or
 - (b) to the address or bank account of another person nominated by the Joint Holders, whether that nomination is in writing or in an Electronic Record.
- 23.13 Any Joint Holder of a Share may give a valid receipt for a dividend (or other amount) payable in respect of that Share.

Dividends or other monies not to bear interest in absence of special rights

- 23.14 Unless provided for by the rights attached to a Share, no dividend or other monies payable by the Company in respect of a Share shall bear interest.



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Dividends unable to be paid or unclaimed

- 23.15 If a dividend cannot be paid to a Member or remains unclaimed within six weeks after it was declared or both, the Directors may pay it into a separate account in the Company's name. If a dividend is paid into a separate account, the Company shall not be constituted trustee in respect of that account and the dividend shall remain a debt due to the Member.
- 23.16 A dividend that remains unclaimed for a period of six years after it became due for payment shall be forfeited to, and shall cease to remain owing by, the Company.

24 Capitalisation of profits

Capitalisation of profits or of any share premium account or capital redemption reserve;

- 24.1 The Directors may resolve to capitalise:
- (a) any part of the Company's profits not required for paying any preferential dividend (whether or not those profits are available for distribution); or
 - (b) any sum standing to the credit of the Company's share premium account or capital redemption reserve, if any.
- 24.2 The amount resolved to be capitalised must be appropriated to the Members who would have been entitled to it had it been distributed by way of dividend and in the same proportions. The benefit to each Member so entitled must be given in either or both of the following ways::
- (a) by paying up the amounts unpaid on that Member's Shares;
 - (b) by issuing Fully Paid Up Shares, debentures or other securities of the Company to that Member or as that Member directs. The Directors may resolve that any Shares issued to the Member in respect of Partly Paid Up Shares (Original **Shares**) rank for dividend only to the extent that the Original Shares rank for dividend while those Original Shares remain Partly Paid Up.

Applying an amount for the benefit of Members

- 24.3 The amount capitalised must be applied to the benefit of Members in the proportions to which the Members would have been entitled to dividends if the amount capitalised had been distributed as a dividend.



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24.4 Subject to the Law, if a fraction of a Share, a debenture or other security is allocated to a Member, the Directors may issue a fractional certificate to that Member or pay him the cash equivalent of the fraction.

25 Share Premium Account

Directors to maintain share premium account

25.1 The Directors shall establish a share premium account in accordance with the Law. They shall carry to the credit of that account from time to time an amount equal to the amount or value of the premium paid on the issue of any Share or capital contributed or such other amounts required by the Law.

Debits to share premium account

25.2 The following amounts shall be debited to any share premium account:

- (a) on the redemption or purchase of a Share, the difference between the nominal value of that Share and the redemption or purchase price; and
- (b) any other amount paid out of a share premium account as permitted by the Law.

25.3 Notwithstanding the preceding Article, on the redemption or purchase of a Share, the Directors may pay the difference between the nominal value of that Share and the redemption purchase price out of the profits of the Company or, as permitted by the Law, out of capital.

26 Seal

Company seal

26.1 The Company may have a seal if the Directors so determine.

Duplicate seal

26.2 Subject to the provisions of the Law, the Company may also have a duplicate seal or seals for use in any place or places outside the Cayman Islands. Each duplicate seal shall be a facsimile of the original seal of the Company. However, if the Directors so determine, a duplicate seal shall have added on its face the name of the place where it is to be used.



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When and how seal is to be used

- 26.3 A seal may only be used by the authority of the Directors. Unless the Directors otherwise determine, a document to which a seal is affixed must be signed in one of the following ways:
- (a) by a Director (or his alternate) and the Secretary; or
 - (b) by a single Director (or his alternate).

If no seal is adopted or used

- 26.4 If the Directors do not adopt a seal, or a seal is not used, a document may be executed in the following manner:
- (a) by a Director (or his alternate) and the Secretary; or
 - (b) by a single Director (or his alternate); or
 - (c) in any other manner permitted by the Law.

Power to allow non-manual signatures and facsimile printing of seal

- 26.5 The Directors may determine that either or both of the following applies:
- (a) that the seal or a duplicate seal need not be affixed manually but may be affixed by some other method or system of reproduction;
 - (b) that a signature required by these Articles need not be manual but may be a mechanical or Electronic Signature.

Validity of execution

- 26.6 If a document is duly executed and delivered by or on behalf of the Company, it shall not be regarded as invalid merely because, at the date of the delivery, the Secretary, or the Director, or other Officer or person who signed the document or affixed the seal for and on behalf of the Company ceased to be the Secretary or hold that office and authority on behalf of the Company.



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27 Indemnity

27.1 To the extent permitted by law, the Company shall indemnify each existing or former Director (including alternate Director), Secretary and other Officer of the Company (including an investment adviser or an administrator or liquidator) and their personal representatives against:

- (a) all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by the existing or former Director (including alternate Director), Secretary or Officer in or about the conduct of the Company's business or affairs or in the execution or discharge of the existing or former Director's (including alternate Director's), Secretary's or Officer's duties, powers, authorities or discretions; and
- (b) without limitation to paragraph (a), all costs, expenses, losses or liabilities incurred by the existing or former Director (including alternate Director), Secretary or Officer in defending (whether successfully or otherwise) any civil, criminal, administrative or investigative proceedings (whether threatened, pending or completed) concerning the Company or its affairs in any court or tribunal, whether in the Cayman Islands or elsewhere.

No such existing or former Director (including alternate Director), Secretary or Officer, however, shall be indemnified in respect of any matter arising out of his own dishonesty.

27.2 To the extent permitted by Law, the Company may make a payment, or agree to make a payment, whether by way of advance, loan or otherwise, for any legal costs incurred by an existing or former Director (including alternate Director), Secretary or Officer of the Company in respect of any matter identified in Article 27.1 on condition that the Director (including alternate Director), Secretary or Officer must repay the amount paid by the Company to the extent that it is ultimately found not liable to indemnify the Director (including alternate Director), Secretary or that Officer for those legal costs.

Release

27.3 To the extent permitted by Law, the Company may by Special Resolution release any existing or former Director (including alternate Director), Secretary or other Officer of the Company from liability for any loss or damage or right to compensation which may arise out of or in connection with the execution or discharge of the duties, powers, authorities or discretions of his office; but there may be no release from liability arising out of or in connection with that person's own dishonesty.



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Insurance

- 27.4 To the extent permitted by Law, the Company may pay, or agree to pay, a premium in respect of a contract insuring each of the following persons against risks determined by the Directors, other than liability arising out of that person's own dishonesty:
- (a) an existing or former Director (including alternate Director), Secretary or Officer or auditor of:
 - (i) the Company;
 - (ii) a company which is or was a subsidiary of the Company;
 - (iii) a company in which the Company has or had an interest (whether direct or indirect); and
 - (b) a trustee of an employee or retirement benefits scheme or other trust in which any of the persons referred to in paragraph (a) is or was interested.

28 Notices

Form of notices

- 28.1 Save where these Articles provide otherwise, and subject to the Designated Stock Exchange Rules, any notice to be given to or by any person pursuant to these Articles shall be:
- (a) in writing signed by or on behalf of the giver in the manner set out below for written notices; or
 - (b) subject to the next Article, in an Electronic Record signed by or on behalf of the giver by Electronic Signature and authenticated in accordance with Articles about authentication of Electronic Records; or
 - (c) where these Articles expressly permit, by the Company by means of a website.

Electronic communications

- 28.2 A notice may only be given to the Company in an Electronic Record if:
- (a) the Directors so resolve;



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- (b) the resolution states how an Electronic Record may be given and, if applicable, specifies an email address for the Company; and
- (c) the terms of that resolution are notified to the Members for the time being and, if applicable, to those Directors who were absent from the meeting at which the resolution was passed.

If the resolution is revoked or varied, the revocation or variation shall only become effective when its terms have been similarly notified.

- 28.3 A notice may not be given by Electronic Record to a person other than the Company unless the recipient has notified the giver of an Electronic address to which notice may be sent.
- 28.4 Subject to the law, the Designated Stock Exchange Rules and to any other rules which the Company is bound to follow, the Company may also send any notice or other document pursuant to these Articles to a Member by publishing that notice or other document on a website where:
- (a) the Company and the Member have agreed to his having access to the notice or document on a website (instead of it being sent to him);
 - (b) the notice or document is one to which that agreement applies:
 - (c) the Member is notified (in accordance with any requirements laid down by the law and, in a manner for the time being agreed between him and the Company for the purpose) of:
 - (i) the publication of the notice or document on a website;
 - (ii) the address of that website; and
 - (iii) the place on that website where the notice or document may be accessed, and how it may be accessed; and
 - (d) the notice or document is published on that website throughout the publication period, provided that, if the notice or document is published on that website for a part, but not all of, the publication period, the notice or document shall be treated as being published throughout that period if the failure to publish that notice or document throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid. For the purposes of this Article 28.4 “publication period” means a period of not less than twenty-one days, beginning on the day on which the notification referred to in Article 28.4(c) is deemed sent.



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Persons entitled to notices

- 28.5 Any notice or other document to be given to a Member may be given by reference to the register of Members as it stands at any time within the period of twenty-one days before the day that the notice is given or (where and as applicable) within any other period permitted by, or in accordance with the requirements of, (to the extent applicable) the Designated Stock Exchange Rules and/or the Designated Stock Exchanges. No change in the register of Members after that time shall invalidate the giving of such notice or document or require the Company to give such item to any other person.

Persons authorised to give notices

- 28.6 A notice by either the Company or a Member pursuant to these Articles may be given on behalf of the Company or a Member by a Director or company secretary of the Company or a Member.

Delivery of written notices

- 28.7 Save where these Articles provide otherwise, a notice in writing may be given personally to the recipient, or left at (as appropriate) the Member's or Director's registered address or the Company's registered office, or posted to that registered address or registered office.

Joint holders

- 28.8 Where Members are joint holders of a Share, all notices shall be given to the Member whose name first appears in the register of Members.

Signatures

- 28.9 A written notice shall be signed when it is autographed by or on behalf of the giver, or is marked in such a way as to indicate its execution or adoption by the giver.
- 28.10 An Electronic Record may be signed by an Electronic Signature.



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Auth Code: C30787432908

Evidence of transmission

- 28.11 A notice given by Electronic Record shall be deemed sent if an Electronic Record is kept demonstrating the time, date and content of the transmission, and if no notification of failure to transmit is received by the giver.
- 28.12 A notice given in writing shall be deemed sent if the giver can provide proof that the envelope containing the notice was properly addressed, pre-paid and posted, or that the written notice was otherwise properly transmitted to the recipient.
- 28.13 A Member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of Shares shall be deemed to have received due notice of the meeting and, where requisite, of the purposes for which it was called.

Giving notice to a deceased or bankrupt Member

- 28.14 A notice may be given by the Company to the persons entitled to a Share in consequence of the death or bankruptcy of a Member by sending or delivering it, in any manner authorised by these Articles for the giving of notice to a Member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description, at the address, if any, supplied for that purpose by the persons claiming to be so entitled.
- 28.15 Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

Date of giving notices

- 28.16 A notice is given on the date identified in the following table

Method for giving notices	When taken to be given
(A) Personally	At the time and date of delivery
(B) By leaving it at the Member's registered address	At the time and date it was left
(C) By posting it by prepaid post to the street or postal address of that recipient	48 hours after the date it was posted
(D) By Electronic Record (other than publication on a website), to recipient's Electronic address	48 hours after the date it was sent
(E) By publication on a website	24 hours after the date on which the Member is deemed to have been notified of the publication of the notice or document on the website



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Saving provision

- 28.17 None of the preceding notice provisions shall derogate from the Articles about the delivery of written resolutions of Directors and written resolutions of Members.

29 Authentication of Electronic Records

Application of Articles

- 29.1 Without limitation to any other provision of these Articles, any notice, written resolution or other document under these Articles that is sent by Electronic means by a Member, or by the Secretary, or by a Director or other Officer of the Company, shall be deemed to be authentic if either Article 29.2 or Article 29.4 applies.

Authentication of documents sent by Members by Electronic means

- 29.2 An Electronic Record of a notice, written resolution or other document sent by Electronic means by or on behalf of one or more Members shall be deemed to be authentic if the following conditions are satisfied:
- (a) the Member or each Member, as the case may be, signed the original document, and for this purpose Original Document includes several documents in like form signed by one or more of those Members; and
 - (b) the Electronic Record of the Original Document was sent by Electronic means by, or at the direction of, that Member to an address specified in accordance with these Articles for the purpose for which it was sent; and
 - (c) Article 29.7 does not apply.
- 29.3 For example, where a sole Member signs a resolution and sends the Electronic Record of the original resolution, or causes it to be sent, by facsimile transmission to the address in these Articles specified for that purpose, the facsimile copy shall be deemed to be the written resolution of that Member unless Article 28.7 applies.



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Authentication of document sent by the Secretary or Officers of the Company by Electronic means

- 29.4 An Electronic Record of a notice, written resolution or other document sent by or on behalf of the Secretary or an Officer or Officers of the Company shall be deemed to be authentic if the following conditions are satisfied:
- (a) the Secretary or the Officer or each Officer, as the case may be, signed the original document, and for this purpose Original Document includes several documents in like form signed by the Secretary or one or more of those Officers; and
 - (b) the Electronic Record of the Original Document was sent by Electronic means by, or at the direction of, the Secretary or that Officer to an address specified in accordance with these Articles for the purpose for which it was sent; and
 - (c) Article 29.7 does not apply.

This Article 29.4 applies whether the document is sent by or on behalf of the Secretary or Officer in his own right or as a representative of the Company.

- 29.5 For example, where a sole Director signs a resolution and scans the resolution, or causes it to be scanned, as a PDF version which is attached to an email sent to the address in these Articles specified for that purpose, the PDF version shall be deemed to be the written resolution of that Director unless Article 29.7 applies.

Manner of signing

- 29.6 For the purposes of these Articles about the authentication of Electronic Records, a document will be taken to be signed if it is signed manually or in any other manner permitted by these Articles.

Saving provision

- 29.7 A notice, written resolution or other document under these Articles will not be deemed to be authentic if the recipient, acting reasonably:
- (a) believes that the signature of the signatory has been altered after the signatory had signed the original document; or
 - (b) believes that the original document, or the Electronic Record of it, was altered, without the approval of the signatory, after the signatory signed the original document; or



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{c) otherwise doubts the authenticity of the Electronic Record of the document

and the recipient promptly gives notice to the sender setting the grounds of its objection. If the recipient invokes this Article, the sender may seek to establish the authenticity of the Electronic Record in any way the sender thinks fit.

30 Transfer by way of continuation

30.1 The Company may, by Special Resolution, resolve to be registered by way of continuation in a jurisdiction outside:

- (a) the Cayman Islands; or
- {b) such other jurisdiction in which it is, for the time being, incorporated, registered or existing.

30.2 To give effect to any resolution made pursuant to the preceding Article, the Directors may cause the following:

- (a) an application be made to the Registrar of Companies of the Cayman Islands to deregister the Company in the Cayman Islands or in the other jurisdiction in which it is for the time being incorporated, registered or existing; and
- (b) all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

31 Winding up

Distribution of assets in specie

31.1 If the Company is wound up the Members may, subject to these Articles and any other sanction required by the Law, pass a Special Resolution allowing the liquidator to do either or both of the following:

- (a) to divide in specie among the Members the whole or any part of the assets of the Company and, for that purpose, to value any assets and to determine how the division shall be carried out as between the Members or different classes of Members; and/or
- (b) to vest the whole or any part of the assets in trustees for the benefit of Members and those liable to contribute to the winding up.



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No obligation to accept liability

31.2 No Member shall be compelled to accept any assets if an obligation attaches to them.

31.3 The Directors are authorised to present a winding up petition

31.4 The Directors have the authority to present a petition for the winding up of the Company to the Grand Court of the Cayman Islands on behalf of the Company without the sanction of a resolution passed at a general meeting.

32 Amendment of Memorandum and Articles

Power to change name or amend Memorandum

32.1 Subject to the Law, the Company may, by Special Resolution:

(a) change its name; or

(b) change the provisions of its Memorandum with respect to its objects, powers or any other matter specified in the Memorandum.

Power to amend these Articles

32.2 Subject to the Law and as provided in these Articles, the Company may, by Special Resolution, amend these Articles in whole or in part.



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SHARE CERTIFICATE

Number

Shares

POP CULTURE GROUP CO., LTD

普普文化集团有限公司

THIS SHARE CERTIFICATE CERTIFIES THAT as of [Transfer date], [Name] of [Address] is the registered holder of [Number] fully paid Class A Ordinary Share(s) of USD0.01 par value per share in the above named Company which are held subject to, and transferable in accordance with, the Memorandum and Articles of Association of the Company (as Revised).

In Witness Whereof the Company has authorised this certificate to be issued on [Transfer date].

By _____
Director

Description of Rights of Each Class of Securities
Registered under Section 12 of the Securities Exchange Act of 1934, as Amended (the “Exchange Act”)

Class A ordinary shares, par value \$0.01 per share (“Class A Ordinary Shares”), of Pop Culture Group Co., Ltd (“we,” “our,” “our company,” or “us”) are listed and traded on the Nasdaq Capital Market, and in connection with this listing (but not for trading), its Class A Ordinary Shares are registered under Section 12(b) of the Exchange Act. This exhibit contains a description of the rights of the holders of Class A Ordinary Shares.

Description of Class A Ordinary Shares

The following is a summary of material provisions of our currently effective amended and restated memorandum of association and articles of association (the “Memorandum and Articles of Association”), as well as the Companies Act (Revised) of the Cayman Islands (the “Cayman Companies Act”) insofar as they relate to the material terms of our Class A Ordinary Shares. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire Memorandum and Articles of Association, which have been filed with the U.S. Securities and Exchange Commission as exhibits to our Annual Report on Form 20-F (File No. 001-40543), filed with the U.S. Securities and Exchange Commission on November 15, 2024 (the “2024 Form 20-F”).

Type and Class of Securities (Item 9.A.5 of Form 20-F)

Each Class A Ordinary Share has a par value of \$0.01 each. The number of Class A Ordinary Shares that were issued as of the last day of the financial year ended June 30, 2024 is provided on the cover of the 2024 Form 20-F. Our Class A Ordinary Shares may be held in either certificated or uncertificated form.

Preemptive Rights (Item 9.A.3 of Form 20-F)

Our Class A Ordinary Shares are not subject to any pre-emptive or similar rights under the Cayman Companies Act or pursuant to the Memorandum and Articles of Association.

Limitations or Qualifications (Item 9.A.6 of Form 20-F)

We have a multi-class voting structure such that our ordinary shares consist of Class A Ordinary Shares, Class B ordinary shares of par value US\$0.01 each (“Class B Ordinary Shares”) and Class C ordinary shares of par value US\$0.01 each (“Class C Ordinary Shares”). In respect of matters requiring a shareholder vote, each holder of Class A Ordinary Shares will be entitled to one vote per one Class A Ordinary Share and each holder of Class B Ordinary Shares will be entitled to one-hundred votes per one Class B Ordinary Share. Holders of Class C Ordinary Shares are not entitled to vote at general meetings of the Company. The Class A Ordinary Shares and Class C Ordinary Shares are not convertible into shares of any other class. The Class B Ordinary Shares are convertible into Class A Ordinary Shares at any time after issuance at the option of the holder on a one-to-one basis. Due to the super voting power of holders of Class B Ordinary Shares, the voting power of the Class A Ordinary Shares may be materially limited.

Rights of Other Types of Securities (Item 9.A.7 of Form 20-F)

Not applicable.

Rights of Class A Ordinary Shares (Item 10.B.3 of Form 20-F)

Classes of Ordinary Shares

Our authorized share capital is \$760,000 divided into 64,400,000 Class A Ordinary Shares, par value \$0.01 per share, 10,600,000 Class B Ordinary Shares, par value \$0.01 per share, and 1,000,000 Class C Ordinary Shares, par value \$0.01 per share. Holders of Class A Ordinary Shares, Class B Ordinary Shares and Class C Ordinary Shares have the same rights except for voting and conversion rights.

Dividends

Subject to the provisions of the Cayman Companies Act and any rights attaching to any class or classes of shares under and in accordance with the articles:

- (a) the directors may declare dividends or distributions out of our funds which are lawfully available for that purpose; and
- (b) our shareholders may, by ordinary resolution, declare dividends but no such dividend shall exceed the amount recommended by the directors.

Subject to the requirements of the Cayman Companies Act regarding the application of a company's share premium account and with the sanction of an ordinary resolution, dividends may also be declared and paid out of any share premium account. The directors when paying dividends to shareholders may make such payment either in cash or in specie.

Unless provided by the rights attached to a share, no dividend shall bear interest.

Voting Rights

On a poll, every shareholder who is present in person and every person representing a shareholder by proxy shall have one vote for each Class A Ordinary Share and one-hundred votes for each Class B Ordinary Share of which he or the person represented by proxy is the holder. In addition, all shareholders holding shares of a particular class are entitled to vote at a meeting of the holders of that class of shares. Votes may be given either personally or by proxy. Class C Ordinary Shares have no voting rights.

Conversion Rights

Class A Ordinary Shares and Class C Ordinary Shares are not convertible. Class B Ordinary Shares are convertible, at the option of the holder thereof, into Class A Ordinary Shares on a one-to-one basis.

Calls on shares and forfeiture

Subject to the terms of allotment, the directors may make calls on the shareholders in respect of any monies unpaid on their shares including any premium and each shareholder shall (subject to receiving at least 14 clear days' notice specifying when and where payment is to be made), pay to us the amount called on his shares. Shareholders registered as the joint holders of a share shall be jointly and severally liable to pay all calls in respect of the share. If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or if no rate is fixed, at the rate of ten percent per annum. The directors may waive payment of the interest wholly or in part.

We have a first and paramount lien on all shares (whether fully paid up or not) registered in the name of a shareholder (whether solely or jointly with others). The lien is for all monies payable to us by the shareholder or the shareholder's estate:

- (a) either alone or jointly with any other person, whether or not that other person is a shareholder; and
- (b) whether or not those monies are presently payable.

At any time the directors may declare any share to be wholly or partly exempt from the lien on shares provisions of the articles.

We may sell, in such manner as the directors may determine, any share on which the sum in respect of which the lien exists is presently payable, if due notice that such sum is payable has been given (as prescribed by the articles) and, within 14 days of the date on which the notice is deemed to be given under the articles, such notice has not been complied with.

Unclaimed Dividend

A dividend that remains unclaimed for a period of six years after it became due for payment shall be forfeited to, and shall cease to remain owing by, the company.

Forfeiture or Surrender of Shares

If a shareholder fails to pay any call, the directors may give to such shareholder not less than 14 clear days' notice requiring payment and specifying the amount unpaid including any interest which may have accrued, any expenses which have been incurred by us due to that person's default and the place where payment is to be made. The notice shall also contain a warning that if the notice is not complied with, the shares in respect of which the call is made will be liable to be forfeited.

If such notice is not complied with, the directors may, before the payment required by the notice has been received, resolve that any share the subject of that notice be forfeited (which forfeiture shall include all dividends or other monies payable in respect of the forfeited share and not paid before such forfeiture).

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the directors think fit.

A person whose shares have been forfeited shall cease to be a shareholder in respect of the forfeited shares, but shall, notwithstanding such forfeiture, remain liable to pay to us all monies which at the date of forfeiture were payable by him to us in respect of the shares, together with all expenses and interest from the date of forfeiture or surrender until payment, but his liability shall cease if and when we receive payment in full of the unpaid amount.

A declaration, whether statutory or under oath, made by a director or the secretary shall be conclusive evidence that the person making the declaration is a director or secretary and that the particular shares have been forfeited or surrendered on a particular date.

Subject to the execution of an instrument of transfer, if necessary, the declaration shall constitute good title to the shares.

Share Premium Account

The directors shall establish a share premium account and shall carry the credit of such account from time to time to a sum equal to the amount or value of the premium paid on the issue of any share or capital contributed or such other amounts required by the Cayman Companies Act.

Redemption and Purchase of Own Shares

Subject to the Cayman Companies Act and any rights for the time being conferred on the shareholders holding a particular class of shares, we may by action of our directors:

- (a) issue shares that are to be redeemed or liable to be redeemed, at our option or the shareholder holding those redeemable shares, on the terms and in the manner our directors determine before the issue of those shares;
- (b) with the consent by special resolution of the shareholders holding shares of a particular class, vary the rights attaching to that class of shares so as to provide that those shares are to be redeemed or are liable to be redeemed at our option on the terms and in the manner which the directors determine at the time of such variation; and
- (c) purchase all or any of our own shares of any class including any redeemable shares on the terms and in the manner which the directors determine at the time of such purchase.

We may make a payment in respect of the redemption or purchase of its own shares in any manner authorized by the Cayman Companies Act, including out of any combination of capital, our profits and the proceeds of a fresh issue of shares.

When making a payment in respect of the redemption or purchase of shares, the directors may make the payment in cash or in specie (or partly in one and partly in the other) if so authorized by the terms of the allotment of those shares or by the terms applying to those shares, or otherwise by agreement with the shareholder holding those shares.

Transfer of Shares

Provided that a transfer of Class A Ordinary Shares complies with applicable rules of the Nasdaq Capital Market, a shareholder may transfer Class A Ordinary Shares, Class B Ordinary Shares or Class C Ordinary Shares to another person by completing an instrument of transfer in a common form or, with respect to Class A Ordinary Shares, in a form prescribed by Nasdaq, or in any other form approved by the directors, executed:

- (a) where the Class A Ordinary Shares, Class B Ordinary Shares or Class C Ordinary Shares are fully paid, by or on behalf of that shareholder; and
- (b) where the Class A Ordinary Shares, Class B Ordinary Shares or Class C Ordinary Shares are partly paid, by or on behalf of that shareholder and the transferee.

The transferor shall be deemed to remain the holder of a Class A Ordinary Share, Class B Ordinary Share or Class C Ordinary Share until the name of the transferee is entered into the register of members of the Company.

Our board of directors may, in its absolute discretion, decline to register any transfer of any Class A Ordinary Share, Class B Ordinary Share or Class C Ordinary Share that has not been fully paid up or is subject to a company lien. Our board of directors may also decline to register any transfer of such Class A Ordinary Share, Class B Ordinary Share or Class C Ordinary Share unless:

- (a) the instrument of transfer is lodged with the Company, accompanied by the certificate for the Class A Ordinary Shares, Class B Ordinary Shares or Class C Ordinary Shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped, if required;
- (d) the Class A Ordinary Share, Class B Ordinary Share or Class C Ordinary Share transferred is fully paid and free of any lien in favor of us;
- (e) any fee related to the transfer has been paid to us; and
- (f) the transfer is not to more than four joint holders.

If our directors refuse to register a transfer, they are required, within three months after the date on which the instrument of transfer was lodged, to send to each of the transferor and the transferee notice of such refusal.

This, however, is unlikely to affect market transactions of the Class A Ordinary Shares because the legal title to such Class A Ordinary Shares and the registration details of those Class A Ordinary Shares in our register of members will remain with DTC/Cede & Co. All market transactions with respect to those Class A Ordinary Shares will then be carried out without the need for any kind of registration by the directors, as the market transactions will all be conducted through the DTC systems.

The registration of transfers may, on 14 calendar days' notice being given by advertisement in such one or more newspapers or by electronic means, be suspended and our register of members closed at such times and for such periods as our board of directors may from time to time determine. The registration of transfers, however, may not be suspended, and the register may not be closed, for more than 30 days in any year.

Capitalization of Profits

The directors may resolve to capitalize:

- (a) any part of our profits not required for paying any preferential dividend (whether or not those profits are available for distribution); or
- (b) any sum standing to the credit of our share premium account or capital redemption reserve, if any.

The amount resolved to be capitalized must be appropriated to the shareholders who would have been entitled to it had it been distributed by way of dividend and in the same proportions.

Liquidation Rights

If we are wound up, the shareholders may, subject to the articles and any other sanction required by the Cayman Companies Act, pass a special resolution allowing the liquidator to do either or both of the following:

- (a) to divide in specie among the shareholders the whole or any part of our assets and, for that purpose, to value any assets and to determine how the division shall be carried out as between the shareholders or different classes of shareholders; and
- (b) to vest the whole or any part of the assets in trustees for the benefit of shareholders and those liable to contribute to the winding up.

The directors have the authority to present a petition for our winding up to the Grand Court of the Cayman Islands on our behalf without the sanction of a resolution passed at a general meeting.

Requirements to Change the Rights of Holders of Ordinary Shares (Item 10.B.4 of Form 20-F)

Variations of Rights of Shares

Whenever our capital is divided into different classes of shares, the rights attaching to any class of share (unless otherwise provided by the terms of issue of the shares of that class) may be varied either with the consent in writing of the holders of not less than two-thirds of the issued shares of that class, or with the sanction of a resolution passed by a majority of not less than two-thirds of the holders of shares of the class present in person or by proxy at a separate general meeting of the holders of shares of that class.

Unless the terms on which a class of shares was issued state otherwise, the rights conferred on the shareholder holding shares of any class shall not be deemed to be varied by the creation or issue of further shares ranking *pari passu* with the existing shares of that class.

Limitations on the Rights to Own Ordinary Shares (Item 10.B.6 of Form 20-F)

There are no limitations under the laws of the Cayman Islands or under the Memorandum and Articles of Association that limit the right of non-resident or foreign owners to hold or vote ordinary shares.

Provisions Affecting Any Change of Control (Item 10.B.7 of Form 20-F)

Anti-Takeover Provisions

Some provisions of the Memorandum and Articles of Association may discourage, delay, or prevent a change in control of our company or management that shareholders may consider favorable, including, among other things, the following:

- provisions that authorize our board of directors to issue shares with preferred, deferred, or other special rights or restrictions without any further vote or action by our shareholders; and
- provisions that restrict the ability of our shareholders to call meetings and to propose special matters for consideration at shareholder meetings.

Under the Cayman Companies Act, our directors may only exercise the rights and powers granted to them under our articles for what they believe in good faith to be in the best interests of our company and for a proper purpose.

Ownership Threshold (Item 10.B.8 of Form 20-F)

There are no provisions under the Cayman Companies Act or under the Memorandum and Articles of Association that govern the ownership threshold above which shareholder ownership must be disclosed.

Differences Between the Law of Different Jurisdictions (Item 10.B.9 of Form 20-F)

The Cayman Companies Act is derived, to a large extent, from the older Companies Acts of England and Wales but does not follow recent United Kingdom statutory enactments, and accordingly there are significant differences between the Cayman Companies Act and the current Companies Act of the UK. In addition, the Cayman Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Cayman Companies Act applicable to us and the comparable laws applicable to companies incorporated in the State of Delaware in the United States.

	Delaware	Cayman Islands
<i>Title of Organizational Documents</i>	Certificate of Incorporation and Bylaws	Certificate of Incorporation and Memorandum and Articles of Association
<i>Duties of Directors</i>	Under Delaware law, the business and affairs of a corporation are managed by or under the direction of its board of directors. In exercising their powers, directors are charged with a fiduciary duty of care to protect the interests of the corporation and a fiduciary duty of loyalty to act in the best interests of its shareholders. The duty of care requires that directors act in an informed and deliberative manner and inform themselves, prior to making a business decision, of all material information reasonably available to them. The duty of care also requires that directors exercise care in overseeing and investigating the conduct of the corporation's employees. The duty of loyalty may be summarized as the duty to act in good faith, not out of self-interest, and in a manner which the director reasonably believes to be in the best interests of the shareholders.	As a matter of Cayman Islands law, a director owes three types of duties to the company: (i) statutory duties, (ii) fiduciary duties, and (iii) common law duties. The Cayman Companies Act imposes a number of statutory duties on a director. A Cayman Islands director's fiduciary duties are not codified, however the courts of the Cayman Islands have held that a director owes the following fiduciary duties (a) a duty to act in what the director bona fide considers to be in the best interests of the company, (b) a duty to exercise their powers for the purposes they were conferred, (c) a duty to avoid fettering his or her discretion in the future and (d) a duty to avoid conflicts of interest and of duty. The common law duties owed by a director are those to act with skill, care and diligence that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company and, also, to act with the skill, care and diligence in keeping with a standard of care commensurate with any particular skill they have which enables them to meet a higher standard than a director without those skills. In fulfilling their duty of care to us, our directors must ensure compliance with our amended articles of association, as amended and restated from time to time. We have the right to seek damages if a duty owed by any of our directors is breached.

*Limitations on Personal
Liability of Directors*

Subject to the limitations described below, a certificate of incorporation may provide for the elimination or limitation of the personal liability of a director to the corporation or its shareholders for monetary damages for a breach of fiduciary duty as a director. Such provision cannot limit liability for breach of loyalty, bad faith, intentional misconduct, unlawful payment of dividends or unlawful share purchase or redemption. In addition, the certificate of incorporation cannot limit liability for any act or omission occurring prior to the date when such provision becomes effective.

The Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of Officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against the consequences of committing a crime, or against the indemnified person's own fraud or dishonesty.

*Indemnification of
Directors, Officers,
Agents, and Others*

A corporation has the power to indemnify any director, officer, employee, or agent of corporation who was, is, or is threatened to be made a party who acted in good faith and in a manner he believed to be in the best interests of the corporation, and if with respect to a criminal proceeding, had no reasonable cause to believe his conduct would be unlawful, against amounts actually and reasonably incurred.

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of directors and officers, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against the consequences of committing a crime, or against the indemnified person's own fraud or dishonesty.

Our amended and restated articles of association provide to the extent permitted by law, we shall indemnify each existing or former secretary, director (including alternate director), and any of our other officers (including an investment adviser or an administrator or liquidator) and their personal representatives against: (a) all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by the existing or former director (including alternate director), secretary or officer in or about the conduct of our business or affairs or in the execution or discharge of the existing or former director (including alternate director), secretary's or officer's duties, powers, authorities or discretions; and (b) without limitation to paragraph (a) above, all costs, expenses, losses or liabilities incurred by the existing or former director (including alternate director), secretary or officer in defending (whether successfully or otherwise) any civil, criminal, administrative or investigative proceedings (whether threatened, pending or completed) concerning us or our affairs in any court or tribunal, whether in the Cayman Islands or elsewhere.

No such existing or former director (including alternate director), secretary or officer, however, shall be indemnified in respect of any matter arising out of his own dishonesty.

To the extent permitted by law, we may make a payment, or agree to make a payment, whether by way of advance, loan or otherwise, for any legal costs incurred by an existing or former director (including alternate director), secretary or any of our officers in respect of any matter identified in above on condition that the director (including alternate director), secretary or officer must repay the amount paid by us to the extent that it is ultimately found not liable to indemnify the director (including alternate director), the secretary or that officer for those legal costs.

<i>Interested Directors</i>	<p>Under Delaware law, a transaction in which a director who has an interest in such transaction would not be voidable if (i) the material facts as to such interested director's relationship or interests are disclosed or are known to the board of directors and the board in good faith authorizes the transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum, (ii) such material facts are disclosed or are known to the shareholders entitled to vote on such transaction and the transaction is specifically approved in good faith by vote of the shareholders, or (iii) the transaction is fair as to the corporation as of the time it is authorized, approved or ratified. Under Delaware law, a director could be held liable for any transaction in which such director derived an improper personal benefit.</p>	<p>Interested director transactions are governed by the terms of a company's memorandum and articles of association.</p>
<i>Voting Requirements</i>	<p>The certificate of incorporation may include a provision requiring supermajority approval by the directors or shareholders for any corporate action.</p> <p>In addition, under Delaware law, certain business combinations involving interested shareholders require approval by a supermajority of the non-interested shareholders.</p>	<p>For the protection of shareholders, certain matters must be approved by special resolution of the shareholders as a matter of Cayman Islands law, including alteration of the memorandum or articles of association, appointment of inspectors to examine company affairs, reduction of share capital (subject, in relevant circumstances, to court approval), change of name, authorization of a plan of merger or transfer by way of continuation to another jurisdiction or consolidation or voluntary winding up of the company.</p> <p>The Cayman Islands Companies Act requires that a special resolution be passed by a majority of at least two-thirds or such higher percentage as set forth in the memorandum and articles of association, of shareholders being entitled to vote and do vote in person or by proxy at a general meeting, or by unanimous written consent of shareholders entitled to vote at a general meeting.</p>
<i>Voting for Directors</i>	<p>Under Delaware law, unless otherwise specified in the certificate of incorporation or bylaws of the corporation, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors.</p>	<p>The Cayman Islands Companies Act defines "special resolutions" only. A company's memorandum and articles of association can therefore tailor the definition of "ordinary resolutions" as a whole, or with respect to specific provisions.</p>

<i>Cumulative Voting</i>	No cumulative voting for the election of directors unless so provided in the certificate of incorporation.	No cumulative voting for the election of directors unless so provided in the memorandum and articles of association.
<i>Directors' Powers Regarding Bylaws</i>	The certificate of incorporation may grant the directors the power to adopt, amend or repeal bylaws.	The memorandum and articles of association may only be amended by a special resolution of the shareholders.
<i>Nomination and Removal of Directors and Filling Vacancies on Board</i>	Shareholders may generally nominate directors if they comply with advance notice provisions and other procedural requirements in company bylaws. Holders of a majority of the shares may remove a director with or without cause, except in certain cases involving a classified board or if the company uses cumulative voting. Unless otherwise provided for in the certificate of incorporation, directorship vacancies are filled by a majority of the directors elected or then in office.	Nomination and removal of directors and filling of board vacancies are governed by the terms of the memorandum and articles of association.
<i>Mergers and Similar Arrangements</i>	Under Delaware law, with certain exceptions, a merger, consolidation, exchange or sale of all or substantially all the assets of a corporation must be approved by the board of directors and a majority of the outstanding shares entitled to vote thereon. Under Delaware law, a shareholder of a corporation participating in certain major corporate transactions may, under certain circumstances, be entitled to appraisal rights pursuant to which such shareholder may receive cash in the amount of the fair value of the shares held by such shareholder (as determined by a court) in lieu of the consideration such shareholder would otherwise receive in the transaction.	Cayman Islands Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The plan must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the shareholders and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.
	Delaware law also provides that a parent corporation, by resolution of its board of directors, may merge with any subsidiary, of which it owns at least 90% of each class of capital stock without a vote by shareholders of such subsidiary. Upon any such merger, dissenting shareholders of the subsidiary would have appraisal rights.	A merger between a Cayman Islands parent company and its Cayman Islands subsidiary or subsidiaries does not require authorization by a resolution of shareholders. For this purpose a subsidiary is a company of which at least 90% of the issued shares entitled to vote are owned by the parent company.
		The consent of each holder of a fixed or floating security interest of a constituent company is required unless this requirement is waived by a court in the Cayman Islands.
		Except in certain limited circumstances, a dissenting shareholder of a Cayman Islands constituent company is entitled to payment of the fair value of his or her shares upon dissenting from a merger or consolidation. The exercise of such dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, except for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must, in addition, represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that: (a) the statutory provisions as to the required majority vote have been met; (b) the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class; (c) the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and (d) the arrangement is not one that would more properly be sanctioned under some other provision of the Cayman Islands Companies Act.

When a takeover offer is made and accepted by holders of 90% of the shares affected within four months the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, or if a takeover offer is made and accepted, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholder Suits

Class actions and derivative actions generally are available to shareholders under Delaware law for, among other things, breach of fiduciary duty, corporate waste and actions not taken in accordance with applicable law. In such actions, the court generally has discretion to permit the winning party to recover attorneys' fees incurred in connection with such action.

In principle, we will normally be the proper plaintiff and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands courts can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge: (a) an act which is illegal or ultra vires with respect to the company and is therefore incapable of ratification by the shareholders; (b) an act which, although not ultra vires, requires authorization by a qualified (or special) majority (that is, more than a simple majority) which has not been obtained; and (c) an act which constitutes a "fraud on the minority" where the wrongdoers are themselves in control of the company.

Inspection of Corporate Records

Under Delaware law, shareholders of a Delaware corporation have the right during normal business hours to inspect for any proper purpose, and to obtain copies of list(s) of shareholders and other books and records of the corporation and its subsidiaries, if any, to the extent the books and records of such subsidiaries are available to the corporation.

Shareholders of a Cayman Islands exempted company have no general right under Cayman Islands law to inspect or obtain copies of a list of shareholders or other corporate records of the company (other than copies of the memorandum and articles of association, register of mortgages and charges, and any special resolutions passed by our shareholders). However, these rights may be provided in the company's memorandum and articles of association.

<i>Shareholder Proposals</i>	<p>Unless provided in the corporation's certificate of incorporation or bylaws, Delaware law does not include a provision restricting the manner in which shareholders may bring business before a meeting.</p>	<p>The Cayman Islands Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our articles provide that general meetings shall be convened on the written requisition of one or more of the shareholders entitled to attend and vote at our general meetings who (together) hold not less than 10 percent of the rights to vote at such general meeting in accordance with the notice provisions in the articles, specifying the purpose of the meeting and signed by each of the shareholders making the requisition. If the directors do not convene such meeting for a date not later than twenty-one clear days' after the date of receipt of the written requisition, those shareholders who requested the meeting may convene the general meeting themselves within three months after the end of such period of twenty-one clear days in which case reasonable expenses incurred by them as a result of the directors failing to convene a meeting shall be reimbursed by us. Our articles provide no other right to put any proposals before annual general meetings or extraordinary general meetings. As a Cayman Islands exempted company, we are not obligated by law to call shareholders' annual general meetings. However, our corporate governance guidelines require us to call such meetings every year.</p>
<i>Approval of Corporate Matters by Written Consent</i>	<p>Delaware law permits shareholders to take actions by written consent signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting of shareholders.</p>	<p>The Cayman Islands Companies Act allows a special resolution to be passed in writing if signed by all the voting shareholders (if authorized by the memorandum and articles of association).</p>
<i>Calling of Special Shareholders Meetings</i>	<p>Delaware law permits the board of directors or any person who is authorized under a corporation's certificate of incorporation or bylaws to call a special meeting of shareholders.</p>	<p>The Cayman Islands Companies Act does not have provisions governing the proceedings of shareholders meetings which are usually provided in the memorandum and articles of association. Please see above.</p>
<i>Dissolution; Winding Up</i>	<p>Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board of directors.</p>	<p>Under the Cayman Islands Companies Act and our articles, the Company may be wound up by a special resolution of our shareholders, or if the winding up is initiated by our board of directors, by either a special resolution of our members or, if our company is unable to pay its debts as they fall due, by an ordinary resolution of our members. In addition, a company may be wound up by an order of the courts of the Cayman Islands. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.</p>

Changes in Capital (Item 10.B.10 of Form 20-F)

Subject to the Cayman Companies Act, we may, by ordinary resolution:

- (a) increase our share capital by new shares of the amount fixed by that ordinary resolution and with the attached rights, priorities and privileges set out in that ordinary resolution;
- (b) consolidate and divide all or any of our share capital into shares of larger amount than our existing shares;
- (c) convert all or any of our paid up shares into stock, and reconvert that stock into paid up shares of any denomination;
- (d) sub-divide our shares or any of them into shares of an amount smaller than that fixed, so, however, that in the sub-division, the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; and
- (e) cancel shares which, at the date of the passing of that ordinary resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so cancelled or, in the case of shares without nominal par value, diminish the number of shares into which our capital is divided.

Subject to the Cayman Companies Act and to any rights for the time being conferred on the shareholders holding a particular class of shares, we may, by special resolution, reduce our share capital in any way.

Debt Securities (Item 12.A of Form 20-F)

Not applicable.

Warrants and Rights (Item 12.B of Form 20-F)

Not applicable.

Other Securities (Item 12.C of Form 20-F)

Not applicable.

Description of American Depositary Shares (Items 12.D.1 and 12.D.2 of Form 20-F)

Not applicable.

Please note that these documents are English translations of the original Chinese versions prepared only for your convenience. In the case of any discrepancy between the translation and the Chinese original, the latter shall prevail.

Comprehensive credit line contract

Number: 0304202310074726

Debtor (A): Xiamen Pop Culture Co., Ltd.: Unit 836, No. 5, Muhu Road, Huli District, Xiamen City, Fujian Province

Creditor (Party B): Xiamen International Bank Co., Ltd. - Xiamen First Branch

Residence: Units 1A1B.2A.2B, Xingang Square, No. 10, North Hubin Road, Sishi District, Xiamen City

Important Note: This contract is negotiated and entered into by the borrower and lender on an equal and voluntary basis in accordance with relevant laws and regulations. All contract terms are a true representation of the intentions of both parties. To fully protect the borrower's legal rights, the lender specifically requests the borrower to carefully read the contract terms, especially the bolded parts, and pay full attention to their content. If there are any doubts or uncertainties, please consult with the borrower, professional institutions, or professionals in a timely manner.

After discussions among all parties, Party B agrees to provide the following comprehensive credit line to Party A for use. To clarify the economic responsibilities of all parties, this contract is specially signed as follows:

1. Total amount of the quota: (Currency, capitalization) RMB 6 million in full (CNY 6,000,000. 00)
2. Validity period of the quota: The validity period of this quota starts from October 8, 2023 and ends on October 8, 2026. At the end of the validity period of the quota, the unused credit limit will automatically become invalid.
3. Loan Interest Rate and Interest Collection (Simple Interest)
 - 3.1 The loan interest rate shall be handled in accordance with the method of -3. 1. 1 below. The loan interest rate value under this contract is the tax-inclusive price including value-added tax.
 - 3.1.1 The loan under this contract adopts a uniform fixed interest rate. The loan interest rate is a fixed value of 4.5% (annual interest rate). This fixed value is the same rate among national banks as of the end of business on the working day before the date of signing of this contract by Party B.

The one-year loan market quotation rate (LPR) announced by the Interbank Lending Center was set at 1. 05% plus, and this fixed value will not be adjusted during the contract period.

3.1.2 (Applicable to RMB overdraft) Overdraft interest rate (annual interest rate) is: _/.

3.1.3 (Applicable to the payment of letters of credit, guarantees and acceptance bills under loans denominated in RMB) Advance interest rate (annual interest rate): ____.

3.2 Interest calculation and collection

3.2.1 Interest shall be calculated from the actual disbursement date of Party A and be dealt with in accordance with one of the following methods (1):

(1) (Applicable to loans denominated in RMB, US dollars, euros, Japanese yen, and Swiss francs) Interest payable = Actual disbursement amount × Loan interest rate (annual interest rate) × Number of days of usage: 360

(2) (Applicable to loans denominated in pounds and Hong Kong dollars) Interest payable = Actual disbursement amount × Loan interest rate (annual interest rate) × Number of days of usage: 365

(3) (Applicable to discounting of RMB) Discount interest = Face amount of the bill × Discount days × Discount interest rate (annual interest rate) ÷ 360

(4) (Applicable to RMB overdraft) Overdraft interest = Overdraft balance × Overdraft interest rate (annual interest rate) 360, (where the Overdraft balance is calculated based on the balance at the end of business each day; if the interest rate changes during the interest calculation period, it should be calculated separately)

(5) Others: _____ / _____

3.2.2 Interest payment shall be handled in accordance with the second method below:

(1) (Applicable to foreign currency loans, not applicable to discounts or overdrafts) During the validity period of this contract, Party B collects loan interest on a quarterly basis, and the interest payment date is the last day of the last month of each quarter. When Party A settles all loans under a certain promissory note, it shall simultaneously settle all the interest of the loans under that promissory note.

(2) (Applicable to RMB loans, not applicable to discounts or overdrafts) During the validity period of this contract, Party B collects loan interest on a quarterly basis, and the interest payment date is the 21st day of the last month of each quarter. When Party A settles all loans under a certain promissory note, it shall simultaneously settle all the interest of the loans under that promissory note.

(3) (Applicable to RMB overdraft) Party B collects the overdraft interest on a monthly basis, and the interest payment date is the last day of each month.

(4) (Applicable to RMB discounting) It is collected when Party B pays the discount funds to Party A.

(5) Others:

4, Usage of Quota:

The quota under this contract can be used for item (1) below. Without the written consent of the creditor, the debtor shall not misappropriate the loan under this quota for other purposes. Meanwhile, the debtor undertakes and guarantees that the loan funds under this contract shall not flow into the securities market or futures market in any form, shall not be used for investments such as stocks, bonds, futures, financial derivative products and asset management products, shall not be used for investments such as fixed assets and equity capital; shall not be used for the development of real estate projects or in the real estate field, nor shall they be used for any form of house purchase and repayment of housing mortgage loans or other real estate mortgage loans; shall not be used for money laundering and terrorist financing; and shall not be used for other purposes prohibited or restricted by laws and regulations.

- (1) Working capital turnover
- (2) Opening letters of credit and payment under letters of credit
- (3) Packing loan under letter of credit
- (4) Opening of letters of guarantee and payment under letters of guarantee
- (5) Opening bank acceptance bills and payments under bills
- (6) Export forfaiting
- (7) Overdraft
- (8) Bill discounting
- (9) Foreign exchange trading
- (10) Others: _____ / _____M

5 Quota Usage:

5.1 Party A shall open a transaction account with Party B. Every disbursement of Party A shall be processed through its transaction account with Party B.

5.2 During the validity period of the quota, Party A shall submit a written application to Party B two banking business days in advance for each disbursement. Party B has the right to unilaterally decide whether to grant Party A the use of this quota. After being reviewed and approved by Party B, Party A may use this quota. For any reason, if Party B does not consent to Party A's use of this quota or the issuance of loans, Party A has no right to request the use of this quota or request Party B to issue loans.

5.3 During the validity period of the credit limit, the amount, term and purpose of each credit grant shall be based on the corresponding business vouchers (including but not limited to borrowing receipts, relevant business vouchers issued unilaterally by Party B, etc.).

5.4 The total balance of the quota under each sub-purpose of the quota limit shall not exceed the total amount of the quota limit.

5.5 During the validity period of the quota, Party A can reuse this quota in a cycle.

5.6 (Applicable only to working capital loans) For the outward payment of loan funds, the following first 5.6.1 method shall be adopted:

5.6.1 Entrusted Payment by the Lender. Party A entrusts Party B to transfer the loan funds disbursed to Party A's account to the trading counterpart of Party A that complies with the purposes stipulated in this contract. Party A shall bear all legal and economic responsibilities arising from this entrustment.

In any of the following circumstances under this contract, the lender's entrusted payment method shall be adopted in principle: (1) When Party A and Party B establish a new credit business relationship and the credit status of Party A is average; (2) When the payee is clear and the single payment amount reaches 20% of the total amount of this contract; (3) Other circumstances identified by Party B.

5.6.2 Independent Payment by the Debtor. After the loan funds are disbursed to the Account of Party A by Party B, Party A shall independently pay them to the trading counterparties of Party A as stipulated in this contract. Party A shall report the actual disbursement of the loan funds to Party B within one month after each disbursement and provide corresponding contracts and other materials as evidence. Otherwise, Party B has the right to suspend the disbursement of funds by Party A.

5.7 (Applicable only to working capital loans) During the loan payment process, if Party A's credit status deteriorates, or the profitability of its main business is weak, or the use of loan funds is abnormal, the external payment method of this loan funds shall be fully adjusted to the methods listed in 5.6.1. Party B has the right to suspend the disbursement and payment of loan funds.

5.8 (Applicable only to the opening of letters of credit and the payment under letters of credit) If Party A utilizes this credit limit to apply for the opening of letters of credit to the outside party, it shall deliver to Party B the letter of credit guarantee equivalent to % of the amount applied for the opening of letters of credit before the application date of the letter of credit as the pledge guarantee for the external payment under the letter of credit, granting Party B the first priority of repayment. With the consent of Party B, if Party A utilizes this credit limit to open letters of credit to the outside party, the payment period of the opened letter of credit can exceed the maturity date of this credit limit. The specific payment period shall be subject to the specific letter of credit record. If Party A fails to make the payment of the letter of credit on schedule, Party B has the right to actively deduct the above-mentioned guarantee and has the right to actively utilize the loan under this credit limit for the payment of the letter of credit. If Party B actively utilizes the loan under this credit limit, the specific loan amount and term shall be determined solely by Party B, and in this case, it is not necessary for Party A to submit the loan receipt. Party A shall bear all obligations under this contract arising therefrom. If Party B utilizes the loan of Party A under this credit limit directly to pay the letter of credit payment as agreed in this article, even if the utilization time of Party B exceeds the maturity date of this credit limit, the utilized loan shall still be regarded as the debt owed by Party A to Party B under this credit limit.

5.9 (Applicable only to the application for opening letters of guarantee and payments under letters of guarantee) If Party A occupies this credit limit, Party A shall apply to Party B for

For the outward opening guarantee letter, a guarantee deposit equivalent to _% of the amount of the applied guarantee letter shall be delivered to Party B before the application date as a pledge guarantee for the outward payment under the guarantee letter, granting Party B the first priority of repayment. In the event that the beneficiary of the guarantee requests Party B to fulfill the guarantee liability, Party B has the right to actively deduct the guarantee deposit under the guarantee letter and has the right to actively utilize the loan under this credit line to directly disburse the claim under the guarantee letter. In the event that Party B actively utilizes the loan under this credit line, the specific loan amount and term shall be determined solely by Party B, and in this case, no borrowing slip submitted by Party A is required. Party A shall bear all obligations under this contract arising therefrom. The payment act of Party B shall not be affected by the disputes between Party A and the beneficiary of the guarantee letter regarding the underlying contract. Party A shall bear the liability for repaying all amounts incurred due to the performance of the payment under the guarantee letter, foreign bank charges (if any), incidental charges (if any), litigation fees (if any), etc.

5.10 (Applicable only to packaged loans) During the validity period of this quota, when Party A handles each packaged loan, a letter of credit (hereinafter referred to as the “pledged letter of credit”) issued from abroad and recognized and accepted by Party B shall be used as pledge. The amount of each packaged loan of Party A shall not exceed 70% of the amount of the pledged letter of credit, the term shall not exceed three months, and shall not exceed the validity period of this quota.

5.11 (Applicable only to the application for opening bank acceptance bills and payments under the bills) If Party A utilizes this credit limit to apply for the opening of bank acceptance bills by Party B, it shall deliver to Party B the acceptance guarantee equivalent to % of the face amount of the acceptance bill before the application date for opening the bill. This is used as a pledge guarantee for external payments under the acceptance bill, granting Party B the first priority of repayment. With the consent of Party B, if Party A utilizes this credit limit to open bank acceptance bills, the maturity date of the bank acceptance bills opened may exceed the maturity date of this credit limit. The specific maturity date shall be subject to the specific record on the face of the bank acceptance bill. If Party A fails to pay the bill payment on schedule, Party B has the right to actively deduct the guarantee under the acceptance bill and has the right to actively use the loan under this credit limit to directly pay the bill payment. If Party B actively uses the loan under this credit limit, the specific loan amount and term shall be determined solely by Party B, and in this case, Party A is not required to submit a loan receipt. Party A shall bear all obligations under this contract arising therefrom. If Party B uses the loan of Party A under this credit limit directly to pay the acceptance bill payment as agreed in this article, even if the time of Party B’s use exceeds the maturity date of this credit limit, the loan used shall still be regarded as the debt owed by Party A to Party B under this credit limit.

5.12 (Applicable only when the annual review is passed but there is still a balance of “non-loan ” under the original quota) Party A occupies the quota under the “-/ Contract” numbered as / of both Party A and Party B, and applies to Party B (Please fill in the sub-quota purpose of the balance other than “loan” under the original quota, for example:)

For opening letters of guarantee, letters of credit, bank acceptance bills, foreign exchange trading, etc. (for external purposes), if the balance of this quota has not been settled when this contract comes into effect, it shall be directly transferred to the quota balance under this contract.

5.13 (Applicable only to situations where multi-contract credit limit aggregation control is required) The balance of the credit limit occupied by Party A under this credit limit shall not exceed the total balance of the credit limit occupied by Party A under the “/ Contract” numbered as / of Party B (fill in the amount in both capitalized and lowercase) (exchange rate converted as /).

5.14 (Applicable only to overdrafts) The maximum term of each overdraft shall not exceed / days and shall not exceed the validity period of the credit limit of this contract. The minimum amount of the overdraft shall be no less than (currency) / (amount in both capitalized and lowercase).

And the overdraft amount should be an integer of (currency) /, (amount in capitalized letters) /

Double. _____ / _____ -☒

5.15 Others:

6 Repayment of Principal and Interest

6.1 Party A shall repay the principal and interest of the loan in full and on time as stipulated in this contract. Party A authorizes Party B to actively transfer the loan principal, interest, penalty interest, compound interest, penalty fee and other fees (if any) stipulated in this contract from the funds in the account opened by Party A in each branch of Xiamen International Bank Co., Ltd. Such funds can be in the original loan currency or in other currencies equivalent to the original loan currency.

6.2 If the funds in Party A's account are insufficient to cover the principal, interest and other expenses (if any) due under this contract, Party B has the right to determine the order of disbursement.

6.3 Early Repayment:

(1) Party A shall obtain the prior written consent of Party B if it repays all or part of the outstanding loan before the maturity date.

(2) When making an early repayment, Party A shall simultaneously settle all the loan principal, interest and all other expenses (if any) due as of the date of early repayment as stipulated in this contract.

6.4 (Applicable only to working capital loans) Party A shall designate a dedicated funds collection account and promptly provide Party B with the information on the inflow and outflow of funds in this account.

6.5 (Applicable only to packaged loans) Party A shall repay the loan as scheduled in accordance with the maturity date stipulated in each application for packaged loans. The packaged interest shall be settled along with the principal. Party B has the right to directly deduct the payment or forfeiting funds under each pledged letter of credit to repay the corresponding packaged loans.

6.6 (Applicable only to forfeiting) Party A shall repay the loan on schedule in accordance with the maturity date of each forfeiting document. Party B has the right to directly deduct the payment under each forfeiting document to repay the corresponding forfeiting loan.

Whether the forfeiting loan is due or not, the forfeiting interest is settled along with the principal.

6.7 (Applicable only to discounting) Repayment of discounted principal and interest: The discount interest shall be directly deducted by Party B on the discount date. After the bills under this contract are discounted by Party B, Party B shall have all the documentary rights of the bills. When the bills mature, Party B shall directly collect the bill payment from the acceptor. In case of any reason resulting in the rejection of the bills or Party B fails to receive the full amount of the bill payment on time when the bills mature, Party B may directly deduct the amount of the bills that have not been redeemed and the interest and other fees (if any) during the delay in collection from the account of Party A. Party B shall have the right of recourse against Party A and its predecessors in accordance with the law. If the discounted bills are rejected by the acceptor due to being counterfeit bills, cloned bills or other reasons, Party A shall unconditionally refund the face amount of the discounted bills to Party B.

7, Guarantee:

To guarantee the performance of Party A's obligations under this contract, Party A shall provide legal and valid guarantees to Party B in the manner specified in Article 7.1 below.

7.1 Weiliya and Huang Zhuoqin (hereinafter referred to as the "Guarantors") provide a full and joint guarantee for the repayment of all debts owed by Party A to Party B under this contract (the guarantee contract is attached separately).

7.2 To provide mortgage guarantee for the repayment of all debts owed by Party A to Party B under this contract (hereinafter referred to as the "mortgagor") by mortgaging the property located in _____ which is owned by the mortgagor, and grant Party B the first priority of repayment (the mortgage contract is attached separately).

7.3 The deposit of Party A in Party B (hereinafter referred to as "Pledgor A") (currency) - / (amount in both capitalized and lowercase) / and its interest shall be provided as pledge guarantee for the settlement of all debts owed by Party A to Party B under this contract, granting Party B the first priority of settlement (the pledge contract is attached separately).

7.4 The guarantee deposit (currency) delivered by Party A to Party B (hereinafter referred to as "Pledgor B") in the amount of / (in both capitalized and lowercase) / and its interest shall provide pledge guarantee for the settlement of all debts owed by Party A to Party B under this contract, and confer the first priority of settlement right to Party B (The pledge contract is attached separately)

7.5 The stocks/equity and their dividends owned by 7.5 (hereinafter referred to as "Pledgor C") of one (fill in the company name) of (fill in the number of stocks or equity ratio) stocks/ equity of this contract provide pledge guarantee for the settlement of all debts owed by Party A to Party B under this contract, and confer the first priority of settlement to Party B. (The pledge contract is attached separately)

7.6 This contract is based on the irrevocable standby letter of credit issued by the bank (hereinafter referred to as the "issuing bank") in favor of Party B for the total amount of (currency) / (amount in words and figures) / Under the same item, the repayment of all debts owed by Party A to Party B shall be provided with joint guarantee. If Party A fails to repay the debts in full and on schedule as stipulated in this contract, Party B has the right to claim the debts owed by Party A from the issuing bank in accordance with the conditions stipulated in the letter of credit.

7.7 The Party A shall provide pledge guarantee for the settlement of all debts owed by the Party A to the Party B under this contract by pledging the receivable accounts of the Party A from / (fill in the company name) not less than / (currency) / (amount in both capitalized and lowercase) / and the corresponding collection funds. After the receivable accounts are collected, they shall first be used to repay the loan principal, interest, penalty interest, compound interest and other expenses (if any) owed by the Party A to the Party B, or be directly deposited into the Party A's account with the Party B and converted into pledged deposit for guaranteeing the settlement of the debts owed by the Party A to the Party B under this contract. The Party A shall guarantee that its deposit account with the Party B is the sole receiving account for the receivable accounts.

7.8 Other guarantee conditions: _____ / _____

4. Other conditions:

8.1 In any of the following circumstances, Party A shall promptly notify Party B and implement the settlement and guarantee of the debt as required by Party B.

- (1) Changes in the company's articles of association, business scope, registered capital, domicile, legal representative (person in charge), and equity changes;
- (2) Severe difficulties arise in production and operation, financial conditions deteriorate, production is suspended, business is closed, dissolved, liquidated, placed on suspension for rectification, business license is revoked, organization is dissolved or bankruptcy is filed;
- (3) Involving or potentially involving major economic disputes, litigation, arbitration, or the property being lawfully sealed, frozen, seized or supervised;
- (4) Board members and current senior management personnel are suspected of being involved in major cases or economic disputes or have been given administrative penalties by the relevant departments;
- (5) Causing liability accidents due to violations of relevant laws, regulations, regulatory provisions or industry standards related to food safety, work safety, environmental protection, etc. , which have occurred or may have an adverse impact on its performance of obligations under this contract;
- (6) Other major adverse events that affect solvency occur.

8.2 During the validity period of this contract, if Party A experiences circumstances such as capital reduction, contracting, leasing, shareholding system reform, joint venture, merger, takeover, division, joint venture, equity transfer, foreign investment, substantive increase in debt financing, application for business suspension and rectification, application for dissolution, application for bankruptcy, etc., which are sufficient to affect the realization of Party B's creditor's rights, Party A shall notify Party B in writing 30 days in advance and obtain Party B's consent, and implement the debts as required by Party B.

Liquidation and guarantee.

8.3 Party A shall provide Party B with financial accounting materials, production and operation status materials and relevant textual explanations on a quarterly basis. Party A shall actively cooperate and consciously accept the inspection and supervision of Party B on its production and operation, financial activities and the usage of loans under this contract.

8.4 Party A shall obtain the written consent of Party B if it provides any debt guarantee, mortgage, pledge or other form of guarantee to any person that may affect the settlement of Party B's creditor's rights.

8.5 Party A shall truthfully declare the purpose of each loan to Party B and undertake to abide by all the agreements regarding the purpose of the loan as stipulated in Article 4 of this contract.

8.6 Party B has the right to inspect and understand the loan payment management, capital application, and capital recovery situation of Party A. Party A shall cooperate with Party B in the monitoring of Party A's relevant accounts. Party A shall actively cooperate and facilitate the inspection, understanding, and account monitoring of Party B.

8.7 (Applicable only for packaging purposes) During the validity period of this quota, Party A shall also abide by the following when handling packaging loans:

(1) The export documents submitted by Party A shall be consistent with the requirements of the terms of the pledged letter of credit, and the documents shall be consistent with each other and the documents themselves.

(2) If the issuing bank of the pledged letter of credit requests to modify or revoke the letter of credit to Party A, Party A shall reply with modification or revocation after obtaining the written consent of Party B; and such modification or revocation shall not affect the interests of Party B.

(3) If Party A fails to fulfill the pledged letter of credit, Party A shall repay the packaging loan with other sources of funds or provide other collateral or guarantee approved by Party B.

(4) If Party A fails to repay the packing loan with the export payment under the pledged letter of credit, Party A shall pay a non-negotiation fee of 1.25% of the loan repayment amount in the original loan currency to Party B.

(5) During the packaging and disbursement period, Party A shall provide Party B with inventory, production and operation conditions as required by Party B. Party B has the right to supervise the procurement, production, inventory, shipment and settlement of product raw materials under the pledged letter of credit.

8.8 (Applicable only to credit lines granted to group customers) Party A shall promptly inform Party B in writing of the situation of related transactions equivalent to more than 10% of its net assets, including: the affiliation relationship of the parties involved in the transaction; the transaction items and nature of the transaction; the amount of the transaction or the corresponding proportion; pricing policies (including transactions without an amount or only a symbolic amount).

8.9 (Applicable only to the discount of accepted bills) All the bills, documents, materials and vouchers provided by Party A to Party B for the bill discount business under this contract are true, complete, accurate and valid.

Party A guarantees that the bills of exchange applied for discount are true, legal and valid, obtained through legal channels, and there is a genuine commercial transaction relationship between Party A and the issuer or the previous holder.

8.10 (Applicable to the domestic guarantee and foreign loan business under the mode of applying for a standby letter of credit issued by the creditor to the outside) Party A shall deposit the pledged deposit listed in Article _/ of this contract into the account opened by Party A with Party B before _/year/ month/ day_. And Party A shall fully utilize this quota within five working days after Party B completes the validity procedures of the quota under this contract; otherwise, Party B has the right to cancel this quota.

8.11 (Applicable only to guaranteed credit lines) In the event that the guarantor under this contract suspends production, closes down, has its registration cancelled, has its business license revoked, is revoked, goes bankrupt, or suffers from operating losses, and partially or completely loses the guarantee capacity corresponding to this loan, Party A shall promptly provide other guarantees recognized by Party B.

8.12 (Applicable only to mortgage or pledge guaranteed credit lines) In the event of a decrease in the value of the loan collateral or pledged property under this contract, accidental damage or loss, or the seizure, freezing, seizure, expropriation, inclusion in the demolition scope or occurrence of ownership disputes of the mortgage or pledge under this contract, Party A shall promptly notify Party B and provide other guarantees recognized by Party B.

9 Statements and Guarantees:

Party A makes the following representations and warranties to Party B, and the following representations and warranties shall always be valid during the validity period of this contract:

9.1 It is an enterprise legal person or organization lawfully established in accordance with the laws of the place of registration, having the qualification to operate the business stipulated in its business license, documents or articles of association in the place of registration or the place of main business, and possessing the qualification of the debtor entity.

9.2 The execution of this contract has obtained all necessary authorizations or approvals. The execution and performance of this contract do not violate the company's articles of association or the provisions of relevant laws and regulations, and are not in conflict with any other contracts that have been signed or are being performed.

9.3 Operate in accordance with laws and regulations, have a good credit record, and have no bad records such as credit default or evasion of bank debts.

9.4 There is a sound organizational structure and financial management system. No major violations or disciplinary violations occurred during the production and operation process in the recent year, and the current senior management personnel have no major bad records.

9.5 Ensure that the purpose of this credit limit is legitimate and legal.

9.6 All the documents, materials, reports and vouchers provided by Party A to Party B for the business under this contract are true, complete, accurate and valid, without any false records, material omissions or misleading statements. The financial reports provided to Party B are prepared in accordance with the currently effective laws, regulations and financial accounting standards. The financial reports are true, accurate, complete and valid in all material respects, fairly reflecting the financial position of Party A at the end of the relevant accounting period and the operating results during that period. And since the latest financial reporting cut-off date, the financial position of Party A has not undergone any material adverse changes.

9.7 No matters that have occurred or are occurring and may affect Party B's financial condition and solvency have been concealed from Party B, such as those involving mediation, arbitration, litigation, enforcement, and disciplinary violations or illegal incidents that may endanger Party B's rights and interests.

9.8 There are no ongoing litigation, arbitration, other administrative proceedings or claims events that may affect Party A's execution or performance of this contract and the settlement of debts under this contract.

9.9 Party A has carefully read this contract and fully understood and accepted the content of this contract. Party A's signature and performance of this contract are voluntary and all the expressions of intention are true.

10. Default event:

In any of the following circumstances, it shall constitute a breach of contract by Party A, and Party B has the right to take various breach of contract handling measures as stipulated in this contract:

10.1 Party A violates the terms of this contract or contravenes any statement, guarantee or commitment under this contract

10.2 In any of the following circumstances, the Party A's enterprise has occurred or may affect the performance of the Party A's obligations under this contract:

- (1) Any other debt fails to be settled after its maturity (including being declared due in advance), or the obligation under other agreements is not fulfilled or violated;
- (2) The deterioration of financial indicators such as profitability, solvency, operational capacity and cash flow has occurred or may have an adverse impact on Party A's performance of the obligations under this contract. Among them, the asset-liability ratio is higher than $\frac{1}{2}$; Other indicators: _
- (3) Major adverse changes occur in brand, customers, marketing channels, etc. , or major adverse changes occur in equity structure, production and operation, and foreign investment;
- (4) Assets are seized, frozen, detained or subject to compulsory enforcement;
- (5) Involving or likely to involve major economic disputes, litigation or arbitration;

(6) Being filed and investigated or punished by judicial authorities or administrative law enforcement authorities such as tax authorities, industry and commerce authorities, and administrative management authorities in accordance with the law;

(7) Abnormal changes in the legal representative, actual controller, major investors, key management personnel, or their personal affairs, involvement in major cases, property preservation measures taken on major assets, investigation by judicial authorities due to suspected illegal or criminal acts, restrictions on personal freedom, or other events that prevent them from performing their duties normally;

(8) Suspension of business, dissolution, liquidation, suspension for rectification, revocation of business license, revocation or application for bankruptcy

(9) Causing liability accidents due to violations of relevant laws, regulations, regulatory provisions or industry standards related to food safety, work safety, environmental protection, etc.

(10) Other circumstances that may adversely affect the realization of Party B's rights under this contract.

10.3 In the event that the guarantor (i.e., guarantor, mortgagor, or pledgeor) under this contract undergoes the following circumstances and Party A fails to provide a new guarantee that complies with Party B's requirements separately, it shall be regarded as a breach of contract by Party A:

(1) The guarantor violates the provisions of the guarantee document, or its credit status deteriorates, or other events that weaken the guarantee capacity occur;

(2) The mortgagor violates the terms of the mortgage contract, or intentionally damages the mortgaged property, or the value of the mortgaged property may or has decreased significantly, or the insurance of the mortgaged property is interrupted or revoked, or other events that may damage Party B's mortgage rights occur;

(3) The pledgor violates the stipulations of the pledge documents, or the value of the pledged property has decreased or may decrease significantly, or other events that may damage Party B's pledge rights occur;

(4) Failure to go through the registration and filing procedures for external guarantees with the relevant institutions as stipulated by laws and regulations;

(5) Changes in the guarantee under this contract that are unfavorable to Party B's creditor's rights have occurred (including but not limited to those guaranteed by the equity of the target enterprise or the target assets, and Party A fails to comply with the agreement in the equity of the target enterprise / target)

After the transfer of assets, the guarantee registration procedures shall be promptly handled. In the case of a reverse contract, Party B has the right to take various default handling measures listed in this contract. Party A shall not provide any other guarantee recognized by Party B separately.

(1) Providing false materials or concealing important operating and financial facts;

(2) Unilaterally changing the original purpose of credit granting without the consent of Party B, misappropriating the loan or using the loan for illegal or irregular transactions;

- (3) Utilizing false contracts with related parties to discount or pledge creditor's rights such as notes receivable and accounts receivable without an actual trade background to obtain funds or credit lines;
- (4) Refuse to accept the supervision and inspection by Party B regarding the usage of its credit line and related business and financial activities;
- (5) In cases of major mergers, acquisitions, reorganizations, etc., Party B deems that it may affect the credit security;
- (6) Intending to evade or nullify Party B's creditor's rights through related transactions.

10.5 (Applicable only to overdraft business) If Party A has an overdue overdraft for one time within the validity period of the quota; or the production and operation and capital structure deteriorate and a financial crisis occurs; or any of the aforementioned situations occurs before its overdraft settlement account with Party B is sealed and frozen by an external agency, it shall be regarded as a violation of this contract by Party A, and Party B has the right to take various default handling measures listed in this contract.

11. Default Handling:

In the event of any default event stipulated in this contract, Party B has the right to take one or more of the following measures, and Party A has no objection to this:

11.1 Reduce, suspend or terminate this quota, or shorten the validity period of the quota.

11.2 The disbursement of loans under this contract shall be suspended.

11.3 In the event of early recovery of the issued loan, it is advisable to declare all outstanding amounts due immediately, regardless of their due date, and require Party A to immediately repay all debts owed to Party B under this contract.

11.4 For the interest that Party A fails to pay on schedule (including all the interest payable to Party B for all or part of the loan that matures ahead of schedule, penalty interest, compound interest, etc.), in addition to continuing to pay, Party A shall also pay compound interest separately to Party B from the date when the interest is due. The interest rate of the compound interest shall be implemented in accordance with the overdue penalty interest rate listed in Article 11.5.

11.5 For the loan principal that is overdue for repayment (including all or part of the loan principal that expires in advance for Party B), overdue interest shall be collected from the date of overdue loan principal in accordance with the overdue penalty interest rate stipulated in this contract. The overdue penalty interest rate is the sum of the following two items: (1) The loan interest rate stipulated in Article 3. 1 of this contract; (2) 50% of the loan interest rate stipulated in Article 3. 1 of this contract.

11.6 If Party A uses the loan for purposes other than those stipulated in the contract, it shall, from the date of misappropriation, pay a penalty to Party B for the misappropriated portion of the loan until the principal and interest are fully settled. The penalty rate shall be 100% of the loan interest rate stipulated in Article 3.1 of this contract.

11.7 For the overdue loan principal for more than three months (inclusive), Party A shall, in addition to calculating and paying the interest in accordance with the interest rate stipulated in Clauses 3. 1, 11.4 and 11.5 of this contract and the relevant provisions of this contract.

In addition to the various interest, penalty interest and compound interest overdue, a delay performance fee shall be paid separately to Party B from the date when the overdue period of the loan principal expires for three months. The calculation formula of the delay performance fee is: The total debt amount (including but not limited to loan principal, interest, penalty interest, compound interest, etc.) owed by Party A under this contract as calculated on the date when the loan principal is overdue for three months * (multiplied by) L.

11.8 Have the right to exercise the guarantee rights.

11.9 Have the right to request Party A to re-provide the guarantee recognized by Party B.

11.10 If the breach of this contract occurs and Party B adopts judicial recourse to enforce the creditor's rights, Party A shall bear all expenses incurred by Party B in enforcing the creditor's rights (including but not limited to litigation fees, attorney fees, property preservation fees, travel expenses, enforcement fees, valuation fees, auction fees, etc.).

11.11 If Party A fails to repay the principal, interest, penalty interest, compound interest and other payable items of the loan due (including those declared to be due in advance) as agreed, Party B has the right to deduct the corresponding funds from all the local and foreign currency accounts of Party A opened with Party B or other branches of Xiamen International Bank Co., Ltd. for settlement until all the payable items of Party A under this contract are fully settled. If the deducted funds are inconsistent with the currency of this contract, they shall be settled after being converted according to the exchange rate announced by Party B.

11.12 (Applicable only to letters of credit, acceptance, and guarantees) For the bills accepted by Party B or the letters of credit, guarantees, and release guarantees for goods, etc. opened by Party B within the term of this contract, Party B has the right to request Party A to increase the amount of the guarantee deposit, or transfer the funds of Party A in other accounts opened by Party B to the guarantee deposit account as the guarantee for the future external payment of such funds under this contract.

12. Transfer of Rights and Obligations

12.1 Party B has the right to transfer all or part of its rights under this contract to a third party without obtaining the consent of Party A. After the transfer of the creditor's rights, the transferee acquires the accessory rights related to the creditor's rights.

12.2 Without the written consent of Party B, Party A shall not transfer all or part of its rights and obligations under this contract.

13. Effectiveness, Amendment and Termination

13.1 This contract shall come into effect as of the date when the authorized signatories of Party A and Party B sign (or affix their seals) and the official seal of the respective units. The validity period of this contract shall last until Party A pays off all the loan principal, interest and penalty under this contract to Party B.

It shall terminate upon the termination of interest, compound interest, penalty and other fees (if any) stipulated in this contract.

13.2 Any modification to this contract shall be made in writing after mutual consultation by both parties. The modified terms or agreements shall form part of this contract and have the same legal effect as this contract. The original terms shall remain valid until the modified part takes effect.

13.3 The modification and termination of this contract shall not affect the right of each contracting party to claim compensation for losses. The termination of this contract shall not affect the validity of the relevant dispute resolution provisions.

14. Application of Law and Dispute Resolution

The conclusion, validity, interpretation, performance and settlement of disputes of this contract shall be governed by the laws of the People's Republic of China (excluding the laws of the Hong Kong and Macao Special Administrative Regions and Taiwan region). All disputes and disputes arising from or related to this contract shall be settled through consultation between Party A and Party B. If the consultation fails, the dispute shall be under the jurisdiction of the people's court where Party B is located.

During the litigation period, the terms of this contract that do not involve the disputed part shall still be performed.

15. Others

15.1 The guarantee documents, specific business vouchers (including but not limited to loan receipts, relevant business vouchers issued unilaterally by Party B, etc.) and other legal documents related to this contract are all integral parts of this contract.

15.2 The failure of Party B to exercise or partially exercise or delay in exercising any right under this contract shall not constitute a waiver or modification of such right or any other right, nor shall it affect its further exercise of such right or any other right.

15.3 The invalidity or unenforceability of any provision of this contract shall not affect the validity and enforceability of the other provisions, nor the validity of the entire contract.

15.4 The invalidity of all or part of this contract shall not affect the validity of the guarantee clause.

15.5 The terms "related party", "related party relationship", "related party transaction", "major investor individual" and "key management personnel" as described in this contract have the same meanings as those in the "Accounting Standards for Business Enterprises No. 36 - Disclosure of Related Parties" (Document No. Cai Kai [2006] No. 3) promulgated by the Ministry of Finance.

15.6 In this Contract, the headings of the terms are for reference only and do not constitute any interpretation of this Contract, nor do they constitute any limitation on the content and scope under the headings.

16. Other matters agreed upon by both parties:

16.1 During the validity period of this credit limit, each time Party A withdraws the loan under this contract, it shall be limited to capital operation and turnover. Party A shall provide the corresponding business contract, transfer voucher and other documents as required by Party B. Party B has the right to verify the above documents, decide whether to grant the loan and the specific loan amount and term, and disburse the loan funds directly to the payee account specified in the above contract.

16.2 During the validity period of this credit limit, Party A may withdraw funds in installments. The term of each loan withdrawn by Party A shall not exceed one year and shall not exceed the maturity date of this credit limit.

16.3 Repayment Plan:

16.3.1 For each loan under this contract, Party A shall repay 5% of the loan amount every six months from the date of disbursement (the repaid amount of this part shall not be re-disbursed without the written consent of Party B), and repay the remaining loan principal and interest before the maturity date of the loan.

16.3.2 Party A shall fully repay the remaining loan principal and interest under this contract before the loan maturity date. When Party A repays all the loans under this contract, it shall simultaneously settle all the remaining interest, overdue penalty interest, compound interest and other expenses of this loan. Party B may directly deduct the interest (including overdue penalty interest and compound interest) from Party A's deposit account.

16.4 During the validity period of the loan amount of 16.4 million yuan, Party A shall ensure that the funds paid by its downstream customers directly enter the account opened by Party A in Party B or its branch. Party B has the right to monitor that the above-mentioned recovered funds shall not be less than 6 million yuan every twelve months. Otherwise, Party B has the right to declare the loan due in advance and take the default handling measures stipulated in Article 11 of this contract.

16.5 During the validity period of this contract, Party A intends to apply for risk compensation for the loans it uses from the Xiamen Small and Medium-sized Micro Enterprise Financing Guarantee Sub-Fund. Before each loan is withdrawn, Party B shall obtain the "Record Confirmation Letter" issued by the guarantee sub-fund management institution and confirm that the loan to be withdrawn by Party A has been reviewed and approved by the management institution and included in the risk compensation scope. Then the loan shall be disbursed; otherwise, Party B has the right to refuse to disburse the loan to Party A. If the loan withdrawn by Party A is overdue or there are other default circumstances as stipulated in this loan contract, Party A confirms and undertakes that whether Party B obtains the risk compensation from the above-mentioned guarantee sub-fund or not will not affect Party B's right to recover from Party A. Party A shall not claim debt relief on the grounds that Party B has received the risk compensation from the guarantee fund.

16.5 Each party of this contract hereby confirms the following addresses and methods for Party B to notify Party A of loan-related matters and the transfer of creditor's rights and obligations involved in debt/guarantee obligations, collection, litigation (arbitration), enforcement and non-litigious case files (including but not limited to various notices such as creditor's rights transfer notices, collection notices, payment notices, notices of undertaking guarantee liabilities, etc.), as well as litigation documents, notarized documents and arbitration at all stages such as pre-litigation preservation, first instance, second instance, retrial, etc.

The delivery address and method of documents (such as written documents, enforcement documents, non-litigious trial documents, assessment reports, materials, etc.):

Recipient: Xiamen Pupu Culture Co., Ltd., Mailing Address: Unit 836, No. 5, Mucuo Road, Huli District, Xiamen City, Fujian Province

Postal Code: 361000, Contact Number: 13599518650

Party A (agree/disagree) accepts the delivery of electronic documents. Email address: -. Electronic delivery has the same legal effect as written delivery.

After the above legal documents are sent out, except for being signed for by Party A (or the legal representative himself/herself), being signed for by the office, the mailroom, the property security guards, colleagues of the company and other adults living together shall also be regarded as served. Party A agrees that the following dates shall be regarded as the service date: for letters sent by mail or express delivery, three days (calendar days) after the mailing or express delivery; for personal delivery, on the date the recipient signs for it; for electronic file delivery, from the date the email is sent successfully. If Party A refuses to accept it, it shall be regarded as served three days (calendar days) after the document is sent out.

If the above-mentioned delivery address and method change, Party A shall promptly notify Party B, the court, the arbitration committee, the notary office and other relevant departments in writing within three calendar days (calendar days) from the date of the change of the matter, and reconfirm the delivery address and method in writing. Before Party B and the relevant departments receive the valid notice of the address change, the above-mentioned delivery address shall still be regarded as the valid delivery address of Party A. When there are matters that Party B needs to notify Party A, it can also notify by means such as posting announcements on the Party B website, online banking, mobile banking, phone calls, text messages, etc.

17. This contract is made in triplicate. Party A holds one copy and Party B holds two copies. All copies have the same legal effect.

18. Declaration Clauses

All contracting parties have read all the terms of this contract, with particular attention to the terms in bold font of this contract. At the request of the debtor, the creditor has provided corresponding explanations of the terms of this contract. The debtor has fully understood the meaning of the terms of this contract and the corresponding legal consequences and voluntarily signed this contract.

Party A:



Date of Signature: October 8, 2023
Place of Signature: Siming District,
Xiamen City Witness: JI

Please note that these documents are English translations of the original Chinese versions prepared only for your convenience. In the case of any discrepancy between the translation and the Chinese original, the latter shall prevail.

Comprehensive credit line contract

Number: 0304202402279277

Debtor (A): Xiamen Pop Culture Co., Ltd.: Unit 836, No. 5, Mucuo Road, Huli District, Xiamen City

Creditor (Party B): Xiamen First Branch of Xiamen International Bank Co., Ltd.

Residence: Unit 1A. 1B.2A.2B, Xingang Square, No. 10, North Hubin Road, Siming District, Xiamen City

Important Note: This contract is negotiated and entered into by the borrower and lender on an equal and voluntary basis in accordance with relevant laws and regulations. All contract terms are a true representation of the intentions of both parties. To fully safeguard the borrower's legal rights, the lender specifically requests the borrower to carefully read the contract terms, especially the bolded parts, and pay full attention to their content. If there are any doubts or uncertainties, please consult with the borrower, professional institutions, or professionals in a timely manner.

After discussions among all parties, Party B agrees to provide the following comprehensive credit line to Party A for use. To clarify the economic responsibilities of all parties, this contract is specially signed as follows:

1. Total amount of the quota: (Currency, capitalization) RMB two million yuan (CNY 2,000,000.00)
 2. Validity period of the quota: This quota is valid from February 28, 2024 to February 28, 2027. At the end of the validity period of the quota, the unused credit limit will automatically become invalid.
 3. Loan Interest Rate and Interest Collection (Simple Interest)
 - 3.1 The loan interest rate shall be handled in accordance with the method of -3. 1. 1 below. The loan interest rate value under this contract is the tax-inclusive price including value-added tax.
 - 3.1.1 The loan under this contract adopts a uniform fixed interest rate. The loan interest rate is a fixed value of 4.5% (annual interest rate). This fixed value is the same rate among national banks as of the end of business on the working day before the date of signing of this contract by Party B.
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The one-year loan market quotation rate (LPR) announced by the Interbank Lending Center was set at 1.05% plus, and this fixed value will not be adjusted during the contract period.

3.1.2 (Applicable to RMB overdraft) Overdraft interest rate (annual interest rate) is: /

3.1.3 (Applicable to the payment of letters of credit, guarantees and acceptance bills under loans denominated in RMB) Advance interest rate (annual interest rate): L

3.2 Interest calculation and collection

3.2.1 Interest shall be calculated from the actual disbursement date of Party A and be handled in accordance with the following method (1):

(1) (Applicable to loans denominated in RMB, US dollars, euros, Japanese yen, and Swiss francs) Interest payable = Actual disbursement amount \times Loan interest rate (annual interest rate) \times Number of days of usage \div 360

(2) (Applicable to loans denominated in pounds and Hong Kong dollars) Interest payable = Actual disbursement amount \times Loan interest rate (annual interest rate) \times Number of days of usage - 365

(3) (Applicable to discounting of RMB) Discount interest = Face amount of the bill \times Discount days \times Discount interest rate (annual interest rate) \div 360

(4) (Applicable to RMB overdraft) Overdraft interest = Overdraft balance \times Overdraft interest rate (annual interest rate) 360, (where the Overdraft balance is calculated based on the balance at the end of business each day; if the interest rate changes during the interest calculation period, it should be calculated separately)

(5) Others: _____ / _____

3.2.2 Interest payment shall be handled in accordance with the second method below:

(1) (Applicable to foreign currency loans, not applicable to discounts or overdrafts) During the validity period of this contract, Party B collects loan interest on a quarterly basis, and the interest payment date is the last day of the last month of each quarter. When Party A settles all loans under a certain promissory note, it shall simultaneously settle all the interest of the loans under that promissory note.

(2) (Applicable to RMB loans, not applicable to discounts or overdrafts) During the validity period of this contract, Party B collects loan interest on a quarterly basis, and the interest payment date is the 21st day of the last month of each quarter. When Party A settles all loans under a certain promissory note, it shall simultaneously settle all the interest of the loans under that promissory note.

(3) (Applicable to RMB overdraft) Party B collects the overdraft interest on a monthly basis, and the interest payment date is the last day of each month.

(4) (Applicable to RMB discounting) It is collected when Party B pays the discount funds to Party A.

(5) Its k:

4, Usage of Quota:

The quota under this contract can be used for the first item (1) below. Without the written consent of the creditor, the debtor shall not misappropriate the loan under this quota for other purposes. At the same time, the debtor undertakes and guarantees that the loan funds under this contract shall not flow into the securities market or futures market in any form, shall not be used for investments such as stocks, bonds, futures, financial derivative products and asset management products, shall not be used for investments such as fixed assets and equity capital; shall not be used for the development of real estate projects or in the real estate field, nor in any form for house purchase and repayment of housing mortgage loans or other real estate mortgage loans; shall not be used for money laundering and terrorist financing; shall not be used for other purposes prohibited or restricted by laws and regulations.

- (1) Working capital turnover
- (2) Opening letters of credit and payment under letters of credit
- (3) Packing loan under letter of credit
- (4) Opening of letters of guarantee and payment under letters of guarantee
- (5) Opening bank acceptance bills and payments under bills
- (6) Export forfaiting
- (7) Overdraft
- (8) Bill discounting
- (9) Foreign exchange trading
- (10) Others: _____ / _____

5, Quota Usage:

5.1 Party A shall open a transaction account with Party B. Every disbursement of Party A shall be processed through its transaction account with Party B.

5.2 During the validity period of the quota, Party A shall submit a written application to Party B two banking business days in advance for each disbursement. Party B has the right to unilaterally decide whether to grant Party A the use of this quota. After being reviewed and approved by Party B, Party A may use this quota. For whatever reason, if Party B does not consent to Party A's use of this quota or the issuance of loans, Party A has no right to request the use of this quota or request Party B to issue loans.

5.3 During the validity period of the credit limit, the amount, term and purpose of each credit grant shall be based on the corresponding business vouchers (including but not limited to borrowing receipts, relevant business vouchers issued unilaterally by Party B, etc.).

5.4 The total balance of the quota under each sub-purpose of the quota limit shall not exceed the total amount of the quota limit.

5.5 During the validity period of the quota, Party A can reuse this quota in a cycle.

5.6 (Applicable only to working capital loans) For the outward payment of loan funds, it shall be handled in accordance with one of the following methods - 5.6.2:

5.6.1 Entrusted payment by the lender. Party A entrusts Party B to transfer the loan funds disbursed to Party A's account to the trading counterpart of Party A that complies with the purpose stipulated in this contract. Party A shall bear all legal and economic responsibilities arising from this entrustment.

In any of the following circumstances under this contract, the lender's entrusted payment method shall be adopted in principle: (1) When Party A and Party B establish a new credit business relationship and the credit status of Party A is average; (2) When the payee is clear and the single payment amount reaches 20% of the total amount of this contract; (3) Other circumstances identified by Party B.

5.6.2 Independent Payment by the Debtor. After the loan funds are disbursed to the Account of Party A by Party B, Party A shall independently pay the funds to the trading counterparties of Party A as stipulated in this contract. Party A shall report the actual payment situation of the loan funds to Party B within one month after each disbursement and provide corresponding contracts and other materials as evidence. Otherwise, Party B has the right to suspend the disbursement of funds by Party A.

5.7 (Applicable only to working capital loans) During the loan payment process, if Party A's credit status deteriorates, or the profitability of its main business is weak, or there is an abnormal use of the loan funds, the external payment method of this loan funds shall be fully adjusted to the methods listed in 5.6. 1. Party B has the right to suspend the disbursement and payment of the loan funds.

5.8 (Applicable only to the issuance of letters of credit and the payment under letters of credit) If Party A utilizes this credit limit to apply for the issuance of letters of credit to the outside party, it shall deliver to Party B the letter of credit guarantee equivalent to % of the amount applied for the issuance of letters of credit before the application date of the letter of credit as the pledge guarantee for the external payment under the letter of credit, granting Party B the first priority of repayment. With the consent of Party B, if Party A utilizes this credit limit to issue letters of credit to the outside party, the payment period of the issued letter of credit can exceed the maturity date of this credit limit. The specific payment period shall be subject to the specific letter of credit record. If Party A fails to make the payment under the letter of credit as scheduled, Party B has the right to actively deduct the above-mentioned guarantee and has the right to actively utilize the loan under this credit limit for the payment of the letter of credit. If Party B actively utilizes the loan under this credit limit, the specific loan amount and term shall be determined solely by Party B, and in this case, no borrowing slip submitted by Party A is required. Party A shall bear all obligations under this contract arising therefrom. If Party B utilizes the loan of Party A under this credit limit directly to pay the letter of credit payment as agreed in this article, even if the utilization time of Party B exceeds the maturity date of this credit limit, the utilized loan shall still be regarded as the debt owed by Party A to Party B under this credit limit.

5.9 (Applicable only to the application for opening letters of guarantee and payments under letters of guarantee) If Party A occupies this credit limit, Party A shall apply to Party B for

For the outward opening guarantee letter, a guarantee deposit equivalent to % of the amount of the applied guarantee letter shall be delivered to Party B before the application date as a pledge guarantee for the outward payment under the guarantee letter, granting Party B the first priority of repayment. In the event that the beneficiary of the guarantee requests Party B to fulfill the guarantee liability, Party B has the right to actively deduct the guarantee deposit under the guarantee letter and has the right to actively utilize the loan under this credit line to directly pay the claim under the guarantee letter. In the event that Party B actively utilizes the loan under this credit line, the specific loan amount and term shall be determined solely by Party B, and in this case, no borrowing slip submitted by Party A is required. Party A shall bear all obligations under this contract arising therefrom. The payment act of Party B shall not be affected by the disputes between Party A and the beneficiary of the guarantee letter regarding the underlying contract. Party A shall bear the liability for repayment of all funds incurred due to the performance of the payment under the guarantee letter, foreign bank charges (if any), incidental charges (if any), litigation fees (if any), etc.

5.10 (Applicable only to packaged loans) During the validity period of this quota, when Party A handles each packaged loan, a letter of credit (hereinafter referred to as the “pledged letter of credit”) issued from abroad and recognized and accepted by Party B shall be used as pledge. The amount of each packaged loan of Party A shall not exceed 70% of the amount of the pledged letter of credit, the term shall not exceed three months, and shall not exceed the validity period of this quota.

5.11 (Applicable only to the application for opening bank acceptance bills and payments under the bills) If Party A utilizes this credit limit to apply for the opening of bank acceptance bills by Party B, it shall deliver to Party B the acceptance guarantee equivalent to % of the face amount of the acceptance bill before the application date for opening the bill. This is used as a pledge guarantee for external payments under the acceptance bill, granting Party B the first priority of repayment. With the consent of Party B, if Party A utilizes this credit limit to open bank acceptance bills, the maturity date of the bank acceptance bills opened may exceed the maturity date of this credit limit. The specific maturity date shall be subject to the specific record on the face of the bank acceptance bill. If Party A fails to pay the bill payment on schedule, Party B has the right to actively deduct the guarantee under the acceptance bill and has the right to actively use the loan under this credit limit to directly pay the bill payment. If Party B actively uses the loan under this credit limit, the specific loan amount and term shall be determined solely by Party B, and in this case, it is not necessary for Party A to submit a borrowing slip. Party A shall bear all obligations under this contract arising therefrom. If Party B uses the loan of Party A under this credit limit directly to pay the acceptance bill payment as agreed in this article, even if the time of Party B's use exceeds the maturity date of this credit limit, the loan used shall still be regarded as the debt owed by Party A to Party B under this credit limit.

5.12 (Applicable only when the annual review is passed but there is still a balance of “non-loan” under the original quota) Party A occupies the quota under the “-/ Contract” numbered as one/ between Party A and Party B, and applies to Party B one (please fill in the sub-quota purpose that still has a balance under the original quota except for “loan”, for example:)

For opening letters of guarantee, letters of credit, bank acceptance bills, foreign exchange trading, etc. (for external purposes), if the balance of this quota has not been settled when this contract comes into effect, it shall be directly transferred to the quota balance under this contract.

5.13 (Applicable only to situations where multi-contract credit limit aggregation control is required) The balance of the utilized credit limit under this credit limit item of Party A and the balance of the utilized credit limit under the "No. / Contract" numbered as / of Party A shall not exceed / (fill in the amount in both capital and lowercase) (exchange rate is converted according to /)

5.14 (Applicable only to overdrafts) The maximum period of each overdraft shall not exceed one day and shall not exceed the terms of this contract.

Validity period of the limit. The minimum amount of the overdraft should be no less than (currency) - / (amount in capital letters)

L, and the amount of overdraft should be an integer of (currency)/, (amount in capitalized letters)/

Double.

5.15 Others: _____ / _____

6, Repayment of Principal and Interest:

6.1 Party A shall repay the principal and interest of the loan in full and on time as stipulated in this contract. Party A authorizes Party B to actively transfer the loan principal, interest, penalty interest, compound interest, penalty money and other fees (if any) stipulated in this contract from the funds in the account opened by Party A in each branch of Xiamen International Bank Co., Ltd. Such funds can be in the original loan currency or other currencies equivalent to the original loan currency.

6.2 If the funds in Party A's account are insufficient to cover the principal, interest and other expenses (if any) due under this contract, Party B has the right to determine the order of disbursement.

6.3 Early Repayment:

(1) Party A shall obtain the prior written consent of Party B if it repays all or part of the outstanding loan before the maturity date.

(2) When making an early repayment, Party A shall simultaneously settle all the loan principal, interest and all other expenses (if any) due as of the date of early repayment as stipulated in this contract.

6.4 (Applicable only to working capital loans) Party A shall designate a dedicated funds collection account and promptly provide Party B with the information on the inflow and outflow of funds in this account.

6.5 (Applicable only to packaged loans) Party A shall repay the loan as scheduled in accordance with the maturity date stipulated in each application for packaged loans. The packaged interest shall be settled along with the principal. Party B has the right to directly deduct the payment or forfeiting funds under each pledged letter of credit to repay the corresponding packaged loans.

6.6 (Applicable only to forfeiting) Party A shall repay the loan on schedule in accordance with the maturity date of each forfeiting document. Party B has the right to directly deduct the payment under each forfeiting document to repay the corresponding forfeiting loan.

Whether the forfeiting loan is due or not, the forfeiting interest is settled along with the princip

6.7 (Applicable only to discounting) Repayment of discounted principal and interest: The discount interest shall be directly deducted by Party B on the discount date. After the bills under this contract are discounted by Party B, Party B shall have all the documentary rights of the bills. When the bills mature, Party B shall directly collect the bill payment from the acceptor. In case of any reason resulting in the rejection of the bills or Party B fails to receive the full amount of the bill payment on time when the bills mature, Party B may directly deduct the amount of the bills that have not been redeemed and the interest and other fees (if any) during the delay in collection from the account of Party A. Party B shall have the right of recourse against Party A and its predecessors in accordance with the law. If the discounted bills are rejected by the acceptor due to being counterfeit bills, cloned bills or other reasons, Party A shall unconditionally refund the face amount of the discounted bills to Party B.

7, Guarantee:

To guarantee the performance of Party A's obligations under this contract, Party A shall provide legal and valid guarantees to Party B in the manner specified in Clause 7.1 below.

7.1 Huang Zhuoqin and Wei Lili (hereinafter referred to as the "Guarantors") provide a full and joint guarantee for the repayment of all debts owed by Party A to Party B under this contract (the guarantee contract is attached separately).

7.2 To provide mortgage guarantee for the repayment of all debts owed by Party A to Party B under this contract by the property located at / (hereinafter referred to as the "mortgagor") which is owned by /, granting Party B the first priority of repayment (the mortgage contract is attached separately)

7.3 The deposit of Party A in Party B (currency) - / (amount in both capitalized and lowercase) / and its interest shall be provided as a pledge guarantee for the settlement of all debts owed by Party A to Party B under this contract, granting Party B the first priority of settlement (the pledge contract is attached separately).

7.4 The guarantee deposit (currency) delivered by Party A to Party B (hereinafter referred to as "Pledgor B") in the amount of / (in both capitalized and lowercase) / and its interest shall provide pledge guarantee for the settlement of all debts owed by Party A to Party B under this contract, and confer the first priority of settlement right to Party B (the pledge contract is attached separately).

7.5 The stocks/equities and their dividends owned by 7.5 (hereinafter referred to as "Pledgor C") of / (fill in the company name) of / (fill in the number of stocks or equity ratio) stocks/equities of / provide pledge guarantee for the settlement of all debts owed by Party A to Party B under this contract, and grant Party B the first priority of settlement. (The pledge contract is attached separately).

7.6 An irrevocable standby letter of credit issued by the Bank (hereinafter referred to as the "Issuing Bank") in favor of Party B, with the total amount of (currency) (amount in both capitalized and lowercase) one/ Under the same item, the repayment of all debts owed by Party A to Party B shall be provided with joint guarantee. If Party A fails to repay the debts in full and on schedule as stipulated in this contract, Party B has the right to claim the debts owed by Party A from the issuing bank in accordance with the conditions stipulated in the letter of credit.

7.7 The Party A shall provide pledge guarantee for the settlement of all debts owed by the Party A to the Party B under this contract by pledging the receivable accounts of the Party A from / (fill in the company name) not less than / (currency) / (amount in both capitalized and lowercase) / and the corresponding collection funds. After the receivable accounts are collected, they shall first be used to repay the loan principal, interest, penalty interest, compound interest and other expenses (if any) owed by the Party A to the Party B, or be directly deposited into the Party A's account with the Party B and converted into pledged deposit for guaranteeing the settlement of the debts owed by the Party A to the Party B under this contract. The Party A shall guarantee that its deposit account with the Party B is the sole receiving account for the receivable accounts.

7.8 Other guarantee conditions: _____ / _____

4. Other conditions:

8.1 In any of the following circumstances, Party A shall promptly notify Party B and implement the settlement and guarantee of the debt as required by Party B.

- (1) Changes in the company's articles of association, business scope, registered capital, domicile, legal representative (person in charge), and equity changes;
- (2) Severe difficulties arise in production and operation, financial conditions deteriorate, production is suspended, business is closed, dissolved, liquidated, placed on suspension for rectification, business license is revoked, organization is dissolved or bankruptcy is filed;
- (3) Involving or potentially involving major economic disputes, litigation, arbitration, or the property being lawfully sealed, frozen, seized or supervised;
- (4) Board members and current senior management personnel are suspected of being involved in major cases or economic disputes or have been given administrative penalties by the relevant departments;
- (5) Causing liability accidents due to violations of relevant laws, regulations, regulatory provisions or industry standards related to food safety, work safety, environmental protection, etc., which have occurred or may have an adverse impact on its performance of obligations under this contract;
- (6) Other major adverse events that affect solvency occur.

8.2 During the validity period of this contract, if Party A experiences circumstances such as capital reduction, contracting, leasing, shareholding system reform, joint venture, merger, takeover, division, joint venture, equity transfer, foreign investment, substantive increase in debt financing, application for business suspension and rectification, application for dissolution, application for bankruptcy, etc., which are sufficient to affect the realization of Party B's creditor's rights, Party A shall notify Party B in writing 30 days in advance and obtain Party B's consent, and implement the debts as required by Party B.

Liquidation and guarantee.

8.3 Party A shall provide Party B with financial accounting materials, production and operation status materials and relevant textual explanations on a quarterly basis. Party A shall actively cooperate and consciously accept the inspection and supervision of Party B on its production and operation, financial activities and the usage of loans under this contract.

8.4 Party A shall obtain the written consent of Party B if it provides any debt guarantee, mortgage, pledge or other form of guarantee to any person that may affect the settlement of Party B's creditor's rights.

8.5 Party A shall truthfully declare the purpose of each loan to Party B and undertake to abide by all the agreements regarding the purpose of the loan as stipulated in Article 4 of this contract.

8.6 Party B has the right to inspect and understand the loan payment management, capital application, and capital recovery situation of Party A. Party A shall cooperate with Party B in the monitoring of Party A's relevant accounts. Party A shall actively cooperate and facilitate the inspection, understanding, and account monitoring of Party B.

8.7 (Applicable only for packaging purposes) During the validity period of this quota, Party A shall also abide by the following when handling packaging loans:

- (1) The export documents submitted by Party A shall be consistent with the requirements of the terms of the pledged letter of credit, and the documents shall be consistent with each other and the documents themselves.
- (2) If the issuing bank of the pledged letter of credit requests to modify or revoke the letter of credit to Party A, Party A shall reply with modification or revocation after obtaining the written consent of Party B; and such modification or revocation shall not affect the interests of Party B.
- (3) If Party A fails to fulfill the pledged letter of credit, Party A shall repay the packaging loan with other sources of funds or provide other collateral or guarantee approved by Party B.
- (4) If Party A fails to repay the packing loan with the export payment under the pledged letter of credit, Party A shall pay a non-negotiation fee of 1.25% of the loan repayment amount in the original loan currency to Party B.
- (5) During the packaging and disbursement period, Party A shall provide Party B with inventory, production and operation conditions as required by Party B. Party B has the right to supervise the procurement, production, inventory, shipment and settlement of product raw materials under the pledged letter of credit.

8.8 (Applicable only to credit lines granted to group customers) Party A shall promptly inform Party B in writing of the situation of related transactions equivalent to more than 10% of its net assets, including: the affiliation relationship of the parties involved in the transaction; the transaction items and nature of the transaction; the amount of the transaction or the corresponding proportion; pricing policies (including transactions without an amount or only a symbolic amount)

8.9 (Applicable only to the discount of accepted bills) All the bills, documents, materials and vouchers provided by Party A to Party B for the bill discount business under this contract are true, complete, accurate and valid.

Party A guarantees that the bills of exchange applied for discount are true, legal and valid, obtained through legal channels, and there is a genuine commercial transaction relationship between Party A and the issuer or the previous holder.

8.10 (Applicable to the domestic guarantee and foreign loan business under the mode of applying for a standby letter of credit issued by the creditor to the outside) Party A shall deposit the pledged deposit listed in Article 1 of this contract into the account opened by Party A with Party B before [year] [month] [day], and Party A shall fully utilize this quota within five working days after Party B completes the validity procedures of the quota under this contract; otherwise, Party B has the right to cancel this quota.

8.11 (Applicable only to guaranteed credit lines) In the event that the guarantor under this contract suspends production, closes down, has its registration cancelled, has its business license revoked, is revoked, goes bankrupt, or suffers from operating losses, and partially or completely loses the guarantee capacity corresponding to this loan, Party A shall promptly provide other guarantees recognized by Party B.

8.12 (Applicable only to mortgage or pledge guaranteed credit lines) In the event of a decrease in the value of the loan collateral or pledged property under this contract, accidental damage or loss, or the seizure, freezing, seizure, expropriation, inclusion in the demolition scope or occurrence of ownership disputes of the mortgage or pledge under this contract, Party A shall promptly notify Party B and provide other guarantees recognized by Party B.

9 Statements and Guarantees:

Party A makes the following representations and warranties to Party B, and the following representations and warranties shall always be valid during the validity period of this contract:

9.1 It is an enterprise legal person or organization lawfully established in accordance with the laws of the place of registration, having the qualification to operate the business stipulated in its business license, documents or articles of association in the place of registration or the place of main business, and possessing the qualification of the debtor entity.

9.2 The execution of this contract has obtained all necessary authorizations or approvals. The execution and performance of this contract do not violate the company's articles of association or the provisions of relevant laws and regulations, and are not in conflict with any other contracts that have been signed or are being performed.

9.3 Operate in accordance with laws and regulations, have a good credit record, and have no bad records such as credit default or evasion of bank debts.

9.4 There is a sound organizational structure and financial management system. No major violations or disciplinary violations occurred during the production and operation process in the recent year, and the current senior management personnel have no major bad records.

9.5 Ensure that the purpose of this credit limit is legitimate and legal.

9.6 All the documents, materials, reports and vouchers provided by Party A to Party B for the business under this contract are true, complete, accurate and valid, without any false records, material omissions or misleading statements. The financial reports provided to Party B are prepared in accordance with the currently effective laws, regulations and financial accounting standards. The financial reports are true, accurate, complete and valid in all material respects, fairly reflecting the financial position of Party A at the end of the relevant accounting period and the operating results during that period. And since the latest financial reporting cut-off date, the financial position of Party A has not undergone any material adverse changes.

9.7 No matters that have occurred or are occurring and may affect Party B's financial condition and solvency have been concealed from Party B, such as incidents involving mediation, arbitration, litigation, enforcement, and disciplinary violations or illegal acts that may endanger Party B's rights and interests.

9.8 There are no ongoing litigation, arbitration, other administrative proceedings or claims events that may affect Party A's execution or performance of this contract and the settlement of debts under this contract.

9.9 Party A has carefully read this contract and fully understood and accepted the content of this contract. Party A's signature and performance of this contract are voluntary and all the expressions of intention are true.

10. Default event:

In any of the following circumstances, it shall constitute a breach of contract by Party A, and Party B has the right to take various breach of contract handling measures as stipulated in this contract:

10.1 Party A violates the terms of this contract or contravenes any statement, guarantee or commitment under this contract

10.2 In any of the following circumstances, the Party A's enterprise has occurred or may affect the performance of the Party A's obligations under this contract:

- (1) Any other debt fails to be settled after its maturity (including being declared due in advance), or the obligation under other agreements is not fulfilled or violated;
- (2) The deterioration of financial indicators such as profitability, solvency, operational capacity and cash flow has occurred or may have an adverse impact on Party A's performance of the obligations under this contract. Among them, the asset-liability ratio is higher than /; Other indicators:
- (3) Major adverse changes occur in brand, customers, marketing channels, etc., or major adverse changes occur in equity structure, production and operation, and foreign investment;
- (4) Assets are seized, frozen, detained or subject to compulsory enforcement;
- (5) Involving or likely to involve major economic disputes, litigation or arbitration;

(6) Being filed and investigated or punished by judicial authorities or administrative law enforcement authorities such as tax authorities, industry and commerce authorities, and administrative management authorities in accordance with the law;

(7) Abnormal changes in the legal representative, actual controller, major investors, key management personnel, or their personal affairs, involvement in major cases, property preservation measures taken on major assets, investigation by judicial authorities due to suspected illegal or criminal acts, restrictions on personal freedom, or other events that prevent them from performing their duties normally;

(8) Suspension of business, dissolution, liquidation, suspension for rectification, revocation of business license, revocation or application for bankruptcy;

(9) Causing liability accidents due to violations of relevant laws, regulations, regulatory provisions or industry standards related to food safety, work safety, environmental protection, etc.

(10) Other circumstances that may adversely affect the realization of Party B's rights under this contract.

10.3 In the event that the guarantor (i.e., guarantor, mortgagor, or pledgeor) under this contract undergoes the following circumstances and Party A fails to provide a new guarantee that complies with Party B's requirements separately, it shall be regarded as a breach of contract by Party A:

(1) The guarantor violates the provisions of the guarantee document, or its credit status deteriorates, or other events that weaken the guarantee capacity occur;

(2) The mortgagor violates the terms of the mortgage contract, or intentionally damages the mortgaged property, or the value of the mortgaged property may or has decreased significantly, or the insurance of the mortgaged property is interrupted or revoked, or other events that may damage Party B's mortgage rights occur;

(3) The pledgor violates the stipulations of the pledge documents, or the value of the pledged property has decreased or may decrease significantly, or other events that may damage Party B's pledge rights occur;

(4) Failure to go through the registration and filing procedures for external guarantees with the relevant institutions as stipulated by laws and regulations;

(5) Changes in the guarantee under this contract that are unfavorable to Party B's creditor's rights occur (including but not limited to those guaranteed by the equity of the target enterprise or the target assets, and Party A fails to complete the guarantee registration procedures in a timely manner after the transfer of the equity of the target enterprise / the target assets as agreed), and Party A fails to provide other guarantees recognized by Party B separately.

10.4 (Applicable to credit lines granted to group customers) In any of the following circumstances of Party A, it shall be regarded as a violation of this contract by Party A, and Party B has the right to take various default handling measures listed in this contract.

(1) Providing false materials or concealing important operating and financial facts;

(2) Unilaterally changing the original purpose of credit granting without the consent of Party B, misappropriating the loan or using the loan for illegal or irregular transactions;

- (3) Utilizing false contracts with related parties to discount or pledge creditor's rights such as notes receivable and accounts receivable without an actual trade background to obtain funds or credit lines;
- (4) Refuse to accept the supervision and inspection by Party B regarding the usage of its credit line and related business and financial activities;
- (5) In cases of major mergers, acquisitions, reorganizations, etc., Party B deems that it may affect the credit security;
- (6) Intending to evade or nullify Party B's creditor's rights through related transactions.

10.5 (Applicable only to overdraft business) If Party A has an overdue overdraft for one time within the validity period of the quota; or if the production and operation and capital structure deteriorate, a financial crisis occurs, or any of the aforementioned situations occurs before the overdraft settlement account of Party A with Party B is sealed and frozen by an external agency, it shall be regarded as a violation of this contract by Party A, and Party B has the right to take various default handling measures listed in this contract.

11. Default Handling:

In the event of any default event stipulated in this contract, Party B has the right to take one or more of the following measures, and Party A has no objection to this:

11.1 Reduce, suspend or terminate this quota, or shorten the validity period of the quota.

11.2 The disbursement of loans under this contract shall be suspended.

11.3 In the event of early recovery of the issued loan, it is advisable to declare all outstanding amounts due immediately, regardless of their due date, and require Party A to immediately repay all debts owed to Party B under this contract.

11.4 For the interest that Party A fails to pay on schedule (including all the interest payable to Party B for all or part of the loan that matures ahead of schedule, penalty interest, compound interest, etc.), in addition to continuing to pay, Party A shall also pay compound interest separately to Party B from the date when the interest is due. The interest rate of the compound interest shall be implemented in accordance with the overdue penalty interest rate listed in Article 11.5.

11.5 For the loan principal that is overdue for repayment (including all or part of the loan principal that expires in advance for Party B), overdue interest shall be collected from the date of overdue loan principal in accordance with the overdue penalty interest rate stipulated in this contract. The overdue penalty interest rate is the sum of the following two items: (1) The loan interest rate stipulated in Article 3.1 of this contract; (2) 50% of the loan interest rate stipulated in Article 3.1 of this contract.

11.6 If Party A uses the loan for purposes other than those stipulated in the contract, it shall, from the date of misappropriation, pay a penalty to Party B for the misappropriated portion of the loan until the principal and interest are fully settled. The penalty rate shall be 100% of the loan interest rate stipulated in Article 3.1 of this contract.

11.7 For those with overdue loan principal for or more, Party A shall, in addition to calculating and paying the interest and overdue payment in accordance with the interest rate stipulated in Clauses 3. 1, 11.4 and 11.5 of this contract and the relevant provisions of this contract.

In addition to the various interest, penalty interest and compound interest, a delay performance fee shall be paid separately to Party B from the date when the loan principal is overdue. The calculation formula of the delay performance fee is: The total debt amount (including but not limited to loan principal, interest, penalty interest, compound interest, etc.) owed by Party A under this contract as calculated as of the date of the loan principal being overdue * (multiplied by) _____

11.8 Have the right to exercise the guarantee rights.

11.9 Have the right to request Party A to re-provide the guarantee recognized by Party B.

11.10 If the occurrence of the breach of contract event of this contract causes Party B to adopt judicial recourse to realize the creditor's rights, Party A shall bear all expenses incurred by Party B in realizing the creditor's rights (including but not limited to litigation fees, lawyer fees, property preservation fees, travel expenses, enforcement fees, valuation fees, auction fees, etc.).

11.11 If Party A fails to repay the principal, interest, penalty interest, compound interest and other payable items of the loan due (including those declared to be due in advance) as agreed, Party B has the right to deduct the corresponding funds from all the local and foreign currency accounts of Party A opened with Party B or other branches of Xiamen International Bank Co., Ltd. for settlement until all the payable items of Party A under this contract are fully settled. If the deducted funds are inconsistent with the currency of this contract, they shall be settled after being converted according to the exchange rate announced by Party B.

11.12 (Applicable only to letters of credit, acceptance, and guarantees) For the bills accepted by Party B or the letters of credit, guarantees, and release guarantee letters opened by Party B within the term of this contract, Party B has the right to request Party A to increase the amount of the guarantee deposit, or transfer the funds from other accounts of Party A opened with Party B to the guarantee deposit account as the guarantee deposit for the future outward payment of such funds under this contract.

11.13 Refuse to disburse the funds corresponding to the amount in all local and foreign currency accounts (including but not limited to the funds recovery account) opened by Party A in Party B or other branches of Xiamen International Bank Co., Ltd., and take measures such as freezing, stopping payment, and disabling non-counter transaction functions for the above-mentioned accounts without prior notice.

12. Transfer of Rights and Obligations

12.1 Party B has the right to transfer all or part of its rights under this contract to a third party without obtaining the consent of Party A. After the transfer of the creditor's rights, the transferee acquires the accessory rights related to the creditor's rights.

12.2 Without the written consent of Party B, Party A shall not transfer all or part of its rights and obligations under this contract.

13. Effectiveness, Amendment and Termination

13.1 This contract shall come into effect as of the date when the authorized signatories of Party A and Party B sign (or affix their seals) and the official seal of the respective units. The validity of this contract shall terminate when Party A repays all the loan principal, interest, penalty interest, compound interest, liquidated damages and other fees (if any) stipulated in this contract to Party B.

13.2 Any modification to this contract shall be made in writing after mutual consultation by both parties. The modified terms or agreements shall form part of this contract and have the same legal effect as this contract. The original terms shall remain valid until the modified part takes effect.

13.3 The modification and termination of this contract shall not affect the right of each contracting party to claim compensation for losses. The termination of this contract shall not affect the validity of the relevant dispute resolution provisions.

14. Application of Law and Dispute Resolution

The conclusion, validity, interpretation, performance and settlement of disputes of this contract shall be governed by the laws of the People's Republic of China (excluding the laws of the Hong Kong and Macao Special Administrative Regions and Taiwan region). All disputes and disputes arising from or related to this contract shall be settled through consultation between Party A and Party B. If the consultation fails, the dispute shall be under the jurisdiction of the people's court where Party B is located.

During the litigation period, the terms of this contract that do not involve the disputed part shall still be performed.

15. Others

15.1 The guarantee documents, specific business vouchers (including but not limited to loan receipts, relevant business vouchers issued unilaterally by Party B, etc.) and other legal documents related to this contract are all integral parts of this contract.

15.2 The failure of Party B to exercise or partially exercise or delay in exercising any right under this contract shall not constitute a waiver or modification of such right or any other right, nor shall it affect its further exercise of such right or any other right.

15.3 The invalidity or unenforceability of any provision of this contract shall not affect the validity and enforceability of the other provisions, nor the validity of the entire contract.

15.4 The invalidity of all or part of this contract shall not affect the validity of the guarantee clause.

15.5 The terms "related party", "related party relationship", "related party transaction", "major investor individual" and "key management personnel" as described in this contract have the same meanings as those in the "Accounting Standards for Business Enterprises No. 36 - Disclosure of Related Parties" (Document No. Cai Kai [2006] No. 3) promulgated by the Ministry of Finance.

15. 6 In this Contract, the headings of the terms are for reference only and do not constitute any interpretation of this Contract, nor do they constitute any limitation on the content and scope under the headings.

16. Other matters agreed upon by both parties:

16.1 During the validity period of this credit limit, Party A may withdraw funds in installments. The term of each loan withdrawn by Party A shall not exceed 3 years and shall not exceed the maturity date of this credit limit.

16.2 Repayment Plan:

16.2.1 For each loan under this contract, 5% of the loan amount shall be repaid every six months from the date of disbursement, and the remaining loan principal and interest shall be repaid before the maturity date of the loan.

16.2.2 Party A shall fully repay the remaining loan principal and interest under this contract before the loan maturity date. When Party A repays all the loans under this contract, it shall simultaneously settle all the remaining interest, overdue penalty interest, compound interest and other expenses of this loan. Party B may directly deduct the interest (including overdue penalty interest and compound interest) from Party A's deposit account.

16.3 During the validity period of this credit limit, the downstream direct collection of the lender's transaction amount in the account opened by Party A at Party B or its branch shall not be less than RMB 25 million (CNY25,000,000.00) per year.

16.4 During the validity period of this contract, Party A intends to apply for risk compensation for the loans it utilizes from the Xiamen Small and Medium-sized Micro Enterprise Financing Guarantee Sub-Fund. Before each loan is utilized, Party B shall obtain the "Record Confirmation Letter" issued by the guarantee sub-fund management institution and confirm that the loan to be utilized by Party A has been reviewed and approved by the management institution to be included in the risk compensation scope. Then the loan shall be disbursed; otherwise, Party B has the right to refuse to disburse the loan to Party A. If the loan utilized by Party A is overdue or there are other default circumstances as stipulated in this loan contract, Party A confirms and undertakes that whether Party B obtains the risk compensation from the above-mentioned guarantee sub-fund or not will not affect Party B's right to recover from Party A. Party A shall not claim debt relief on the grounds that Party B has received risk compensation from the guarantee fund.

16.5 (Delivery Clause) Each party of this contract hereby confirms the following addresses and methods as the delivery addresses and methods for Party B to notify Party A of loan-related matters and the transfer of creditor's rights and obligations involved in the debt/guarantee obligations, collection, litigation (arbitration), enforcement and non-litigious case files (including but not limited to various notices such as creditor's rights transfer notices, collection notices, payment notices, notices of undertaking guarantee liabilities, etc., as well as litigation documents, notarial documents, arbitration documents, enforcement documents, non-litigious trial files, assessment reports, materials, etc. at all stages such as pre-litigation preservation, first instance, second instance, retrial, etc.):

Recipient: Xiamen Pupu Culture Co., Ltd.

Mailing Address: Unit 836, No. 5, Mucuo Road, Huli District, Xiamen City, Fujian Province

Postal Code: 361000, Contact Number: 13599518650

A (agree/disagree) accepts the service of electronic documents. Email address: -/ Electronic service has the same legal effect as written service.

After the above legal documents are sent out, except for being signed for by Party A (or the legal representative himself/herself), being signed for by the office, the mailroom, the property security guards, colleagues of the company and other adults living together shall also be regarded as delivery. Party A agrees that the following dates shall be regarded as the delivery dates: for letters sent by mail or express delivery, three days (calendar days) after the mailing or express delivery; for personal delivery, on the date when the recipient signs for it; for electronic file delivery, from the date when the email is sent successfully. If Party A refuses to accept it, it shall be regarded as delivered three days (calendar days) after the document is sent out.

If the above-mentioned delivery address and method change, Party A shall promptly notify Party B, the court, the arbitration committee, the notary office and other relevant departments in writing within three calendar days (calendar days) from the date of the change of the matter, and reconfirm the delivery address and method in writing. Before Party B and the relevant departments receive the valid notice of the address change, the above-mentioned delivery address shall still be regarded as the valid delivery address of Party A. When there are matters that Party B needs to notify Party A, it can also notify by means of posting announcements on the Party B website, online banking, mobile banking, phone calls, text messages, etc.

17. This contract is made in triplicate. Party A holds one copy and Party B holds two copies. All copies have the same legal effect.

18. Declaration Clauses

All contracting parties have read all the terms of this contract, with particular attention to the terms in bold font of this contract. At the request of the debtor, the creditor has provided corresponding explanations of the terms of this contract. The debtor has fully understood the meaning of the terms of this contract and the corresponding legal consequences and voluntarily signed this contract.

甲方:



Date of Signature: February 27th, 2024

Signing place: No. 1, Siming District, Xiamen City (Please fill

in the location of the branch) Witness: He

Please note that these documents are English translations of the original Chinese versions prepared only for your convenience. In the case of any discrepancy between the translation and the Chinese original, the latter shall prevail.

2023年3月版

Serial Number: DGSX2023062962



Xiamen Bank

Credit Line Agreement

Recipients: Xiamen Pupu Culture Co., Ltd., Huang Zhuoqin, Wei Lia _____

Creditor: Xiamen Bank Co., Ltd. _____

In accordance with the provisions of relevant laws and regulations such as the “Commercial Bank Law of the People’s Republic of China”, both parties, based on the principles of equality, voluntariness, good faith and credit, have reached an agreement through consultation and specially entered into this agreement and shall abide by it jointly.

Part One General Terms

The first credit line business scope and classification

1.1 Scope of credit granting business

Under this agreement, the trustee may apply to the grantor for working capital loans, fixed asset loans, bank acceptance bills, guarantee business, trade financing, discounting of commercial acceptance bills, agency derivatives trading and other individual credit business (including but not limited to factoring business). The individual credit business under this agreement may include both single credit business and credit lines.

- (1) The working capital loan business under this agreement refers to the borrowing of local and foreign currency funds by the borrower from the lender for the borrower's daily production and business turnover.
- (2) The fixed asset loan business under this agreement refers to the loan granted by the lender to the borrower for the borrower's purchase of commercial real estate,

Foreign and domestic currency loans for the construction and renovation of machinery and equipment or factories, decoration of business premises, or other fixed asset investments accepted by the grantee.

- (3) The bank acceptance bill business under this agreement refers to the bill financing where the debtor who has opened a deposit account with the lender issues the bill, applies to the lender for acceptance review and approval, and guarantees to unconditionally pay the determined amount to the holder on the designated date.
- (4) The guarantee business under this agreement refers to the application made by the beneficiary to the grantor. The grantor provides joint guarantee and guarantee for the financing, bidding, contract performance, etc. of the beneficiary or the designated third party in the form of opening a bank guarantee, issuing a guarantee commitment, signing a guarantee contract, etc.
- (5) The trade financing business referred to in this agreement means that the beneficiary applies to the grantor, and the grantor provides the beneficiary with one or more of the following services: opening international letter of credit (i.e., irrevocable documentary letter of credit) business, opening domestic letter of credit business, opening guarantee/standby letter of credit business, packing loan business, export forfaiting business, import forfaiting business, import advance payment business, domestic advance payment business, export OA accounts receivable financing business, domestic letter of credit seller's forfaiting business, domestic letter of credit buyer's forfaiting business, and other international or domestic trade financing businesses.
- (6) The commercial acceptance bills guaranteed and discounted as referred to in this agreement include two situations: guaranteed and discounted for the acceptor refers to the credit business in which the creditor undertakes to handle the discount for the commercial acceptance bills issued and accepted by the debtor and held by the discount applicant who meets the requirements within a certain period and limit; guaranteed and discounted for the holder refers to the credit business in which the creditor undertakes to handle the discount for the commercial acceptance bills held by the debtor and meeting the requirements within a certain period and limit.
- (7) The term "agency trading of derivative products" as referred to in this agreement refers to the business where the trustee acts as the client and entrusts the grantor to conduct the trading of derivative products on a voluntary risk-bearing basis; derivative products refer to a financial contract whose value depends on one or more underlying assets or indices. The basic types of contracts include futures, swaps (exchanges), options, etc., and structured derivative instruments with one or more of the above characteristics.

1.2 Classification of Credit Granting Businesses

- (1) Borrowing and financing business: Working capital loan business, fixed asset loan business under this agreement, as well as packaging loan business, export forfaiting business, import forfaiting business, import advance payment business, domestic advance payment business, export OA accounts receivable financing business, domestic letter of credit seller's forfaiting business, and domestic letter of credit buyer's forfaiting business in trade financing business

The following are collectively referred to as borrowing and financing businesses.

- (2) Bank credit business: The bank acceptance bill business, guarantee business under this agreement, as well as the business of opening international letters of credit, opening domestic letters of credit, opening guarantee/standby letters of credit, etc. in trade financing business shall hereinafter be collectively referred to as bank credit business.

The second credit line

- 2.1 The grantor agrees to provide the grant amount to the grantee under this agreement. The details of the grant amount are stipulated in Article 22 of this agreement. When the grant is in multiple currencies under this agreement, the amount stipulated in Article 22 of this agreement is the total amount in both local and foreign currencies.

Article 3 Service Life of the Credit Line

- 3.1 The term of use of the credit line under this agreement is detailed in Article 23 of this agreement. The recipient shall apply to the creditor for a single credit business under the credit line within the term of use of the credit line. If the recipient applies to the creditor beyond the term of use of the credit line, the creditor has the right to refuse.
- 3.2 When the term of use of the credit line agreed in this agreement expires, if both parties reach an agreement through consultation and the creditor agrees to continue to provide the credit line to the debtor, both parties shall sign a separate written agreement.
- 3.3 The expiration of the term of use of the credit line does not affect the legal effect of this agreement and does not constitute the termination event of this agreement. The individual credit business that both parties have conducted in accordance with this agreement shall continue to be performed in accordance with the provisions of this agreement and the relevant individual credit documents. The rights and obligations that have occurred shall be fulfilled.

Article 4 Use of Credit Line

- 4.1 Any agreement on the credit limit in this agreement and the individual credit approval documents under this agreement shall not indicate that the creditor must actually grant credit to the debtor in accordance with the agreed limit. The creditor has the right to adjust the credit limit based on the actual situation. The debtor irrevocably agrees and confirms that within the term of use of the credit limit of this agreement, for each application of the debtor, the creditor has the right to approve whether to grant credit on a case-by-case basis based on the actual internal and external situation (including but not limited to factors such as external regulatory requirements, the creditor's internal credit policy, approval opinions, implementation of guarantee conditions, or the creditor's capital liquidity).
- 4.2 As of the effective date of this Agreement, based on the previously valid "Credit Line Agreement" or similar agreements and their individual credit granting documents, the credit balance that the recipient has incurred with the creditor shall be consolidated and regarded as the credit granted under this Agreement, and occupy the credit limit under this Agreement. In cases stipulated in Article 4. 3 of this Agreement, the credit limit under this Agreement shall not be occupied.
- 4.3 Unless otherwise agreed by both parties, the credit amount corresponding to the guarantee provided by the trustee and the third party in the form of a guarantee deposit, certificate of deposit (to be opened with the creditor), structured deposit wealth management product or structured deposit product as pledge guarantee shall not be included in the credit limit under this agreement. However, this part of the credit is still subject to the constraints of this agreement, and the corresponding credit documents signed for it still belong to the individual credit documents under this agreement and constitute an integral part of this agreement.
- 4.4 In the event of multiple trustees jointly incurring debts under this agreement, any trustee may apply to the creditor for a single credit business under this agreement independently without notifying or obtaining the consent of other trustees. Any credit balance incurred by any trustee under this agreement shall be included in the total credit balance under this agreement, and all trustees shall bear joint and several liabilities for the above-mentioned total credit balance.

Article 5 Documents to be Signed for a Single Credit Line Business

- 5.1 The recipient shall submit the corresponding application and/or loan to the lender when applying to the lender for a single credit business under this agreement

The loan receipt and/or the corresponding contract/agreement signed with the lender (collectively referred to as the individual credit grant document). The above-mentioned individual credit grant documents are all annexes to this agreement, constitute an integral part of this agreement, and have the same legal effect as this agreement.

- 5.2 The individual credit granting document shall have all or some of the following contents, and this is not limited to:

- (1) The type, credit amount, term and purpose of the individual credit granting business;
- (2) The borrowing interest rate, interest rate adjustment method and settlement method of the individual credit business;
- (3) The payment method of the borrowed funds for the individual credit business;
- (4) The expenses to be paid and the payment methods for applying for individual credit business;
- (5) The repayment method of the individual credit business;
- (6) Opening and management of the bank account of the addressee;
- (7) Other contents that should be present as stipulated by national laws and regulations.

- 5.3 In the event of inconsistency in the agreements on the specific contents of the borrowing and financing business under this agreement as stipulated in different individual credit granting documents, the agreement in the borrowing slip (if there is no borrowing slip for specific business of bank credit type, it shall be the application for specific business, and the same below) shall prevail.

Article 6 The prerequisite for conducting individual credit business

- 6.1 The recipient shall meet the following conditions when conducting a single credit business as entrusted by the creditor:

- (1) This agreement has come into effect;
- (2) Reserve the company's documents, documents, seals, list of relevant personnel, signature samples related to the execution of this agreement and individual credit documents to the credit grantor, and complete the relevant vouchers;
- (3) Open the accounts necessary for conducting the individual credit business as required by the credit grantor;
- (4) Where the lender requires the provision of guarantees (including guarantees in the form of a deposit), the guarantee contract remains valid and the legal approval, registration, delivery or filing procedures have been completed;
- (5) Submit the individual credit granting documents and the relevant proof of the purpose of credit use to the credit grantor before withdrawing the funds, and handle the relevant withdrawal procedures;
- (6) Other preconditions for conducting this business as stipulated in the individual credit approval document;
- (7) Other conditions that the lender deems the borrower should meet.

The establishment of the above conditions does not mean that the grantor is obligated to disburse funds or provide bank credit when the above conditions are met. However, if the above conditions are not satisfied, the grantor has the right to reject the drawdown application of the grantee, except where the grantor agrees to disburse funds.

- 6.2 The application date of the first single credit business of the beneficiary under this agreement shall not exceed three months after the date of signing of this agreement; otherwise, the creditor has the right to refuse to issue and cancel all credit lines.

Article 7 Interest Accrual and Interest Rate Adjustment (Applicable to Borrowing and Financing Businesses)

7.1 The borrowing interest rate, the adjustment method of the borrowing interest rate and the settlement method of the specific borrowing and financing business under this agreement shall be stipulated in the individual credit granting document.

7.1.1 (Applicable for RMB Loans) The interest rate of the RMB loan under this agreement shall be implemented by adding/subtracting the corresponding basis points based on the latest loan market quotation rate (LPR) of the corresponding term announced by the Interbank Lending Center of the National Bank before the actual loan disbursement date (excluding the same day).

7.1.2 (Applicable to Foreign Currency Loans) The interest rate of the foreign currency loan under this agreement shall be implemented based on the latest interest rate of the corresponding term and type obtained from Reuters before 9:00 on the actual loan disbursement date (Beijing time) plus or minus the corresponding basis points.

7.2 Interest Collection

Unless otherwise agreed by both parties, the borrowing interest under this agreement shall be disbursed from the borrowing funds transferred to the borrowing receiving account as stipulated in the individual credit approval document.

Starting from the date, it is calculated based on the actual disbursement amount and the number of days of usage. Interest needs to be calculated on the settlement date and included in the current period. Interest calculation formula: $\text{Interest} = \text{Principal} \times \text{Actual days} \times \text{Daily interest rate}$. The base for calculating the daily interest rate is 360 days in a year. Conversion formula: $\text{Daily interest rate} = \text{Annual interest rate} / 360$ (Exception: For borrowings in Hong Kong dollars, Singapore dollars and pounds, the daily interest rate = Annual interest rate / 365).

7.3 Types of borrowing interest rate adjustment methods

7.3.1 Fixed interest rate refers to the implementation of the interest rate which is not affected by the adjustment of the legal interest rate or the market interest rate that may occur during the debt performance period.

7.3.2 Floating interest rate refers to the execution interest rate that may change during the debt performance period due to the adjustment of the possible legal interest rate and market interest rate, but the interest calculated based on the original execution interest rate before the agreed adjustment date will not be readjusted.

(1) In the event that the RMB loan under this agreement is subject to floating interest rate adjustment, if it is adjusted on an annual basis, the adjustment date is the corresponding date after the full year of the loan drawdown date. If there is no corresponding date to the loan drawdown date in the month of adjustment, the last day of that month shall be the corresponding date. If it is adjusted on a quarterly basis, the adjustment dates are January 1st, April 1st, July 1st, and October 1st. If it is adjusted on a monthly basis, the adjustment date is the 1st day of each month. On the adjustment date, the lender determines the new loan interest rate based on the loan market quotation rate (LPR) of the corresponding term in the most recent period before the adjustment date (excluding the current day) and the plus/minus point value agreed in the individual credit line document under this agreement, without the need to notify the borrower separately.

(2) In the event that the foreign currency loan under this agreement is subject to floating interest rate adjustment, if it is adjusted annually, the adjustment date is December 21 of each year; if it is adjusted quarterly, the adjustment dates are March 21, June 21, September 21, and December 21 of each year; if it is adjusted monthly, the adjustment date is the 21st of each month. On the adjustment date, the lender will readjust the loan interest rate based on the latest interest rate applicable to the same term and same interest rate type and the same plus/minus point value obtained from Reuters before 9:00 (Beijing time) on the same day, without the need to notify the borrower separately; or readjust the loan interest rate based on the latest loan interest rate corresponding to the same currency and same term as agreed in the individual credit document, without the need to notify the borrower separately.

7.4 Penalty Interest

7.4.1 If the recipient fails to repay the loan principal and interest upon the due date (including when the lender declares early maturity), the lender has the right to charge a penalty interest from the overdue date at 50% above the loan interest rate actually implemented for the individual credit business (for domestic advance payment business, it is the advance payment handling fee rate, the same below) until the recipient settles the loan principal and interest. If the recipient uses the loan funds for purposes other than the agreed ones, the lender has the right to charge a penalty interest at 100% above the loan interest rate actually implemented for the individual credit business for the loan amount used in default from the date of default until the recipient settles the loan principal and interest. If the loan interest rate actually implemented for the loan is adjusted in accordance with the provisions of this agreement and the individual credit documents, the penalty interest rate will also be adjusted accordingly. For loans that are both overdue and misappropriated, the penalty interest will be charged at the higher penalty interest rate.

7.4.2 For the interest and penalty interest that the payee fails to pay on schedule, from the overdue date, compound interest shall be collected at the penalty interest rate stipulated in Clause 7.4.1 of this agreement.

Article 8 Disbursement of Borrowed Funds (Applicable to Borrowing and Financing Businesses)

8.1 Types of Payment Methods for Borrowed Funds

- 8.1.1 Entrusted payment by the grantee, that is, the grantee pays the borrowed funds to the transaction counterparty of the grantee who complies with the purpose stipulated in the individual credit document through the grantee's account based on the grantee's withdrawal application and payment entrustment.
- 8.1.2 Independent payment by the recipient, that is, after the lender disburses the loan funds to the recipient's account based on the recipient's withdrawal application, the recipient independently pays the funds to the recipient's transaction counterparties who comply with the purposes stipulated in the contract. After applying for withdrawal, if the recipient's conditions such as external payment of funds and credit rating change, the lender has the right to change the payment method of the loan funds.
- 8.1.3 Where the payment method is changed or the amount, payee, purpose of borrowing, etc. of the external payment under the entrusted payment method are changed, the trustee

A written application for change should be provided to the lender, along with a re-application for disbursement and submission of relevant transaction materials to prove the purpose of the funds.

8.2 Payment Standards for Borrowed Funds

Under this agreement, when the single payment amount of working capital loan business and trade financing business exceeds ten million RMB, the escrow payment method must be adopted; when the single payment amount of fixed asset loan business exceeds 5% of the total investment of the project or exceeds five million RMB, the escrow payment method must be adopted. Within the above-mentioned escrow payment standards, the lender has the right to propose a stricter escrow payment standard when the borrower applies for a single credit business. If the lender believes that the borrower's chosen payment method for the borrowed funds in the loan application does not meet the requirements, the lender has the right to change the payment method or suspend the disbursement and payment of the borrowed funds. The payment method of the borrowed funds under this agreement shall be stipulated in the relevant individual credit documents. For the funds that should be paid by escrow under the agreement, the borrower shall not make the payment independently.

8.3 Specific Requirements for Entrusted Payment of Borrowed Funds

- 8.3.1 In cases where the entrusted payment is adopted by the entrusted party, the entrusted party shall provide the written entrusted document for the entrusted payment, that is, authorize and entrust the entrusted party to directly disburse the borrowed funds to the account of the transaction counterparty designated by the entrusted party after the borrowed funds are transferred to the designated account of the entrusted party, which complies with the purpose stipulated in the individual credit document.
- 8.3.2 In cases where the entrusted payment is adopted, the entrusted party shall, upon disbursement, provide the creditor with its disbursement account, transaction counterparty account information, payment amount, and proof that the disbursement complies with the intended use stipulated in the individual credit document. The entrusted party shall ensure that all information provided to the creditor is true, complete, and valid. If the entrusted party's failure to complete the entrusted payment obligation in a timely manner is due to the untrue, inaccurate, or incomplete transaction information provided by the entrusted party, the creditor shall not be liable, and the repayment obligation already incurred by the entrusted party under this agreement shall not be affected.

8.3.3 Execution of entrusted payments

- (1) In cases where the entrusted payment is adopted, after the entrusted party submits the entrusted payment authorization letter and relevant transaction materials, and the entrusted party is reviewed and approved, the loan funds will be disbursed to the transaction counterparties of the entrusted party through the entrusted party's account.
- (2) If the creditor, upon review, discovers that the purpose certification materials and other relevant transaction materials provided by the debtor do not comply with the provisions of this agreement or have other flaws, it has the right to request the debtor to supplement, replace, explain or resubmit the relevant materials. Before the debtor submits the relevant transaction materials that the creditor deems qualified, the creditor has the right to refuse the disbursement and payment of the relevant funds.
- (3) If the transaction counterparty's account bank refunds the funds, resulting in the creditor being unable to disburse the loan funds to the transaction counterparty in a timely manner as per the debtor's payment mandate, the creditor shall not bear any liability, and the debtor's repayment obligation arising under this agreement shall not be affected. For the funds returned by the transaction counterparty's account bank, the debtor hereby authorizes the creditor to freeze them. In this situation, the debtor shall resubmit the payment mandate and purpose certification materials, and other relevant transaction materials.
- (4) The recipient shall not evade the entrusted payment of the lender by breaking it into smaller amounts.

- 8.4 After the disbursement of the loan funds, the borrower shall promptly provide the usage record of the loan funds and supporting materials for the purpose of the loan as required by the lender, including but not limited to transaction vouchers such as purchase and sale contracts, supporting materials for operating cost and expense expenditures, and other supporting materials for operating working capital expenditures, etc.
- 8.5 In any of the following circumstances, the lender has the right to re-determine the conditions for the disbursement and payment of the loan, or to suspend the disbursement and payment of the loan funds:
- (1) The recipient violates the provisions of this agreement by avoiding the entrusted payment of the lender in a way of breaking it into smaller amounts.
 - (2) The credit status of the recipient declines or the profitability of the main business is weak;
 - (3) Abnormal use of the borrowed funds;
 - (4) The recipient fails to provide the usage records and materials of the borrowed funds as required by the lender in a timely manner;
 - (5) The trustee pays the loan funds in violation of the provisions of this article.

Article 9 Repayment (Applicable to Borrowing and Financing Businesses)

9.1 Repayment Method

9.1.1 The repayment methods for borrowing and financing businesses under this agreement include but are not limited to the following four. The repayment method for specific businesses shall be stipulated in the individual credit approval document:

- (1) Fixed-rate interest payment and one-time repayment method: The repayment date is the maturity date of the loan, and the interest payment date is the settlement date of the individual credit approval document on the same day. The borrower pays the loan interest on schedule and repays the loan principal and remaining interest in one lump sum upon maturity.
- (2) Repayment of principal and interest method: The repayment date and the interest payment date are the maturity date of the loan. The borrower repays the principal and interest of the loan in one lump sum upon maturity.
- (3) Equal repayment method: The borrower repays the principal of the loan in equal installments. The repayment date and interest payment date are the same as the settlement date specified in the individual credit agreement. The borrower pays the principal and interest of one installment. The first repayment date is specified in the specific business application, and the last installment is due on the maturity date of the loan, where the borrower pays the remaining principal and interest. Calculation formula:

The amount of repayment of principal and interest for each period = Borrowed principal/Total repayment period + Borrowed balance × Monthly interest rate

- (4) Equal principal and interest method: The borrower repays the principal and interest of the loan in equal installments. The repayment date and interest payment date are the same as the settlement date specified in the individual credit agreement. The borrower pays the principal and interest of one installment. The first repayment date is specified in the specific business application, and the last installment is due on the maturity date of the loan, where the borrower pays the remaining principal and interest. Calculation formula:

$$\text{每期还本付息金额} = \frac{\text{本金} \times (1 + \text{利率})^{\text{还款期数 (月)}} \times \text{利率}}{(1 + \text{利率})^{\text{还款期数 (月)}} - 1}$$

9.1.2 The recipient shall, on the day before the repayment date and the interest payment date, fully deposit the current interest payable, principal and other payments due in the repayment account opened with the lender. The lender has the right to actively transfer the funds on the repayment date and the interest payment date, or require the recipient to cooperate in handling the relevant transfer procedures.

9.2 Repayment Account

The information of the repayment account is stipulated in the individual credit approval document.

9.3 Order of repayment of loans

otherwise agreed by both parties, in the event that the recipient simultaneously defaults on the principal and interest of the loan, the lender has the right to determine the order of repayment of the principal or interest; in the case of installment repayment, if there are multiple due and overdue loans under the relevant business application and other legal documents, the lender has the right to determine the settlement order of a certain repayment of the recipient; if there are multiple due loan agreements between the recipient and the lender, the lender has the right to determine the order of the agreements fulfilled by each repayment of the recipient.

Supervision of the funds recovery account

- 9.4 The recipient shall open a funds recovery account in its name as the account holder, and the funds recovery of the recipient shall be credited to this account. The recipient shall promptly provide the information on the inflow and outflow of funds in this account. The creditor has the right to require the recipient to explain the inflow and outflow of large and abnormal funds in the funds recovery account and supervise the account. The information of the recipient's funds recovery account shall be stipulated in the individual credit granting document.

Early repayment

- 9.5 Unless If the recipient needs to repay the loan in advance, a written application shall be submitted to the lender fifteen working days in advance. After approval by the lender, the advance repayment procedures shall be handled. The lender has the right to determine the sequence of the amount of advance repayment for repaying the loan, and the interest already collected as originally agreed shall not be refunded. For partial early loan repayment, the repayment of principal and interest shall be re-determined based on the remaining principal from the date of partial loan repayment. If the lender agrees to the recipient's early repayment, the standard of the penalty shall be stipulated in the individual credit document.

Article 10 Interest on advance payment (applicable to bank credit business)

- 10.1 Before the maturity of the bank credit business or due to the beneficiary's prompt payment to the grantor, which causes the grantor to need to make an external payment, the grantee shall deposit a sufficient reserve payment or guarantee for the grantor's external payment. The grantor also has the right to actively debit the grantee's foreign currency or RMB account of the grantor as the reserve payment for external payment. If the external payment is made by the grantor due to the insufficiency of the reserve payment or guarantee, the grantee shall settle the above-mentioned advance payment. From the date of the advance payment, the grantor has the right to charge advance payment interest on the advance payment amount at an advance payment interest rate of 0.05% per day and collect compound interest on the advance payment interest rate stipulated in this paragraph.

Article 11 Guarantee

- 11.1 The recipient shall provide guarantees as required by the grantor. Regarding the specific guarantee methods, the grantor and the guarantor shall sign a separate guarantee contract.

11.2 Guarantee by Deposit

- 11.2.1 When actually conducting a certain individual credit business under this agreement, the creditor may, depending on the specific circumstances, collect part of the funds from the debtor as a guarantee. The debtor shall open a guarantee account with the creditor and deposit the guarantee required by the creditor into the guarantee account. The amount of the guarantee and the information of the guarantee account shall be stipulated in the individual credit document.
- 11.2.2 After the guarantee funds enter the guarantee account, they will be frozen and regarded as specific and transferred to the possession of the grantee. The grantee shall not request withdrawal until the guaranteed debt of the grantee guaranteed by the guarantee funds is fully settled. The funds in the guarantee account and the deposit interest generated therefrom shall be jointly regarded as the pledge guarantee provided by the grantee to the grantor under this agreement.
- 11.2.3 The guarantee scope of the aforementioned guarantee pledge of the deposit includes the principal of the guaranteed debt and the interest arising therefrom (containing possible fines, compound interest, debt interest during the period of delay in performance, etc.) and expenses (including but not limited to liquidated damages, damages, notarization fees, legal fees and expenses paid by the credit granting party to realize the creditor's rights) and so on.
- 11.2.4 If the recipient fails to settle the due debts under the main contract or debts declared to be due in advance, or violates any provisions of this agreement, the grantor has the right to directly deduct the guarantee in the above-mentioned guarantee account for settlement without notifying the recipient.

Article 12 Declaration and Commitment

12.1 The recipient's declaration is as follows:

- (1) The recipient is lawfully registered and in legal existence, and has the full capacity for civil rights and acts necessary to enter into and perform this agreement;
- (2) The execution and performance of this Agreement are based on the true intention of the Trustee, who has obtained legal and valid authorization as required by its articles of association or other internal management documents, and will not violate any agreements, contracts and other legal documents that are binding on the Trustee; the Trustee has obtained or will obtain all relevant approvals, licenses, filings or registrations necessary for the execution and performance of this Agreement;
- (3) The transaction background of the beneficiary's application for conducting business with the creditor is true and legal, and is not used for illegal purposes such as money laundering;
- (4) The recipient has not concealed from the grantor events that may affect its and the guarantor's financial conditions and performance capabilities;
- (5) The trustee and any of its shareholders or affiliated companies are not involved in any liquidation, bankruptcy, reorganization, merger (being merged), division, reorganization, dissolution, capital reduction or similar legal proceedings, nor has any situation that may lead to such legal proceedings occurred;
- (6) The recipient is not involved in any economic, civil, criminal, administrative litigation proceedings or similar arbitration proceedings that may have a significant adverse impact on it, nor has any circumstance occurred that may lead it to be involved in such litigation proceedings or similar arbitration proceedings;
- (7) None of the significant assets of the trustee are subject to any compulsory enforcement, seizure, freezing, lien, supervision measures, etc.

Nor has any situation that might lead to the application of such measures occurred.

12.2 The recipient undertakes as follows:

- (1) Fulfill the responsibility of payment and settlement to the grantee in a timely manner;
- (2) Report its financial statements (including but not limited to annual reports, quarterly reports and monthly reports) and other relevant materials to the lender regularly or in a timely manner as required by the lender; the borrower shall ensure that it continuously meets the financial indicators required by the lender;
- (3) The loan project of the trustee and the borrowing matters under this agreement comply with the requirements of laws and regulations;
- (4) If the recipient has entered into or will enter into a counter guarantee agreement or similar agreement with the guarantor of this agreement regarding its guarantee obligations, such agreement will not prejudice the rights of the grantee under this agreement;
- (5) Accept the credit inspection and supervision of the creditor and provide sufficient assistance and cooperation; if the debtor makes the payment independently, it shall regularly summarize and report the payment and usage of the borrowed funds as required by the creditor;
- (6) If circumstances that may affect the financial condition and performance ability of the recipient or guarantor occur, including but not limited to mergers, divisions, capital reduction, equity transfer, foreign investment, substantial increase in debt financing, major transfer of assets and creditor's rights, and other matters that may have an adverse impact on the recipient's debt-paying ability, the consent of the lender must be obtained in advance;

- (7) In the event of the following circumstances, the trustee shall promptly notify the trustor:
- a. Changes in the articles of association, business scope, registered capital and legal representative of the recipient or guarantor company;
 - b. Undertake any form of joint venture, foreign equity joint venture, cooperation, contractual operation, reorganization, restructuring, planned listing, or any other changes in business methods;
 - c. Involvement in major litigation or arbitration cases, or the seizure, seizure or supervision of property or collateral, or the establishment of new guarantees on the collateral;
 - d. Suspension of business, dissolution, liquidation, suspension for rectification, revocation, revocation of business license, application for bankruptcy, etc.
 - e. Shareholders, directors and current senior management personnel are suspected of being involved in major cases or economic disputes;
 - f. The trustee has a default event under other contracts;
 - g. There are situations such as operational difficulties and deterioration of financial conditions.
- (4) All the documents, financial statements, vouchers and other materials provided by the trustee to the grantor under this agreement are true, complete, accurate and valid;
- (9) The lender has the right to recover the loan in advance based on the fund recovery situation of the borrower;
- (10) When the export rebate pledge loan business occurs under this agreement, the grantor has the right to immediately deduct the export rebate funds after they enter the export rebate pledge account to settle the export rebate pledge loan debts under this agreement;
- (11) For matters not stipulated in this agreement and the individual credit granting documents, they shall be handled in accordance with the relevant provisions of the credit grantor and business practice.

Article 13 Disclosure of intra-group related transactions of the trustee's group

13.1 If the recipient is an affiliated customer determined by the creditor in accordance with the "Risk Management Guidelines for Crediting Business of Group Customers of Commercial Banks", the recipient shall promptly report to the creditor the situation of affiliated transactions exceeding 10% of the net assets, including the affiliated relationship of the parties involved in the transaction, the transaction items and nature, the amount of the transaction or the corresponding proportion, and the pricing policy (including transactions without an amount or only a symbolic amount).

13.2 In any of the following circumstances of the recipient, the grantor has the right to unilaterally decide to suspend the credit granted to the recipient that has not been used and recover part of it in advance.

Either all the credit lines that have been used but not settled, or a 100% guarantee is required: Utilizing false contracts with related parties to discount or pledge creditor's rights such as notes receivable and accounts receivable with a large real trade background at the bank to obtain bank funds or credit lines; In cases of major mergers, acquisitions and reorganizations, if the lender believes it may affect the loan security; Intending to evade bank creditor's rights through related transactions; Other circumstances as stipulated in Article 18 of the "Risk Management Guidelines for Group Customer Credit Business of Commercial Banks".

Article 14 Breach of Contract Clauses and Handling

14.1 Any of the following matters shall constitute or be regarded as a default event of the Trustee under this Agreement:

- (1) The recipient fails to perform the obligation of payment and settlement to the grantor as stipulated in this agreement;
- (2) The trustee fails to disburse the borrowed funds in the agreed manner as stipulated in this agreement or fails to use the obtained funds for the purposes stipulated in this agreement;
- (3) The statements made by the trustee in this agreement are untrue or violate the commitments made by the trustee in this agreement;
- (4) In the event of a situation as stipulated in Clause 12. 2. 6 of this Agreement, if the lender believes that it may affect the financial condition and performance ability of the borrower or the guarantor, and the borrower fails to provide new guarantees or replace the guarantor as required by the lender;
- (5) The credit status of the recipient declines, or the recipient's financial indicators such as profitability, solvency, operating capacity and cash flow deteriorate, exceeding the indicator constraints or other financial agreements stipulated in this agreement;
- (6) The grantee and its affiliated persons default under the agreements with the grantor or other institutions of Xiamen Bank Co., Ltd.; the grantee and its affiliated persons default under the agreements with other financial institutions;
- (7) The guarantor violates the terms of the guarantee contract or incurs a default event under other contracts with the grantee or other institutions of Xiamen Bank Co., Ltd.
- (4) The collateral is lost, damaged or its value is reduced for various reasons (including but not limited to demolition, expropriation, natural disasters, accidents, market changes, etc.), and the trustee fails to provide new collateral as required by the grantor or does not repay the loan amount equivalent to the depreciated value of the collateral in advance;
- (9) The trustee suspends business or undergoes dissolution, revocation or bankruptcy;
- (10) Where the recipient is involved or may be involved in major economic disputes, lawsuits, arbitrations, or its assets have been seized, detained or enforced, or it has been filed for investigation and handling or punished measures have been taken by judicial authorities or administrative authorities such as tax and industry and commerce authorities in accordance with the law, which has or may affect the performance of its obligations under this agreement;
- (11) Where abnormal changes, disappearance, or being investigated or restricted in personal freedom by judicial authorities of the main investors of the trustee as individuals or key management personnel have occurred or may affect the performance of their obligations under this agreement;
- (12) When the creditor reviews the financial situation and performance ability of the debtor, it discovers that there are circumstances that may affect the financial situation and performance ability of the debtor or the guarantor;
- (13) Where there are large and abnormal inflows and outflows of funds to and from the designated fund recovery account and the beneficiary fails to provide the explanatory materials recognized by the lender;
- (14) According to the reasonable judgment of the lender, other events that may materially damage the lender's rights and interests under a single credit business and have a materially adverse impact on the continued performance of the business have occurred. Such circumstances include but are not limited to: significant adverse changes in the market (exchange rate, interest rate, industry, and related derivatives market, etc.), policies and regulations (currency, finance, industry, regional development, etc.), political situations in other countries, financial situation, and other force majeure events related to the performance of a single business or the borrower's operation; significant adverse changes in the performance ability of other parties involved in the performance of a single business.

14.2 When the default event as prescribed in the preceding paragraph occurs, the lender has the right to take one or more of the following measures as the specific circumstances may be:

- (1) Require the trustee or guarantor to correct its defaulting act within a prescribed time limit;
- (2) Declare that all or part of the principal and interest of the borrowings and other payable items of the borrowing financing business under this agreement shall become due immediately;
- (3) Regardless of whether the performance conditions of the bank credit business under this agreement have expired or been fulfilled, the trustee shall be required in advance to deposit the full amount of the guarantee money as requested by the grantor;
- (4) Terminate or rescind this agreement, and all or partially terminate or rescind other contracts between the trustee and the grantor;
- (5) Require the trustee to compensate for the losses caused to the trustor due to its breach of contract;
- (6) The funds in the accounts of the trustee opened with the grantor and other institutions of Xiamen Bank Co., Ltd. (including but not limited to current deposits, fixed deposits, structured deposits, certificates of deposit, wealth management funds, etc., the same below) shall be deducted to settle all or part of the debts of the trustee to the grantor under this agreement, without the need to notify the trustee in advance. The undue funds in the account shall be regarded as matured, and the resulting losses shall be borne by the trustee. If the currency of the account is different from the denomination currency of the credit business, it shall be converted according to the applicable foreign exchange rate of the grantor at the time of deduction, and the exchange rate risk shall be borne by the trustee;
- (7) Require the trustee to provide new guarantees and/or replace the guarantor;
- (4) Exercise the right of lien;
- (9) Require the guarantor to undertake the guarantee liability;
- (10) Charge the beneficiary penalty interest, advance interest and compound interest as stipulated in this agreement;
- (11) Other measures that the lender deems necessary and possible.

14.3 If this Agreement contains multiple trustees, when any trustee fails to perform the obligations stipulated under this Agreement or occurs the default circumstances stipulated in this Agreement, the grantor has the right to take any default relief measures stipulated by law or the Agreement against all trustees.

Article 15 Reservation of Rights

15.1 If one party fails to exercise part or all of the rights under this agreement, or fails to require the other party to perform or undertake part or all of the obligations or responsibilities, it shall not constitute a waiver of such rights by that party or an exemption from such obligations or responsibilities.

15.2 Any tolerance, extension or delay by one party in exercising its rights under this Agreement shall not affect any rights it enjoys under this Agreement and laws and regulations, nor shall it be regarded as a waiver of such rights.

Article 16 Effectiveness, Amendment and Termination of the Agreement

- 16.1 This agreement shall come into effect as of the date when it is signed by the legal representatives (persons in charge) of both parties or their authorized agents or the seals of both parties are affixed.
- 16.2 This Agreement may be changed or modified in writing upon mutual consent of both parties. Any change or modification shall form an integral part of this Agreement.
- 16.3 Unless otherwise stipulated by laws and regulations or agreed by the parties, this agreement shall not be terminated before all the rights and obligations under it have been fulfilled.
- 16.4 If the grantor is unable to perform the agreement or fail to perform as agreed due to changes in laws, regulations, regulatory provisions or requirements of the regulatory authorities, the grantor has the right to terminate or modify the performance of this agreement in accordance with the changes in laws, regulations, regulatory provisions or requirements of the regulatory authorities. If the termination or modification of the agreement due to such reasons causes the grantor to be unable to perform or fail to perform as agreed, the grantor shall be exempted from liability.

Article 17 Application of Laws and Dispute Resolution

- 17.1 This Agreement shall be governed by the laws of the People's Republic of China (excluding the Hong Kong and Macao Special Administrative Regions and Taiwan region).
- 17.2 The dispute jurisdiction institution and settlement method shall be subject to the provisions of Article 26 of this Agreement. During the dispute period, both parties shall continue to perform the terms not involved in the dispute.
- 17.3 The litigation fees (or arbitration fees), reasonable attorneys' fees and other expenses (including but not limited to property preservation fees, expenses for safeguarding the guarantee, appraisal fees, travel expenses, notarization and certification fees, translation fees, valuation and auction fees, enforcement fees, etc.) incurred due to disputes shall be borne by the defaulting party. Any expenses incurred due to raising objections, administrative reconsideration, reporting, criminal reporting or any relief measures to the competent authorities due to disputes shall be borne by the defaulting party.

Article 18 Other Agreements

- 18.1 The valid evidence of the creditor's rights under this agreement shall be subject to the accounting vouchers issued and recorded by the creditor in accordance with its own business regulations.
- 18.2 Unless otherwise stipulated in other terms of this Agreement or the supplementary agreement signed between the Creditor and the Creditee, the Creditor and the Creditee confirm the following regarding the transfer of the Creditor's rights under this Agreement: The Creditee agrees that the Creditor has the right to unilaterally decide to transfer all or part of the creditor's rights under this Agreement to any third party; the Creditor's notice of the transfer of creditor's rights to the Creditee shall take effect on the Creditee as of the date of issuance; the Creditee hereby irrevocably undertakes to agree that the Creditor has the right to unilaterally accept the entrustment of the creditor's rights transferee to continue to manage the creditor's rights against the Creditee and the corresponding guarantee rights. The management items include but are not limited to representing the Creditor to directly transfer funds from the Creditee and the guarantor's accounts to the Creditor's designated repayment account and other accounts for the payment of the amounts payable under this Agreement, representing the Creditor to urge collection, file lawsuits and take preservation measures on behalf of the Creditor and the guarantor for this creditor's rights, etc. If the Creditor directly transfers the amounts payable, the Creditee agrees that the Creditor has the right to directly transfer funds from the Creditee and the guarantor's accounts in the Creditor's designated repayment account and other accounts for the payment of the due principal, interest and other amounts payable by the Creditee and the guarantor, without the need to notify the Creditee and the guarantor.
- 18.3 Without the written consent of the grantor, the grantee shall not transfer any rights or obligations under this agreement to a third party.
- 18.4 If the grantor needs to entrust other institutions of Xiamen Bank Co., Ltd. to perform the rights and obligations under this agreement due to business requirements, or transfer the business under this agreement to other institutions of Xiamen Bank Co., Ltd. for undertaking and management, the grantee hereby gives its approval. The other institutions of Xiamen Bank Co., Ltd. authorized by the grantor, or the other institutions of Xiamen Bank Co., Ltd. undertaking the business under this agreement, have the right to exercise all rights under this agreement and have the right to apply for arbitration in the name of the institution to the arbitration committee agreed upon in this agreement for disputes under this agreement, file lawsuits with the competent court where the institution is located, or apply for compulsory enforcement.
- 18.5 Except for the expenses that should be borne by the grantor as clearly stipulated by laws and regulations, any other expenses under this agreement shall be borne by the grantee.
- 18.6 Without affecting other provisions of this Agreement, this Agreement shall be legally binding on both parties and their respective successors and assigns arising therefrom in accordance with the law.
- 18.7 If a certain clause of this Agreement or part of a certain clause is or becomes invalid now or in the future, such invalid clause or invalid part shall not affect the validity of this Agreement and other clauses of this Agreement or other contents of that clause.
- 18.8 The creditor has the right to provide the information related to this agreement and other relevant information of the debtor to the credit reporting system of the People's Bank of China and other lawfully established credit information databases for inquiry and use by institutions or individuals with appropriate qualifications in accordance with relevant laws, regulations and regulatory provisions. The creditor also has the right to inquire about the relevant information of the debtor through the credit reporting system of the People's Bank of China and other lawfully established credit information databases for the purpose of entering into and performing this agreement.
- 18.9 The recipient agrees that the creditor may entrust the third party to handle the ancillary business related to this agreement (including but not limited to the creditor's system development and maintenance, printing and mailing of related vouchers such as bills, collection of overdue debts, property assessment, and other operation items permitted to be entrusted to outsiders as allowed by laws and regulations) in accordance with the provisions of laws and regulations, and the recipient agrees that the creditor will handle the recipient's relevant information under this agreement,

The materials are submitted to the aforementioned third party for handling the entrusted matters.

18.10 When the lender deems it necessary, the borrower shall complete the notarization of this agreement. Such notarization shall have the effect of compulsory enforcement, and the borrower undertakes to accept compulsory enforcement in accordance with the law when the borrower fails to perform or incompletely performs the obligations.

18.11 If there is any inconsistency between the provisions of the special terms for the credit business in the second part of this agreement and the general terms in the first part, the provisions of the second part shall prevail.

Part Two Special Clauses for Partial Credit Business

Article 19 Special Clauses for Fixed Asset Loan Business

19.1 In addition to meeting the preconditions stipulated in Article 6 of this Agreement, the recipient applying for a fixed asset loan must also meet the following conditions:

- (1) The recipient has submitted the project feasibility study report, the project approval document and other approval documents that must be lawfully obtained to the grantor.
- (2) The recipient has submitted the currently valid business license, company articles of association and the recent financial statements as of the drawdown date to the grantor.
- (3) The capital funds in the same proportion as the proposed loan to be issued have been fully in place, and the actual progress of the project matches the invested amount.
- (4) For a single payment amount exceeding 5% of the total investment of the project, or exceeding RMB 5 million (inclusive, or equivalent foreign currency), the lender has the right to require the borrower to provide a written document signed by three third-party institutions such as supervision, assessment, and quality inspection to confirm the project progress and quality.

Article 20 Special Clauses for Bank Acceptance Bill Business

20.1 Contents of Bank Acceptance Bills

- (1) The content of the bank acceptance bill under the single credit business shall be stipulated in the single credit document.
- (2) The acceptance agreement number in the individual credit granting document refers to the “acceptance agreement number” recorded on the face of the bank acceptance bill issued by the credit grantor, which is not the same as the “number” content of the individual credit granting document.

20.2 Before applying for a bank acceptance bill, the payee shall, in addition to meeting the preconditions stipulated in Article 6 of this Agreement, also meet the following conditions:

- (1) The recipient has provided the original and copy of the transaction contract verified by the grantor and the relevant trade background transaction materials;
- (2) The recipient has provided the guarantee pledge as required by the individual credit granting document;
- (3) The recipient has paid the exposure management fee in a lump sum as stipulated by the grantor.
- (4) Other conditions that the lender deems the borrower should meet.

20.3 Rate and Penalty Interest

- (1) When the recipient applies to the grantor for acceptance of the bill of exchange, it shall pay the grantor a handling fee equivalent to five thousandths of the face amount of the bill.
- (2) When the recipient applies to the grantor for acceptance of bills, it shall pay the grantor the exposure management fee as stipulated by the grantor. The exposure management fee is calculated based on the difference between the amount of the individual application for acceptance and the guarantee and the amount of the deposit of the bank certificate pledged. The exposure management fee rate is agreed upon in the individual credit document, and the recipient shall pay it in full before acceptance.
- (3) If the recipient fails to fully replenish the payment when the bank acceptance bill expires, regardless of whether the holder prompts for payment or not, it will result in the grantor's bank acceptance bill advance. This advance occupies the grantor's credit funds, and the date of the bank acceptance bill advance is the day after the maturity date stated on the bank acceptance bill.

Article 21 Special Clauses for Guarantee Business

21.1 Opening of the Letter of Guarantee and Collection of Handling Fees

- (1) If the grantor accepts the application of the grantee and opens a guarantee or provides other forms of bank guarantee as required by the grantee, the details of opening the guarantee or providing other forms of bank guarantee shall be subject to the agreement in the guarantee or other bank guarantee document issued by the grantor. For details of the content of this document, please refer to the "Sample of Guarantee Document" in the annex of the individual credit grant document.
- (2) The recipient will pay the handling fee for opening the guarantee letter to the grantor on time. The basis, standard and method for calculating this fee shall be implemented in accordance with the relevant provisions of the grantor. The specific amount and method of payment of the handling fee shall be stipulated in the individual credit document. For the expenses that cannot be foreseen when signing the individual credit document and occur after opening the guarantee letter and should be borne by the recipient, the recipient will pay to the grantor in the amount and method as required by the grantor.

21.2 Amendment of the Contents of the Guarantee

- (1) If the beneficiary needs to modify the guarantee, it shall submit a written application (using the format provided by the lender to the beneficiary) to the lender.
- (2) When the modification of the guarantee letter involves the amount, currency, interest rate, term or other terms that the lender deems necessary to increase the guarantee, the lender has the right to require the borrower to increase the guarantee deposit, and/or require the borrower to obtain the signature consent of the counter guarantor on the written application, and/or provide other guarantees. Otherwise, the lender has the right to reject the borrower's modification application.
- (3) If the beneficiary needs to modify the relevant text of the guarantee letter, it shall pay the guarantor a one-time modification fee of RMB 300 for the guarantee letter.
- (4) The modification of the guarantee does not change the other rights and obligations of the beneficiary in the individual credit granting document.

21.3 Foreign payment and interest

The recipient agrees that when a claim arises in the guarantee business under the individual credit granting document and the beneficiary's claim document is reviewed and approved by the credit grantor to be in line with the guarantee agreement, the credit grantor has the right to make the payment directly without seeking the consent of the recipient.

21.4 Supplementary Commitment of the Recipient

- (1) Any commitment made by the grantor in the relevant text of the guarantee letter, any restriction on the rights, any expense incurred, etc. are made at the request of the grantee. Any loss suffered by the grantor as a result shall be borne by the grantee. The grantor has the right to directly deduct from the account opened by the grantee with Xiamen Bank Co., Ltd. for settlement without prior notice to the grantee.
- (2) If the guarantee letter is entrusted to other banks for transfer/forwarding, the beneficiary agrees to undertake all risks and responsibilities of the guarantor to the transfer/forwarding bank under the transfer/forwarding of the guarantee letter;
- (3) For any circumstances that affect the guarantor's guarantee liability, such as the execution and termination of the underlying contract and underlying transaction on which the guarantee is based, the recipient shall immediately notify the guarantor;
- (4) Without the written consent of the grantor, the grantee shall not modify the content of the underlying contract on which the guarantee is issued.
- (5) The recipient shall cooperate with the grantor in handling the relevant formalities during the performance of the external guarantee.
- (6) The risk that the correspondence, documents and other communications under the guarantee business are lost, delayed, erroneous, damaged, etc. during postal delivery, telecommunication transmission or other transmission processes, and the risk arising from the use of third-party services by the grantor shall be borne by the grantee.

21.5 Supplementary Agreement on Opening Letter of Guarantee

The grantor shall not be liable for any dispute arising from the underlying contract involved in the handling of the document or certificate. The grantor shall not be liable for the authenticity of the document or certificate and the delay or loss during the mailing process when handling the document or certificate.

Part Three Special Clauses

(When there are options in the following special terms, a “in the box indicates application, and a” “×” indicates non-application) Article 22 Credit Line Amount, Maximum Creditor’s Rights Amount

22.1 The credit limit (principal) provided by the creditor to the debtor under this agreement is: Currency:

RMB yuan _____

Amount: (In capital letters) Four million yuan in full. _____

22.2 The maximum amount of creditor’s rights under this agreement refers to all creditor’s rights including the principal, interest, compound interest, penalty interest, liquidated damages, interest on debts during the period of delay in performance, relevant losses caused by exchange rate fluctuations, other amounts to be paid by the recipient (including but not limited to relevant handling fees, telecommunication fees, charges and other expenses), expenses for realizing creditor’s rights or realizing the rights of security (including but not limited to collection expenses, litigation or arbitration fees, expenses for safeguarding the security, preservation fees, enforcement fees, announcement fees, valuation fees, auction fees, taxes, transfer fees, attorney fees, travel expenses, notarization fees and other expenses), which are:

Currency: _____

Amount: (In capital letters) _____

Article 23 The term of use of the credit line

The term of use of the credit line determined by this agreement is from June 20, 2023 to June 20, 2026.

Article 24 Annual Review of Credit Line

Whether the credit limit under this agreement requires annual review:

The credit line is subject to annual review every year. During the annual review of the credit line, the lender has the right to re-examine the borrower’s production and operation, financial situation, credit status, performance ability, guarantee conditions, etc. After the annual review is passed, the borrower can continue to apply to the lender for individual credit business applications under the credit line.

Yes or no?

Article 25 Joint Liability (Applicable when the addressee is two or more parties)

Whether all the trustees under this agreement undertake all debts arising under this agreement in the form of joint liabilities: Yes;

Yes or no?

Article 26 Any dispute arising from or related to this agreement shall be settled through consultation between the two parties; if the consultation fails to reach an agreement, both parties shall be the same.

It is intended to be solved in the following way:

The district filed a lawsuit with the people’s court where the creditor is located.

The dispute shall be submitted to the arbitration committee for arbitration in accordance with the arbitration rules effective at the time of submitting the arbitration application. The place of arbitration shall be the location of the lender. The arbitration award shall be final and binding on both parties. When submitting for arbitration, both parties agree to have the case heard by the summary procedure.

Article 27 Service Agreement

27.1 The notices, letters, data messages, etc. sent to the recipient under this agreement shall be sent to the following address, contact person and/or electronic communication terminal. If the recipient changes its name, address, contact person or communication terminal, it shall promptly notify the creditor in writing within three days after the change. The delivery before the creditor actually receives the change notice shall still be valid. Electronic delivery has the same legal effect as written delivery.

Recipient Contact Person: MenK Share Limited Contact Number: 0592-5968189 Contact Address: No. 5, Mucuo Road, Huli District, Xiamen City Postal Code: 361000 Recipient (M Consent, Disagree) Accepts Electronic Service, Electronic Terminal Information as follows:

Mobile phone/Text message: /Fax:

WeChat ID:

Email: afc@cpop.cn

Recipient's Contact Person: Huang Zhuolin (Identity Card Number: 362201197808210813) Contact Telephone: 13599518650 Contact Address: Unit 836, No. 5, Mulu, Huli District, Xiamen City Postal Code: 361000

The addressee (M agrees but the district does not) accepts electronic delivery. The electronic terminal information is as follows:

Mobile phone/Text message: 13599518650 Fax:

WeChat ID: _ - Email: afc@cpop.cn

Recipient's Contact Person: Wei Lia (Identity Card Number: 452501198004267446), Home Telephone: _ 13599518650 Contact Address: Unit 836, No. 5, Mulu, Huli District, Xiamen City Postcode: 361000

The addressee (Mi Yiyong) agrees to accept electronic delivery. The electronic terminal information is as follows:

Mobile phone/Text message: 13599518650 Fax:
WeChat ID: Email: afc@cpop.cn

If there are more than two trustees of this agreement and the delivery address, contact person and/or electronic communication terminal are inconsistent, it can be “

He agrees that the corresponding delivery address, contact person and/or electronic communication terminals

27.2 The address, contact person and/or electronic communication terminal agreed upon in the previous article shall also be the delivery address for all relevant documents (including but not limited to all communications, compulsory enforcement of notarization, transfer of creditor's rights, first instance, second instance, retrial, enforcement proceedings, application for payment order, special procedure for realizing the right of lien, arbitration proceedings, etc.) related to the recipient's work communication, document exchange, notary office and dispute resolution by the people's court and/or arbitration institution. If sent by express delivery or registered letter, it shall be deemed delivered from the third day after the letter is delivered to the post office. If sent by SMS/fax/WeChat/email, it shall be deemed delivered when the content of the aforementioned electronic file is accurately copied and filled into the electronic terminal information by the sender and enters the recipient's data electronic receiving system without being returned by the system.

27.3 The terms of service of this Agreement and the terms of dispute resolution are independent terms and shall not be affected by changes in the validity of the Agreement as a whole or other terms.

Article 28 Other Agreements

I. Incidents of Breach of Contract by the Sender and Handling

- 1.1 If the recipient of the entrusted person violates the provisions of laws and regulations, both parties shall handle the information. The recipient has the right to raise objections and request the entrusted person to take corrective and remedial measures in a timely manner.
- 1.2 If the recipient discovers that the staff of the trustee has violated the law and illegally collected fees, they have the right to call the customer service hotline of the trustee at 400-858-8888.

Increase political hidden debts and handle them

The recipient shall not violate the agreement and increase the implicit debt of the local government. Once it is found that the recipient violates the agreement and increases the implicit debt of the local government, the lender has the right to take the following measures: (1) Unilaterally terminate the financing provided to the recipient and declare that all or part of the financing business under this agreement shall immediately mature; (2) Terminate the disbursement of the financing contract that has been signed; (3) Report the relevant situation to the relevant regulatory authorities in a timely manner.

III. H Gold Fixing

3.1 Penalty for Early Repayment

If the applicant applies for withdrawal when the applicant complies with the classification criteria of micro and small enterprises as identified by the relevant laws and regulations of the bank, the applicant shall apply to the bank for providing relevant supporting materials. After approval by the bank, the advance repayment penalty shall be waived.

3.2 Bank Underwriting Exposure Management Fee

Since November 26, 2021, if the recipient complies with the classification standards of micro and small enterprises as identified by the current effective laws and regulations when handling the business of opening bank acceptance bills, the lender will waive the exposure management fee.

3.3 Mortgage Appraisal Fee

- 3.3.1 The grantor is located in the E position of the E area of the E line of the EE price. If the goods under this agreement are evaluated by the line, the valuation fee shall be borne by the grantor.
- 3.3.2 If the line Ei cannot be used, "st as if the actual E, the product fee E is offset by the i report 1 period after (including) the above- mentioned date when the micro and small enterprise submitted the application for bank loan 1", the assessment fee shall be borne by the lender. If the state and regulatory authorities have updated requirements, the latest regulatory requirements shall be implemented.
- 3.3.3 If the entrusted party (guarantor) is entrusted to conduct the assessment but complies with Article 3. 3.2 and the cost is borne by the creditor, the entrusted party (guarantor) may apply for expense reimbursement from the creditor with the invoice.
- 3.3.4 Unnecessary online H 3. 3. 2, H fH Expenses shall be borne by the sender (payer).

3.4 Insurance Premium

3.4.1 Property Insurance of the Mortgage

- (1) Where the grantor is the first beneficiary (or claimant) of the title property insurance, the insurance premium shall be jointly borne by the grantor and the grantee (mortgagor) in a ratio of 2:8.
- (2) Where the insured (person) is the first beneficiary (or claimant) of the property insurance, the insurance premium shall be paid by Borne by the recipient (mortgagor).

3.4.2 Where the grantor is the first beneficiary of the accident insurance of the grantee, the insurance premium shall be borne by the grantor.

3.4.3 If the recipient agrees to purchase E Insurance in accordance with the requirements of the correspondent's relevant system, the insurance premium shall be borne by the recipient.

3.4.4 Agreement on Other Insurance Types

3.5 Notary fee

For the financing business of micro and small enterprises that are required to handle compulsory enforcement notarization in accordance with the relevant human-related systems, the notarization fees shall be shared by both parties.

Bear, the grantor bears/%. If the grantee arranges for compulsory enforcement notarization by itself, the grantee may request the grantor to share the expenses for reimbursement by sending an email.

3.6 Guarantee modification fee

If the addressee needs to modify the relevant text of the guarantee letter, the standard of guarantee letter modification fees and payment shall be stipulated in the individual credit document.

3.7 Handling fee for bank acceptance bills

When the recipient applies to the grantor for acceptance of the bill of exchange, the handling fee, its standard and payment shall be stipulated in the individual credit document.

3.8 Other fee agreements

IV. Supplementary Provisions

4.1 For house purchase with credit funds, if it is found that the credit funds H are used in the real estate field, the lender has the right to terminate the contract, withdraw the credit funds and pursue the corresponding legal responsibilities.

4.2 The addressee E shall understand: (1) The addressee understands the policies of the additive credit fund regarding the additive credit objects and approves that the additive credit fund has played an additive credit role in financing by reducing the loan conditions or increasing the financing amount, and voluntarily applies for the additive credit financing services of the additive credit fund; (2) The addressee understands the charging principles and standards of the additive credit fund and voluntarily pays the additive credit service fee of the additive credit fund, and approves that the additive credit service of the additive credit fund ends after the approved additive credit financing amount is obtained; (3) If the credit line under the main contract of the additive credit fund is overdue, regardless of whether the credit provider receives risk compensation from the additive credit fund or not, it will not affect the credit provider's right to recover all debts under the main contract from the additive credit object, co-borrower, and guarantor. The additive credit object, co-borrower, and guarantor shall not claim to reduce or waive the debts under the main contract on the grounds that the credit provider has received risk compensation from the additive credit fund.

Article 29 Text of the Agreement

This agreement is made in triplicate and has the same legal effect.

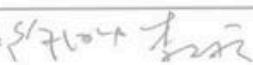
There is no Russian text below this page.

[This page contains no text and is the signature page of the “Credit Line Agreement of Xiamen Bank Co., Ltd.”]

The recipient confirms that the recipient has carefully read all the terms and conditions of this agreement. The relevant person of the grantor has reminded the recipient that before signing this agreement, the recipient can request the relevant person of the grantor to provide full explanations and clarifications on any terms, and the relevant person of the grantor has provided full explanations and clarifications on the questions and information raised by the recipient regarding the relevant terms. The recipient now fully understands the meaning of all the terms and conditions of this agreement. Therefore, after careful consideration, the recipient agrees to accept all the terms and conditions.

This agreement is signed by the following parties on June 20, 2023.

<p>受信人</p> <p>有权签署人: _____</p> <p>盖 章:</p> <p></p> <p></p> <p></p>	<p>授信人</p> <p>有权签署人: _____</p> <p>联系地址: <u>厦门市思明区湖滨北路 101 号</u></p> <p>联系电话: <u>0592-5036121</u></p> <p>银行印章: </p> <p></p>
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见证人签署: 

Please note that these documents are English translations of the original Chinese versions prepared only for your convenience. In the case of any discrepancy between the translation and the Chinese original, the latter shall prevail.

July 2023 edition

Working Capital Loan Contract

No.20235034, Jinshan Tributary, Xingyinsha

Lender: Industrial Bank Co., LTD. Xiamen Branch
Xingye Building, 78 Hubin North Road, Xiamen, China
Legal representative/Responsible person: Chen Wei

Borrower: Xiamen Pupu Culture Co., LTD. 2024/03125
Address: Unit 836, 5 Mu Cuo Road, Huli District, Xiamen City
Legal representative/Person in charge: Huang Zhuoqin

Place of signing the contract: Siming District, Xiamen City

Important tips for signing the contract

In order to protect your rights and interests, please read, check and confirm the following matters carefully before signing this contract:

1. You and your company have the right to sign this Contract. If the consent of others is required according to law, you and your company have obtained full authorization; If the processing of others' personal information is involved, you and your company have obtained the written documents of others' consent to the processing of their personal information by Industrial Bank;
 2. You and your company have carefully read and fully understood the terms and conditions of the contract, and have paid special attention to the contents of responsibility, exemption or reduction of the liability of Industrial Bank and the processing of personal information that are of great interest to you and your company, as well as the contents of the part in black font;
 3. You and your company have fully understood the meaning of the contract terms and corresponding legal consequences, and are willing to accept these terms and conditions;
 4. You and your company have paid special attention to the provisions that you and your company shall use the credit funds for the purposes agreed in the contract, shall not misappropriate the credit funds (including but not limited to the purchase or investment of the credit funds in real estate, etc.), and shall issue a letter of commitment for the use of funds to Industrial Bank, and you and your company have fully known and understood the provisions. For the misappropriation of credit funds, Industrial Bank will take measures such as receiving loans in advance, stopping the loans/financing not issued under this contract, stopping the payments of loans/financing not paid under this contract, reducing or stopping the credit extension, and investigate the consequences of your and your company's legal liability;
 5. By signing this contract, you and the relevant individuals agree and authorize Industrial Bank to process your personal information and the personal information of the relevant individuals and keep it in accordance with the period specified by Industrial Bank; You and relevant individuals have been aware of the right to know, to decide, to withdraw consent, to restrict or refuse the right of third party processing of personal information, and Industrial Bank has provided informed, decision and other services for personal information processing through a variety of means (including but not limited to on-site notification); If you and the relevant individuals wish to withdraw, limit or refuse the authorization of Industrial Bank to process personal information, you may do so in accordance with this contract or the management procedures of Industrial Bank.
- Vi. The Contract text provided by Industrial Bank is only a model text. There are blank lines after the relevant terms of the contract, and "Supplementary terms" are added at the end of the contract for each party to modify, add or delete the contract.
7. If you or your company have any questions about this contract, or if you or your company find violations of the contract and the business charges under the contract, please call Industrial Bank in time or directly complain or consult with the business branch of Industrial Bank, contact number :95561

Upon the application of the borrower, the lender shall review and agree to grant the borrower the working capital loan. In order to clarify the rights and obligations of both parties and abide by their good faith, the parties enter into this contract on an equal footing in accordance with the relevant laws and regulations of the People's Republic of China.

The lender and the Borrower confirm that the loan under this contract falls under the following conditions (ii):

(I) This Contract is a sub-contract of the Line of Credit Contract (that is, the general Contract) signed by the Lender and the Borrower, and the loan amount is included in the line of credit under the Line of Credit Contract. Among them, the foreign currency loan amount shall be converted into RMB and included in the credit line according to the central price announced by the Lender on the date of signing this Contract.

(II) This Contract is an independent legal document entered into by the Lender and the Borrower.

Article 1 Definition and interpretation

Unless otherwise agreed by the parties in writing, the following terms shall be defined and interpreted as follows:-

1. "Working capital loan" means the local and foreign currency loan issued by the borrower to the lender for the daily production and operation turnover of the borrower.

2. "Creditor's right" or "main creditor's right" refers to the creditor's right formed by the borrower (debtor) applying to the lender (creditor) and the lender providing the borrower with financing in accordance with this Contract after examination and approval (including principal, interest, penalty interest, compound interest, liquidated damages, the creditor's expenses for realizing the creditor's right, etc.). The creditor's right owned by the Lender against the Borrower under this Contract corresponds to the borrower's debt to the Lender under this Contract.

"Expenses incurred by the creditor to realize the creditor's rights" shall mean litigation (secondary) fees, attorneys' fees, travel expenses, enforcement expenses, security expenses and other expenses incurred by the Lender in realizing the creditor's rights by means of litigation, arbitration, applying to a notary agency for issuance of enforcement certificates, etc.

3. The following terms in Article 5 of this Contract shall be defined and interpreted as follows:

"Fixed interest rate" means the interest rate that remains unchanged during the term of the loan. In case of installment loan, it means that the interest rate remains unchanged from the actual date of issuance of each loan to the maturity date of the loan under this Contract.

"Floating interest rate" means the interest rate that changes during the term of the loan according to the period and amplitude agreed by the borrower and the borrower. "Floating rate" means the frequency of change in the borrowing rate agreed upon by the borrower and the borrower. In one floating cycle, the loan interest rate shall be calculated and determined by the pricing benchmark interest rate according to the pricing method agreed in the contract, and the loan interest rate shall remain unchanged during the floating cycle; At the expiration of one floating cycle and entering the next floating cycle, the borrowing interest rate shall be calculated and determined by the pricing benchmark interest rate of the new floating cycle in accordance with the pricing method agreed in the contract, and the borrowing interest rate shall remain unchanged within the floating cycle.

“Pricing benchmark interest rate” means the interest rate standard used to determine the interest rate of the loan under this contract, including but not limited to the quoted interest rate published by China or relevant countries, regions and markets. Such as LPR, SHIBOR, SOFR, SOFR term interest rate, €STR, SONIA, TSRR, TONA, SARON, HIBOR, SIBOR, Central bank RMB deposit benchmark interest rate, etc.

“LPR” means the loan market quotation rate calculated and published by the National Interbank Lending Center authorized by the People’s Bank of China. In accordance with banking practices, both parties agree that the pricing benchmark interest rate rule under this Contract shall be defined as T-1 day LPR, where “T” refers to the date on which the loan interest rate is determined and “T-1” refers to the working day before that date.

“SHIBOR” refers to the Shanghai Interbank Offered Rate published by the National Interbank Lending Center and applicable on that day.

“SOFR” refers to the secured overnight financing rate in US dollars. In accordance with banking practice, the Parties agree that the pricing base rate rule under this Contract shall be T-5 day SOFR, where “T” shall be the date on which the borrowing rate is fixed and “T-5” shall be the five business days preceding that date.

“SOFR Term Rate” means the Chicago Mercantile Exchange Prospective Mortgage Financing Rate, which is denominated in U.S. dollars. In accordance with the practice of the banking industry, the Parties agree that the pricing base rate rule under this Contract shall be the T-2-day SOFR term rate, where “T” refers to the date on which the borrowing rate is fixed and “T-2” refers to the two business days preceding that date.

“€STR” shall mean the short-term interest rate in Euro in Euro currency. In accordance with banking practice, the Parties agree that the pricing base rate rule under this Contract shall be T-5 days €STR, where “T” shall be the date on which the borrowing rate is fixed and “T-5” shall be the five business days preceding that date.

“SONIA” shall mean the Sterling Overnight Average in Sterling. In accordance with banking practice, the parties agree that the pricing base rate rule under this Contract shall be T-5 day SONIA, where “T” shall be the date on which the borrowing rate is fixed and “T-5” shall be the five business days preceding that date.

“TSRR” shall mean the term rate of the Sterling Overnight Average Index in Sterling. In accordance with banking practices, the Parties agree that the benchmark pricing rate rule under this Contract shall be the T-2 day TSRR term rate, where “T” refers to the date on which the borrowing rate is fixed and “T-2” refers to the two business days preceding that date.

“TONA” refers to the Tokyo overnight average interest rate in Japanese Yen. In accordance with banking practices, the Parties agree that the pricing base rate rule under this Contract shall be the T-5-day TONA, where “T” refers to the date on which the borrowing rate is fixed and “T-5” refers to the five business days preceding that date.

“SARON” refers to the average Swiss overnight interest rate in the currency of Swiss Francs. In accordance with banking practice, the parties have mutually agreed that the pricing base rate rule under this Contract shall be the T-5 day SARON, where “T” shall be the date on which the borrowing rate is fixed and “T-5” shall be the five business days preceding that date.

“HIBOR” refers to the interbank lending rate of Hong Kong Dollar in the Hong Kong financial market. In accordance with banking practices, both parties agree that the pricing benchmark rate rule under this contract shall be set as T-2-day HIBOR, where “T” refers to the date on which the borrowing rate is set, and “T-2” refers to the two working days before that date.

“SIBOR” shall mean the Singapore Interbank Offered Rate in Singapore Dollar only. In accordance with banking practice, the parties agree that the pricing base rate rules under this Contract shall be the T-2-day SIBOR, where “T” shall be the date on which the borrowing rate is fixed and “T-2” shall be the two business days preceding that date.

“Central Bank RMB Benchmark Deposit Rate” means the RMB benchmark deposit rate published by the People’s Bank of China and applicable on that date.

Among them, “LPR” “SHIBOR” “SOFR” “SOFR” as determined by the pricing base rate rules applicable under this Contract The currency and specific value of term interest rate, “€STR”, “SONIA”, “TSRR”, “TONA”, “SARON”, “HIBOR”, “SIBOR” and “Central Bank RMB Deposit Benchmark Rate” shall be subject to the query result of Industrial Bank’s core system. The date of determining the loan interest rate may be the date of actual issuance of the loan, the date of signing the contract or the date of repricing.

“Loan Interest rate” means the Contract execution interest rate formed by adding or subtracting points on the basis of the pricing benchmark interest rate on the contract loan interest rate fixing date as agreed by the parties through consultation and in accordance with the Contract loan interest rate pricing formula.

Iv. “Major transaction” as set forth in Article 13 hereof shall mean (including but not limited to) any certain or potential transaction that will seriously affect the basic structure of the Borrower’s company, change of shareholders of the Company, cash flow of contingent liabilities, profitability, core trade secrets of the Company, core competitiveness of the Company, important assets of the Company, major claims and debts of the Company, ability to repay debts and performance of the Agreement Transactions of the same capacity, or other transactions considered by the lender and/or the Borrower to constitute significant transactions.

5. The term “material event” as set out in Article 13 hereof refers to (including but not limited to) any confirmed or potential event that will seriously affect the ability of the Borrower’s senior management to perform their duties, the employment and termination of employees engaged in the Company’s core business, the Company’s core trade secrets, the Company’s core competitiveness, the Company’s basic structure, the change of shareholders, the Company’s contingent liabilities and the Company’s deposits Continuation, the legality of the Company’s business, the Company’s stability, the Company’s development, the Company’s profitability, the Company’s ability to repay its debts, the Company’s ability to perform this Contract, and other events deemed by the lender and/or the Borrower to constitute material events.

Vi. “Working days” in this Contract refers to working days other than legal holidays and weekends in China (excluding Hong Kong, Macao and Taiwan). “Business Day” in this Contract refers to the business day of the Lender’s bank. If a withdrawal or repayment day falls on a non-business day during the performance of this Contract, it shall be postponed to the next business day.

Article 2 Loan Amount

The Lender agrees to grant the Borrower the loan (in currency) of RMB eight million yuan only

Article 3 Purpose of the loan

The loan is used for payment of goods, etc. Without written consent of the lender, the borrower may not use the loan for other purposes.

Article 4 Term of the Loan

1. The term of the loan shall be one hundred and two months from December 27, 2023 to December 26, 2024.

2. In case of a one-off loan, the actual date of issuance shall prevail. If the actual date of issuance is later than the date of issuance of the loan mentioned in the preceding paragraph, the maturity date of the loan shall be extended accordingly.

III、 The segmented use plan of the loan is as follows:

(None)

The Borrower shall apply to the Lender for withdrawal procedures three working days prior to the date of each installment of withdrawal or at any other time required by the lender in writing. If the borrower fails to withdraw the loan according to the time limit and amount agreed above, the lender shall have the right to require the borrower to pay liquidated damages equal to 10,000 of the amount of the loan that should be withdrawn during the current period. If the borrower belongs to a small or micro enterprise conforming to the provisions of the State system and policies, it shall not be charged the liquidated damages in this paragraph.

IV、 The lender shall pay the loan funds in accordance with Article 7 of this Contract, provided that the preconditions for withdrawal stipulated in Article 6 of this Contract are met.

V、 The Lender shall have the right to make appropriate adjustments to the segmented use plan of the loan according to whether the loan meets the provisions of relevant laws, regulations and policies, the prerequisites for the withdrawal of the loan agreed herein, the payment conditions of the loan fund, the time of signing and handling of the guarantee contract corresponding to this Contract and other factors deemed necessary by the Lender.

VI、 Where the loan is used in batches, the actual release date recorded in the loan notes and loan vouchers shall prevail for each loan date, and the same maturity date shall be applied, that is, the maturity dates of the loans issued for each loan period shall be the same as determined by the loan notes or loan vouchers of the first loan.

VII、 If the lender receives the loan in advance according to the circumstances stipulated in this contract, the maturity date of the loan shall be deemed to be accordingly advanced.

Article 5 The interest rate and interest on the loan shall be calculated and collected

1. Loan interest rate (refers to the annualized interest rate calculated by the simple interest method, the same below)

(1) The benchmark pricing interest rate shall be governed by one of the following provisions

(1) LPR for one year

(II) SHIBOR term grade

(3) SOFR

(4) SOFR term interest rate term grade

(v) €STR.

(Lu) SONIA.

(Seven) TSRR Term Grade

(Eight) TONA.

(nine) SARON.

(10) HIBOR term grade.

(1) SIBOR term class.

(ii) Term grade of the PBOC benchmark interest rate for RMB deposits.

Among them, LPR should be chosen as the pricing benchmark interest rate for RMB fixed interest rate loans. The pricing base rate shall be used in accordance with the currency range defined by the pricing base rate in Article 1 "Definition and Interpretation".

(2) Pricing formula of borrowing interest rate: Borrowing interest rate = pricing benchmark interest rate + 1.15%.

(3) The interest rate of the loan shall be subject to the following clause A:

(1) Fixed interest rate. (None)

A. The loan interest rate shall be determined according to the benchmark interest rate and the pricing formula on the actual issuance date. The interest rate shall remain unchanged between the actual issuance date of each loan and the maturity date of the loan under this Contract.

B. According to the pricing benchmark interest rate and the pricing formula on the signing date of the contract, the fixed interest rate of the loan is the annualized interest rate. If the pricing benchmark interest rate is adjusted on the actual release date, the addition or subtraction points in the pricing formula will be adjusted accordingly, and the above-mentioned annualized interest rate agreed herein will remain unchanged. (None)

(ii) Floating interest rate. The loan interest rate shall be determined according to the benchmark interest rate and the pricing formula on the actual issuance date and re-pricing date, and the interest shall be calculated in stages. The repricing date shall be executed in the following manner: (none)

A. The floating period is (month/quarter/half year/year). The corresponding day of each full period from the actual issuance date of the loan shall be the contract repricing date. If there is no corresponding day in the current month, the corresponding day shall be the last day of the month.

B. If SOFR, ESTR, SONIA, TONA and SARON are used as the benchmark interest rate, each interest bearing date within the interest period (that is, each natural day during the loan period) shall be the contract re-pricing date.

(3) Other interest rate methods: (none)

(4) The benchmark interest rate for the loan used under this Contract shall be determined on the actual issuance date (or re-pricing date, if any) of each loan. During the term of the loan, unless otherwise stipulated in the contract, the borrower shall not be notified of any adjustment of the loan interest rate in accordance with the contract.

(5) For the loans issued under this contract, if China or the relevant country/region cancels the pricing benchmark interest rate under this contract, or the market no longer announces the pricing benchmark interest rate, or the regulatory authorities require, the lender has the right to act in accordance with the interest rate policies of China or the relevant country/region in the same period, in accordance with the principle of fairness and good faith, and with reference to industry practices, interest rate conditions and other factors. The Lender shall notify the Borrower after re-determining the loan interest rate. If the borrower disagrees, it should consult with the lender. If no agreement can be reached through consultation within five working days from the date the lender sends the notice, the lender shall have the right to receive the loan in advance and the borrower shall immediately repay the remaining principal and interest of the loan. If the loan is made at that time

If the borrower is required by the person or by the state or regulatory policies to sign a supplementary agreement on relevant matters, the Borrower shall cooperate.

2. Repayment method of loan interest

(1) Calculation of interest on loans. Interest on the principal of the domestic and foreign currency loan shall be calculated from the date when the Lender transfers it to the Borrower's account in accordance with this Contract. Daily accrued interest on the loan = balance of the loan on that date x daily interest rate. The conversion of daily interest rate and annual interest rate shall be carried out in accordance with the regulations of the People's Bank of China and international practices.

(2) The repayment method of the loan interest shall be governed by one of the following provisions:

(1) The 21st day of each month as agreed in the loan Contract is the interest payment Date, the Borrower shall pay the current loan interest to the lender on the interest payment Date, and settle the remaining principal and interest on the maturity of the loan.

(II) The corresponding day of each maturity /(month/quarter/half year/year) from the actual date of issuance of the loan (if there is no corresponding day in the current month, the corresponding day shall be the last day of the month) is each interest payment date. The Borrower shall pay the current interest on the interest payment date to the lender and settle the remaining principal and interest on the maturity of the loan.

(3) The first interest payment date is _/ year/month/day, and the corresponding day of every full day of _/(month/quarter/half year/year) from the first interest payment date (the corresponding day of the month if there is no corresponding day is the last day of the month) is each interest payment date, the borrower shall pay the current loan interest to the lender on the interest payment date, and settle the remaining principal and interest at the maturity of the loan.

(4) Other repayment methods:

3. Penalty interest and compound interest

(1) If the Borrower fails to use the loan according to the purpose agreed herein, the lender shall have the right to charge penalty interest on the misappropriated loan from the date of misappropriation. The penalty interest rate shall be 50% above the interest rate of the loan; If the borrower fails to repay the loan on time and fails to reach an agreement with the lender on the extension of the loan term, that is, if the loan is overdue, the lender shall have the right to charge penalty interest on the overdue loan from the overdue date, and the penalty interest rate shall be 50% higher than the loan interest rate; For the interest not paid on time (including the interest before and after the maturity of the loan, the misappropriation penalty interest and the overdue penalty interest), the Lender shall have the right to charge compound interest at the overdue penalty interest rate of the loan as agreed in this contract. If the same loan is overdue and not used according to the purpose agreed in the contract, the penalty interest rate shall be the higher one.

(2) If the interest rate of the loan is fixed, the penalty interest rate is also fixed; If the borrowing interest rate adopts a floating interest rate, the penalty interest rate is also a floating interest rate, and its floating cycle is consistent with the floating cycle of the borrowing interest rate.

(3) Penalty interest and compound interest shall be calculated in accordance with the loan interest repayment method agreed in this contract.

Article 6 Prerequisites for withdrawal

1. The Borrower may apply to the Lender for the loan under this Contract only after meeting the following preconditions for withdrawal required by the Lender:

(1) The Borrower has served the Lender with the following documents, in which the circumstances set forth in the documents remain unchanged and remain in force, or the Borrower has given explanations and explanations on the changes satisfactory to the Lender:

1. Loan application form, the main contents of which include but are not limited to: name of loan project, amount, purpose, term, repayment plan and repayment source, etc. :

2. The borrower's legal and valid business license, articles of association, loan card and password/credit code, the legal representative registered in the administrative department of industry and commerce and the members of the board of directors and the principal person in charge, the list of financial leaders and signature samples, the legal representative or its authorized representative's valid identity documents, the legal representative or its authorized representative and the relevant natural person agree to the lender Written documents for collecting and processing the Borrower's personal information and other company documents deemed necessary by the Lender;

3. Authentic, legal and valid resolutions of the board of directors or shareholders meeting convened by the Borrower in accordance with legal procedures and voted by a quorum of directors or shareholders, agreeing to apply for the loan under this Contract from the Lender, specifying the purpose of the loan and accepting various loan conditions required by the Lender, or other documents deemed necessary by the Lender;

4. Annual reports of the last three years (with audit reports and notes) approved by the Lender, financial statements of the most recent period and the same period of the previous year, and annual statements of the borrower since its establishment if it has been established for less than three years;

5. Information of affiliated enterprises;

6. To apply for temporary working capital loans, it is necessary to provide procurement contracts, order contracts, debt certificates and other relevant contracts, vouchers or materials;

7. To adopt the guarantee method of pledge/pledge, it is necessary to provide the certificate of ownership of the pledge/pledge and the appraisal value report, and the registration formalities for the pledge/pledge have been properly handled in accordance with the requirements of relevant laws and regulations, and the original documents of the ownership certificate and registration certificate have been handed over to the lender for collection in accordance with the requirements of the lender; To adopt a third party guarantee, it is necessary to provide relevant guarantee materials in accordance with the requirements of item 2 to 4 above, and the guarantee contract has taken effect; The above warranties shall remain in effect;

8. If the lender requires insurance on the collateral/pledge, the insurance formalities with the lender as the first beneficiary have been completed and the original insurance policy has been handed over to the lender for collection; And the insurance policy continues to be valid; If the borrower provides a pledge, the borrower hereby transfers to the lender the right to claim the insurance benefit enjoyed as a result of the occurrence of the insurance event;

9. Enterprises in special industries shall provide production and operation licenses or enterprise qualification grade certificates issued by authorized departments for special industries;

10. If any party to this Contract requires notarization and other procedures, the relevant notarization procedures have been completed;

11. The Borrower has opened an account with the Lender in accordance with the Lender's requirements and voluntarily accepts the lender's supervision over credit and payment and settlement:

12. When applying for a loan for a foreign exchange project, the borrower shall provide a valid certificate of the purpose of the foreign exchange loan and an approval document from the relevant authorities, and comply with the relevant foreign exchange control policies;

13. VAT, business tax and income tax returns required by the lender;

14. The Borrower has issued a commitment letter for the use of credit funds as required by the Lender;

15. The Borrower and the relevant natural person have issued written documents agreeing to the processing of their personal information by the Lender in accordance with the requirements of the Lender;

16. Other documents, statements, vouchers and other materials required by the Lender.

(2) The borrower is established in accordance with the law, its production and business operations are lawful and compliant, it has the ability to continue operating and has legal sources of repayment;

(3) the purpose of the loan is clear and lawful;

(4) The statements and commitments made by the Borrower in Article 11 of this Contract shall remain true and effective; No event of default or potential event of default has occurred on or before the loan application date;

(5) the borrower has completed the IOU or loan certificate related to the loan. The IOU or loan voucher is an integral part of this contract and has the same legal effect as this Contract. In case the amount, term and interest rate of the loan under this Contract are inconsistent with those recorded in the IOU or loan voucher, the record in the IOU or loan voucher shall prevail.

(6) The borrower has good credit standing and no major bad record; If the borrower is a new applicant, its controlling shareholder shall have good credit standing (the borrower shall provide a written document of the controlling shareholder of a natural person agreeing with the lender to collect and process its personal information), and no major bad record;

(7) other preconditions for withdrawal as required by the lender.

2. The Lender's performance of its obligations under this Contract shall be subject to the satisfaction of the preconditions for withdrawal stipulated in this Article. The Lender may, at its sole discretion, reduce or waive some of the conditions precedent to withdrawal, and neither the Borrower nor the guarantor shall use such conditions as a defense against the Lender.

3. The Lender has the right to appropriately adjust the loan issuance according to such factors as whether the financing project meets the provisions of relevant laws, regulations and policies and the pre-conditions for the withdrawal required by the Lender, the time of signing the guarantee contract corresponding to this Contract and the handling of guarantee procedures.

Iv. The Borrower hereby agrees that after the signing of this Contract, if any withdrawal of the Borrower has not met the pre-conditions for withdrawal of the loan or the conditions for payment of the loan funds as agreed herein, the Lender shall have the right to stop the loan, stop the payment of the loan funds or terminate the Loan Contract, and the Borrower shall bear the liabilities or losses arising therefrom. The Lender shall notify the Borrower of the termination hereof and the Borrower shall object to the termination within a period of five working days, starting from the date on which the notice of termination is delivered to the Borrower in the manner agreed herein. If the Borrower does not raise any objection, the Contract shall be automatically terminated upon expiration of the objection period. If the Borrower has an objection but no agreement can be reached between the parties within five working days after the expiration of the objection period, the lender shall have the right to accept the loan in advance as agreed herein.

5. If upon review by the Lender, the Borrower meets the prerequisites for withdrawal as agreed herein, the Lender shall pay the loan funds as agreed in Article 7 hereof.

Article 7 Account monitoring and payment of loan funds

1. Account monitoring

In accordance with the requirements of relevant national laws, regulations and regulatory systems, the borrower undertakes to meet the pre-conditions for withdrawal agreed in the contract before applying for the loan, and accept the lender's supervision on the use of the loan funds according to the agreed purpose. The lender shall have the right to supervise and control the basic deposit account, general deposit account and special deposit account opened by the borrower, and supervise and control the issuance, payment and repayment of the borrowed funds in accordance with the contract.

The borrower shall designate the following accounts as special fund withdrawal accounts and shall promptly provide information on the flow of funds in and out of such accounts:

Account name: Xiamen Pupu Culture Co., LTD

Account number :129680100100994122

Bank: Industrial Bank Co., LTD. Xiamen Branch

The lender may, in accordance with the borrower's credit standing and financing situation, negotiate with the borrower to sign a separate account management agreement to clearly stipulate the management of the inflow and outflow of funds from the designated account. The lender shall have the right to withdraw the loan in advance according to the borrower's withdrawal of funds.

2. Payment of the borrowed funds

(1) The lender shall have the right to manage and control the payment of the loan funds by means of payment entrusted by the lender or independent payment by the borrower.

1. "Entrusted payment" by the Lender means that the Borrower authorizes the Lender to pay the loan funds to the Borrower's counterparty that meets the purpose agreed herein.

In the case of entrusted payment by the Lender, before the release of the loan funds, the borrower shall provide the relevant transaction information conforming to the purpose agreed herein, and after the lender's examination and approval, the loan funds shall be paid to the Borrower's counterparty through the Borrower's account in time. Where the Lender is entrusted with the payment method, if the loan funds are returned after the loan funds are paid to the borrower's counterparty due to the cancellation, rescission, invalidity or other reasons of the underlying transaction contract, the lender shall have the right to receive the loan funds returned in advance in accordance with Article 12 hereof. 2. "Independent payment" by the Borrower means that after the lender releases the loan funds to the Borrower's account, the Borrower shall independently pay the loan funds to the Borrower's counterparty meeting the purpose agreed herein. If the Borrower makes its own payment, the Borrower shall regularly report to the lender the status of the payment of the loan funds, and the lender shall have the right to check whether the payment of the loan is in conformity with the agreed purpose by means of account analysis, voucher inspection and on-site investigation.

(II) Entrusted payment payment of the loan funds under any of the following circumstances shall be made by the lender as entrusted payment:

1. If the borrower and the lender newly establish a credit business relationship and the borrower's internal rating with the lender is at or below level B3, "newly established credit business relationship" means that the lender and the borrower first establish a credit business relationship or no credit business relationship occurs within 2 years;

2. Working capital loans used for replacement;

3. A single payment to a certain transaction object of the borrower exceeding one thousand yuan (for foreign currency loans, the central price published by the lender on the date of payment shall be converted);

4. Other:

(3) In the course of issuance and payment of the loan, the borrower shall supplement the terms of issuance and payment of the loan as required by the Lender under any of the following circumstances. The Lender shall have the right to adopt more stringent terms of issuance and payment of the loan, and shall have the right to stop the issuance and payment of the loan funds, and take corresponding measures in accordance with Article 14, paragraph 2 of this Contract:

1. Decline in credit status;

The profitability of the main business is not strong;

3. Abnormal use of borrowed funds;

4. Circumstances considered by other lenders.

Article 8 Repayment of the principal and interest of the loan

1. The principal of the loan hereunder shall be repaid in the following ways:

(1) The loan and rescue principal shall be repaid in installments, with the amount and date of repayment as follows:

If the lender adjusts the segmented use plan of the loan, the date and amount of installment repayment of the loan agreed in this article remain unchanged, and the borrower shall repay the principal of the loan in time.

(II) Repay the principal of the loan in one lump sum on the maturity date.

(3) Other ways of repaying the principal of the loan:

2. The Borrower shall repay the loan principal and interest hereunder to the Lender in full and on time on the repayment date and interest payment date agreed herein.

3. If the repayment date falls on a non-lender's business day, the repayment shall be deferred to the next Lender's business day, and the non-lender's business day shall be included in the actual days occupied by the loan. When the Borrower repays the principal of the last installment of the loan, the interest payable shall clear with the principal and shall not be bound by the interest payment date as agreed in Article 5 of this Contract.

4. If the Borrower fails to repay the loan under the Loan contract on time and needs to extend the repayment period, it shall submit a written application for extending the loan period to the lender three working days before the maturity date of the loan. Upon the lender's examination and approval, the parties shall sign a Loan Extension Contract separately as a supplementary contract to this Contract.

5. Repayment in advance

The Borrower shall repay the loan principal and interest on the date agreed herein.

If the Borrower wishes to repay the principal and interest of the loan in part or in whole in advance, it shall notify the lender in writing one working day in advance and obtain the lender's written consent. With the written consent of the lender, the Borrower shall, after repaying part of the principal and interest of the loan in advance, negotiate with the lender to determine the number of subsequent repayment periods, the timing of repayment and the amount of repayment. The interest on the loan principal repaid in advance shall be calculated according to the actual term of use and the loan interest rate agreed in this contract. The lender shall not adjust the interest on the loan that has been accrued before the repayment in advance.

Where the borrower requests repayment in advance, the lender shall have the right to require the borrower to pay liquidated damages in a certain proportion of the amount of repayment in advance. If the borrower belongs to a small or micro enterprise conforming to the provisions of the State system, policies and other provisions, it shall not be charged the liquidated damages under this paragraph. (None)

VI、 If the Borrower fails to perform its obligations under this Contract, the Borrower hereby authorizes the Lender, in an inalienable manner, to deduct the proceeds directly from any account opened by the Borrower with the Lender and all branches and subsidiaries of Industrial Bank without judicial proceedings, Including but not limited to the principal and interest of the loan (including principal, interest, penalty interest and compound interest), liquidated damages, damages and expenses incurred by the Lender for fulfilling the creditor's rights. The Borrower agrees that the lender has the right to decide the specific order of payment. If the currency of the money in the account is inconsistent with the currency of the loan, the Lender has the right to convert the money into the currency of the loan according to the middle price published by the Lender on the date of payment. If any account stipulated in this paragraph involves financial management products or structured deposits, etc., The Borrower hereby irrevocably authorizes the Lender to directly initiate an application for redemption of the relevant products to take other necessary measures to ensure that the Lender can smoothly deduct the said amount and the Borrower shall provide all necessary cooperation.

第IX条 Guaranty

1. The guarantee contract hereunder includes but is not limited to the following contracts

(1) Maximum Amount Guarantee Contract No. 20235010 Jinshan Payment Guarantee of Xingyinxia is guaranteed by the surety of Huang Zhuoqin and Wei Lia.

2. In addition to the aforesaid signed guarantee contract, in the event of exchange rate fluctuations or any other event that the Lender considers may affect the Borrower or the guarantor's ability to perform the Agreement, the Lender shall have the right to require the Borrower to supplement the deposit or provide new guarantee and sign the relevant guarantee contract, and the Borrower shall cooperate as required by the Lender.

3. The Lender shall have the right to suspend performance of the loan and other obligations under this Contract until the guarantee contract is concluded and the guarantee procedures are completed.

Article 10 Rights and obligations of both parties

1. Rights and Obligations of the Lender

(1) Rights of the Lender:

1. The right to ask the borrower to provide true information, including personal information;
2. the right to require the borrower to repay the principal and interest of the loan on schedule;
3. the right to require the borrower to provide various materials related to the loan;
4. the right to know the borrower's production, operation and financial situation;
5. Have the right to supervise the Borrower's use of the Loan in accordance with the purposes agreed herein;
6. Have the right to supervise the use of the loan and make requests;
7. Where the borrower bears multiple debts of the same type to the lender, and the payment by the borrower is insufficient or likely to be insufficient to repay all the debts, the lender shall determine the specific order of repayment or collection at the time of repayment;
8. The Borrower shall have the right to deduct the principal and interest of the loan (including principal, interest, penalty interest and compound interest) from any account opened by the Borrower at the Lender and all branches and subsidiaries of Industrial Bank directly without going through judicial procedures, liquidated damages, damages and expenses incurred by the lender for fulfilling the creditor's rights, etc. The Borrower agrees that the Lender has the right to decide the specific order of collection, If the currency of the money in the account is inconsistent with the currency of the loan, the Lender shall have the right to convert the money into the currency of the loan according to the middle price published by the lender on the day of the debit and debit; If any of the accounts stipulated in this paragraph involve products such as financial management products or structured deposits, the Borrower hereby irrevocably authorizes the Lender to directly initiate an application for redemption of the relevant products on behalf of the Lender or take other necessary measures to ensure that the Lender can smoothly deduct the above-mentioned funds;
9. The Lender shall have the right to transfer all claims and security interests hereunder to a third party at any time without the consent of the Borrower. Where the Lender transfers the loans and security interests hereunder, the Borrower shall still assume all obligations hereunder;
10. If the Borrower fails to repay the principal and interest of the loan in accordance with the contract, fails to implement the repayment of the principal and interest, or breaches any obligation under the Contract, the Lender shall have the right to provide information on the Borrower's breach of trust to the People's Bank of China and its Construction
6. Without the written consent of the Lender, the debts hereunder shall not be transferred, in whole or in part, to any third party;
7. Not reduce the registered capital in any way; Shall not extend the subscription period for registered capital without the written consent of the lender;

8. The Borrower shall notify the Lender in writing at least 30 working days in advance and obtain the written consent of the Lender before any major event such as merger, division, transfer of capital rights, foreign investment or substantial increase in debt financing, and shall actively implement the safeguard measures to repay the principal and interest of the loan on time and in full as required by the Lender. The above major matters include but are not limited to:

(1) Applying for loans or liabilities from a third party such as a bank, or providing loans to a third party, or providing guarantees for the debts of a third party to substantially increase debt financing, which affects or may affect the repayment of the principal and interest of the loan;

(2) major property rights changes and business mode adjustments (including but not limited to signing joint ventures and cooperation contracts with foreign investors and Hong Kong, Macao and Taiwan enterprises; Cancellation, closure, suspension of production or transfer of production; Division, merger, merger or being merged; Reorganization, formation or reconstruction into a joint-stock company; Foreign investment; Taking fixed assets such as houses, machinery and equipment or intangible assets such as trademarks, patents, know-how and land use rights as shares or investing in joint stock companies or investment companies, and conducting property rights and management rights transactions by means of leasing, contracting, joint management and trusteeship);

(3) Change of equity to a certain percentage (none)

(including but not limited to equity transfer, custody, escrow, pledge, etc.).

9. The Borrower shall notify the Lender in writing within 7 working days from the date of occurrence or possible occurrence of the following circumstances, and actively implement the safeguard measures for repayment of the principal and interest of the loan on time and in full as required by the Lender:

(1) Major financial loss, asset loss or other financial crisis occurs;

(2) business suspension, revocation or cancellation of business license, application for or being applied for bankruptcy, dissolution, etc. :

(3) there is a major crisis in the operation or finance of its controlling shareholder and other affiliated companies, which affects its normal operation;

(4) The borrower's legal representative, director or senior management personnel changes, affecting its normal operations;

(5) the equity of the guarantor is changed to a certain proportion (including but not limited to equity transfer, escrow, pledge, etc.); (not applicable)

(6) Major connected transactions occur between the borrower and its controlling shareholder or other affiliated companies, affecting its normal operations;

(7) any litigation, arbitration or criminal or administrative punishment that has significant adverse consequences on its operation or property status;

And (8) other major events that may affect its ability to repay its debts occur.

10. At the request of the Lender (which requires reasonable advance notice to the Borrower, unless such advance notice is not required due to the occurrence of an event of default or potential event of default or due to certain circumstances), a representative of the Lender is permitted to engage in the following activities during normal business hours:

(1) visit the place where the Borrower carries out its business activities;

(2) inspect the Borrower's premises, facilities, plants and equipment;

(3) to inspect the Borrower's book records and all other records;

And (4) inquire of any employee, agent, contractor or subcontractor of the Borrower who knows or may know the relevant information required by the Lender.

11. The Borrower undertakes to maintain its current assets and net assets, ratio of assets to liabilities, ratio of assets to liquidity and other financial conditions within the following ranges (none) required by the Lender during the loan period.

12. The Borrower must sign and submit to the Lender the receipt of the collection letter or collection document sent or delivered by the lender in any other way.

Article 11 Declarations and undertakings of the Borrower

The Borrower voluntarily makes the following declarations and commitments, and shall bear legal responsibility for the authenticity of their contents:

1. The Borrower is a legal entity established and effectively existing in accordance with the laws of the People's Republic of China and has full capacity for civil conduct. The Borrower warrants to provide relevant certificates, permits, certificates and other documents as required by the lender.

2. The Borrower has sufficient ability to perform all its obligations and responsibilities under this Contract, and its repayment liability shall not be alleviated or exempted due to any instruction, change of financial status or any agreement signed with any unit.

3. The Borrower is fully authorized and legally entitled to enter into this Contract, and the Borrower has obtained and completed all its internal approvals and authorizations or other relevant procedures necessary for entering into and performing this Contract. And has obtained and completed all necessary approvals, registration, authorization, consent, license or other relevant procedures from any government department or other authority required to sign and perform this Contract, and all approvals, registration, consent, license, authorization and other relevant procedures required to sign this Contract remain fully legal and effective.

Iv. The signing of this Contract by the Borrower is in full compliance with the relevant articles of association, internal decisions and resolutions of the shareholders' meeting and the board of directors of the Borrower, and promises that such internal decisions, resolutions of the shareholders' meeting and the Board of directors are in full compliance with the provisions of national laws and regulations and the articles of association of the Company, and are not invalid, invalid or revocable. This Contract is also not in conflict with or contrary to any of the articles of association, internal decisions of the Borrower, resolutions of the shareholders' meeting, the board of directors and the policies of the Borrower.

5. The signing and performance of this Contract is based on the true intention of the Borrower. The loan financing shall comply with the requirements of laws and regulations, and the execution and performance of this Contract shall not violate any laws, regulations, regulations or contract provisions binding on the Borrower. This contract is legal, valid and enforceable. If this Contract is invalid due to the defects of the Borrower's rights when signing and performing this Contract, the Borrower shall immediately and unconditionally compensate the lender for all losses.

Vi. All documents, financial statements and other materials provided by the Borrower to the Lender under this Contract are true, complete, accurate and valid, and all financial indicators required by the Lender shall be maintained continuously.

7. The Borrower agrees that the loan business hereunder shall be governed by the Lender's regulations, practices and practices. The Lender has the right to call back the loan in advance according to the borrower's withdrawal of funds.

8. Where the borrower bears multiple debts of the same type to the lender, and the borrower's payment is insufficient or likely to be insufficient to repay all the debts, the lender shall determine the specific order of repayment or collection.

9. If the Borrower fails to perform its obligations as agreed herein, the Borrower hereby authorizes the Lender to deduct the principal and interest of the loan (including principal, interest, penalty interest and compound interest), liquidated damages, damages and the lender's expenses for fulfilling the creditor's rights from any account opened by the Borrower at the Lender and all branches and subsidiaries of Industrial Bank without going through judicial procedures. The Borrower agrees that the Lender has the right to decide the specific order of deduction. If the currency of the money in the account is inconsistent with the currency of the loan, the Lender shall have the right to convert the money into the currency of the loan according to the middle price announced by the Lender on the date of collection. If any account stipulated in this paragraph involves financial products or structured deposits, etc., the Borrower hereby irrevocably authorizes the Lender to directly initiate an application for redemption of the relevant products or take other necessary measures on behalf of the Lender. To ensure that the lender can smoothly deduct the above-mentioned funds, the Borrower shall provide all necessary cooperation.

10. If the Borrower submits any documents relating to a specific transaction to the Lender for review, whether before or after the execution of this Contract, and the Borrower warrants the authenticity of all documents, the Lender will only make a decision on the apparent authenticity of the transaction documents, and the Lender will not participate in or know the substance of the specific transaction engaged in by the Borrower.

Nor shall the Lender bear any responsibility for the substance of the transaction.

11. The Borrower confirms that, except for the circumstances already disclosed to the Lender in writing, the Borrower has not concealed any of the following events that have occurred or are about to occur which may cause the Lender to disapprove of the payment of the loan hereunder:

(1) obligations and contingent liabilities undertaken by the Borrower, including but not limited to any mortgages, pledges, liens and other obligations on the Borrower's assets or earnings that are not disclosed to the Lender;

(2) major violations of discipline, law or claims involving the Borrower or the Borrower's main managers;

And (3) the borrower breaches the contract between the borrower and any other creditor

(4) No lawsuit, arbitration or administrative penalty against the Borrower or its property has occurred or is outstanding or, to the Borrower's knowledge, likely to occur, and no liquidation or liquidation or other similar proceedings have taken place against the Borrower, whether on its own initiative or by a third party:

(V) Any other circumstances which may affect the Borrower's financial position and ability to repay its debts.

12. The Borrower undertakes to use the loan for the purposes set forth herein and not to misappropriate or use it for any other purpose contrary to the purposes set forth herein. The Borrower undertakes to accept and cooperate with the Lender at any time in the management of loan payment, post-loan management and relevant inspection, and cooperate with the Lender in the supervision, inspection and inventory of the Borrower's use of the borrowed funds, the borrower's production and operation, financial activities, material inventory, assets and liabilities, bank deposits, cash inventory, etc., or other requirements deemed necessary or appropriate by the Lender.

13. To provide sufficient, effective and acceptable guarantees approved by the Lender or other acceptable guarantees deemed appropriate by the Lender. If the guarantee hereunder involves real estate mortgage, the borrower shall timely fulfill the obligation of informing the lender when it becomes aware of the information that the mortgaged house will be demolished and relocated; If the mortgaged house is demolished, the lender shall have the right to require the borrower to pay off the debts in advance, or re-set the mortgage and sign a new mortgage agreement in the form of compensation for property rights swap. After the loss of the original mortgaged real estate and before the registration of the new mortgage is completed, the lender shall provide the guarantor with the guarantee conditions; For the real estate demolished and relocated that is compensated by way of compensation, the borrower shall be responsible for requiring the mortgagor to continue to provide guarantee for the main creditor's right by opening a special deposit account or certificate of deposit.

14. The borrower shall not reduce its registered capital by any means. The Borrower shall not transfer the debts hereunder in whole or in part to any third party without the Lender's prior written consent. Before the debts under this Contract are fully repaid, no debts between the Borrower and other creditors (except other branches of Industrial Bank) shall be repaid in advance without the written consent of the Lender.

15. Timely notify the lender of major adverse events affecting the borrower's ability to repay the debt, and obtain the lender's written consent before carrying out major events such as merger, division, equity transfer, foreign investment and substantial increase in debt financing.

16. If litigation or arbitration or other disputes arise between the Lender and the Borrower or any third party related to the Borrower due to the Lender's performance of its obligations under this Contract, resulting in the Lender being forced to become involved in the dispute between the Borrower and any third party, the litigation or arbitration costs, attorney's fees and other expenses incurred by the Lender shall be borne by the Borrower.

17. The Borrower shall conduct the settlement business under this Contract through the settlement account opened with the Lender.

18. The Borrower undertakes that the information publicized in the National Enterprise Credit Information Publicity System is true, complete, legal and effective, and undertakes to continue to agree with the Lender to inquire the information that the enterprise chooses to publicize and not publicize in the system. If the lender requires capital verification, the Borrower agrees to carry out capital verification in accordance with the lender's requirements and provide a capital verification report issued by a professional institution.

Xix. The Borrower hereby declares and authorizes that the Lender has the right to conduct necessary investigations into the borrower's credit status in accordance with national laws and regulations and relevant policies, including inquiring the borrower's credit information into the financial credit information basic database established by the State, and may, in accordance with the People's Bank of China's requirements for the credit investigation work of construction enterprises and individuals, Submit the relevant credit information to the national financial credit information basic database, and herein allow the relevant information to be legally searched within the scope of authorization.

20. The Borrower hereby declares and authorizes that the Lender has the right to submit the information related to this Contract and other relevant information to the above-mentioned departments and institutions and their established or recognized information management systems as required by administrative/judicial/supervisory departments, banking regulators, banking associations and other relevant information, and hereby allows the relevant information to be legally searched.

21. In the event of the Borrower's default under this Contract or the occurrence of circumstances that may jeopardize the Lender's realization of its creditor's rights, the Lender shall have the right to require the shareholder of the Borrower to accelerate the maturity of its obligation to make capital contribution, and the Borrower undertakes that its shareholder shall make capital contribution in time as required by the Lender. The Lender shall have the right to ask the Borrower and its shareholders not to pay dividends.

22. The Borrower undertakes that the transaction background of the loan business is true and legal, and that it is not used for money laundering or other illegal purposes.

23. If the Borrower hereby irrevocably undertakes that it breaches any of its obligations under this Contract, the Lender may forward the information of the Borrower's breach of trust to the People's Bank of China and the credit investigation institutions and credit investigation systems established or approved by the Lender. Or the banking association, banking supervision institution or other administrative/judicial/supervisory departments, as well as the information management system established or approved by the bank or the news media.

At the same time, the borrower shall not authorize the relevant banking association to share the borrower's faithless information among banking financial institutions and even publicize it to the society through appropriate means.

The Borrower understands that the Lender has the right to take various measures in accordance with this Contract, and that the Lender has the right to take or the banking financial institutions such as the lender have the right to jointly take measures to reduce or stop the credit extension, stop opening new settlement accounts, stop the legal representative of the borrower/the Borrower's new credit cards and other joint punishment and protection measures for breach of trust

24. Other matters declared and promised by the Borrower: (none)

Article 12 Loan acceptance in advance

1. During the term of the loan, if the borrower or the guarantor (including but not limited to the guarantor, mortgagor or pledgor, the same below) occurs one of the following circumstances, the lender has the right to unilaterally decide to stop paying the loan which has not been used by the borrower, and to withdraw part or all of the principal and interest of the loan in advance and repay the loan in installments. If the Lender collects the loan in advance in accordance with the provisions of this Contract, Other loans that are not yet due shall be deemed to be due in advance:

(1) Providing false materials or concealing important business and financial facts, any certificates and documents submitted to the lender and any of the statements and undertakings in Article 11 hereof are proved to be untrue, inaccurate, incomplete or intentionally misleading;

(2) Without written consent of the lender, changing the original purpose of the loan, misappropriating the loan or engaging in illegal or illegal transactions with the loan;

(3) using a false contract with a related party to discount or pledge the creditor's rights such as bills receivable and accounts receivable without actual trade background to the lender, so as to extract the lender's funds or credit;

(4) refusing to accept the lender's supervision and inspection of its use of credit funds and related business and financial activities;

(5) Major events such as merger, division, acquisition, reorganization, transfer of wealth rights, foreign investment, substantial increase in debt financing, which the lender considers may affect the security of the loan;

- (6) intentionally evading and annulling the creditor's rights of the lender through connected transactions;
- (7) deterioration of its credit standing and obvious weakening of its solvency (including contingent liabilities);
- (8) Where the borrower or the Borrower's affiliated enterprises and the guarantor or the guarantor's affiliated enterprises are in cross default as set forth in Article 15 of this Contract:
- (9) The Borrower fails to repay the principal and interest of the loan under this Contract on time;
- (10) The Borrower ceases to repay its debts, or is unable or indicates that it is unable to repay its debts when they become due;
- (11) The borrower ceases business operation, ceases business operation, is declared bankrupt, is dissolved, has its business licence revoked, is revoked or its financial condition deteriorates;
- (12) The Borrower fails to perform the obligations set forth in Articles 10 and 13 hereof and other obligations set forth herein, or the guarantor fails to perform the obligations set forth in the guarantee contract;
- (13) The value of the mortgaged or pledged property used for the guarantee has been or may be significantly reduced, or the rights pledged must be fulfilled before the maturity of the loan;
- (14) The abnormal change, disappearance or investigation or restriction of personal freedom by judicial organs of legal representatives of the borrower or guarantor, major investors, directors, supervisors and senior managers, which has or may affect the performance of obligations hereunder;
- (15) The Borrower/guarantor, the controlling shareholder of the Borrower/guarantor, the actual controller or its affiliates are involved in major litigation, arbitration or other disputes, or its major assets are seized, frozen, deducted, enforced or other measures with similar effect are taken, which may endanger or damage the rights and interests of the lender;
- (16) Events otherwise agreed in this Contract, or in light of the Borrower's withdrawal of funds, or other events that endanger, damage or may jeopardize or damage the Lender's rights and interests.

2. In case of the above situation of early loan collection, the lender shall unilaterally decide whether to grant the borrower a certain grace period in light of the borrower's production and operation, financial status and fund withdrawal. Where the lender grants the borrower a grace period, if within the grace period the borrower still fails to take remedial measures or the remedial measures taken do not meet the requirements of the lender, the Lender has the right to unilaterally decide to accept the loan in advance; The lender may also directly decide to accept the loan in advance without giving the sub-borrower a grace period.

3. In case of early loan collection, the Lender shall have the right to take appropriate measures in accordance with Article 14, paragraph 2 hereof.

第XIII条 The borrower has the obligation to disclose major transactions and major events to the lender

I、 The Borrower shall promptly report to the Lender in writing the material transactions and material events occurring to the Borrower.

2. If the Borrower is a Group customer, the Borrower shall timely report to the lender related transactions of more than 10% of the Borrower's net assets in accordance with relevant regulations, including but not limited to:

- (1) The related relationship of the parties to the transaction;
- (2) Transaction items and nature of the transaction;
- (III) The amount of the transaction or the corresponding proportion;
- (IV) Pricing policies (including transactions with no amount or only a nominal amount).

II. If there is a major change in the underlying conditions of the contract that was not foreseen at the time of signing the contract and is not a commercial risk, and needs to be renegotiated, the lender shall be notified promptly within three business days of the change.

Article 14 Liability for breach of Contract

1. After this Contract comes into force, both the borrower and the lender shall perform their obligations under this contract. If either party fails to perform or fails to fully perform its obligations under this contract, it shall bear the corresponding liabilities for breach of contract.

2. In the event that the Borrower fails to use the loan for the purposes agreed herein, pay the loan funds in the manner agreed herein, fails to comply with the declarations and commitments, distortion of information in the loan application documents, breach of the agreed financial indicators, occurrence of major cross-default events or other failure to perform any provision hereof, the Lender shall have the right to take one or more of the following measures:

- (1) Request the borrower to correct the breach within a time limit;
- (2) to stop issuing loans that are not issued under this contract and to stop paying the loan funds that are not paid under this Contract;
- (3) Require the Borrower to provide additional loan issuance and payment conditions that meet the requirements of the lender or cancel the borrower's use of the loan in the mode of "autonomous payment";
- (4) a unilateral decision to prematurity all or part of the debt;
- (5) Unilaterally terminate or rescind this Contract, requiring the Borrower to pay off the principal and interest of the loan due or not due, and pay or compensate for the relevant losses;
- (6) requiring the Borrower to pay the overdue penalty interest if the loan is overdue; If the borrower misappropriates the loan, demand the borrower to pay the misappropriation penalty interest; Require the borrower to pay compound interest on outstanding interest (including interest before and after maturity, misappropriation penalty and late penalty);
- (7) requiring the borrower to add or replace the surety, collateral, pledge/right to pledge;

(8) To enforce or fulfil any right under any security in relation to the loan:

(9) directly deduct the salvage money from any account opened by the Borrower at the Lender and all branches and subsidiaries of Industrial Bank without judicial procedures, or entrust the account opening bank of the borrower to deduct the collection money from its account, including but not limited to the principal and interest of the loan (including principal, interest, penalty interest and compound interest), liquidated damages, damages and expenses incurred by the lender for realizing the creditor's rights, etc.; The Borrower agrees that the lender has the right to decide the specific order of deduction and collection. If the currency of the money in the account is inconsistent with the currency of the loan, the Lender has the right to convert the money into the currency of the loan according to the middle price announced by the Lender on the day of deduction and collection: If any account stipulated in this paragraph involves financial management products or structured deposits or other products, The Lender shall have the right to directly initiate an application for redemption of the relevant products on behalf of the Lender or take other necessary measures to ensure that the Lender smoothly collects the above-mentioned funds;

(10) instituting a lawsuit, arbitration or applying to a notarial institution for issuing a certificate of execution, requiring the borrower to pay off the principal and interest of the loan, and the expenses incurred by the creditor for fulfilling the creditor's right shall be borne by the borrower;

(11) The Lender is entitled to seize or place a lien on any movable or immovable property, tangible or intangible property of the Borrower that is under the Lender's control and possession or to take such other measures as the Lender thinks fit;

(12) The Lender shall have the right to submit and disclose information about the borrower's breach of trust to the People's Bank of China and its credit investigation institutions and credit investigation systems established or approved by the Lender, or to banking associations, banking supervision institutions or other administrative/judicial/supervisory departments, as well as to information management systems established or approved by the Lender or to the news media, etc. At the same time, the lender may adopt or jointly with other banking financial institutions to reduce or stop credit granting, stop opening new settlement accounts, stop the borrower's legal representative/borrower's new credit cards and other joint punishment and rights protection measures for breach of trust;

(13) Other measures prescribed by laws and regulations or agreed in this contract or deemed appropriate by the Lender.

3. If the Lender fails to provide the loan on the agreed date and amount in accordance with the preconditions for withdrawal and payment of the loan funds stipulated herein, and thus causes losses to the Borrower, it shall compensate the borrower for the direct economic losses caused thereby. However, in any case, the Lender shall not be liable for any foreseeable or unforeseeable indirect losses incurred by the Borrower.

Iv. In the course of performance hereof, if the materials provided by the Borrower are untrue, inaccurate, incomplete or have other defects, the Lender shall not be held liable for any error or delay in payment of the entrusted payment by the Lender, or for any other losses incurred by the Borrower in violation of provisions hereof.

5. The Lender shall not be liable for any disputes or other losses arising from the freezing of the loan issuance account or the account of the payment object as agreed herein or for other reasons.

Vi. The Lender shall have the right to take measures in accordance with paragraph 2 of this article if the guarantor (i.e. the guarantor, mortgagor or pledgor) hereunder occurs under the following circumstances:

(1) The surety fails to perform the terms of the guarantee contract, or the credit status deteriorates, or other events occur that weaken the guarantee ability:

(2) The mortgagor fails to perform the terms of the mortgage contract, or intentionally damages the mortgaged property, or the value of the mortgaged property may or has been significantly reduced, or other events that impair the mortgage right of the lender;

(3) the pledgor fails to perform the terms of the pledge contract, or the value of the pledged property has been or may be significantly reduced, or the right of 2410312 pledged must be fulfilled before the repayment of the loan, or other events that impair the lender's right to pledge.

Article 15 Cross breach of Contract

Under any of the following circumstances, the Borrower or the Borrower's affiliated enterprises or the guarantor or the guarantor's affiliated enterprises shall be deemed to be in breach of this Contract at the same time, and the Lender shall have the right to receive the loan in advance in accordance with Article 12 hereof and require the Borrower to bear the liability for breach of contract in accordance with Article 14 hereof:

- (I) Any loan, financing or debt is or may be in default or is declared to be due ahead of schedule;
- (II) Any guarantee or similar obligation that is not performed, or is likely to be not performed;
- (c) failure to perform or breach legal documents or contracts relating to security of debt and other similar obligations, or the possibility of failure to perform or breach:
- (4) There is or is about to be an inability to repay debts or borrowings/financing as they become due;
- (5) has been declared or is about to be declared bankrupt through legal proceedings;
- (6) transferring its assets or property to other creditors;

And (7) other circumstances that endanger the security of the principal and interest of the loan hereunder.

Article 16 Continuity of obligations

All obligations of the Borrower hereunder shall be of a continuous nature and shall be fully and equally binding on its successors, agents, receivers, assigns and other entities after merger, reorganization, change of name, etc.

第XVII条 8. Accelerated maturity clause of principal and interest

The Borrower agrees that in the event that the Borrower fails to perform the statements and commitments made in Article 11 hereof or fails to perform any of its obligations hereunder, the Lender shall have the right to determine that any other obligation of the Borrower to the Lender, including the repayment of all principal and interest (including penalty interest and compound interest) due and not yet due hereunder, shall immediately become due.

Article 18 Right of subrogation

The borrower hereby specifically affirms that, regardless of whether the lender's claims have matured, the borrower's claims or collateral rights relating to such claims are subject to expiration of the statute of limitations or fail to declare bankruptcy claims in a timely manner, The lender shall be entitled to exercise the right of subrogation in respect of any creditor's right, accounts receivable and other property rights owned by the borrower against a third party, as well as collateral rights in connection with the foregoing rights, in case of default by the Borrower or the Borrower's inability to repay the Lender the advances due to the repayment period (including but not limited to principal, interest and expenses, etc.), which affect the realization of the creditor's right. Including but not limited to subrogation to the borrower's counterpart to request the borrower to perform performance to the Borrower, report to the insolvency representative or take other necessary actions, the borrower waives all defenses.

Article 19 Application of law, jurisdiction and dispute resolution

1. The conclusion, effectiveness, performance, termination, interpretation and dispute resolution of this Contract shall be governed by the laws of the People's Republic of China (for the purpose of this Contract, excluding the laws of the Hong Kong Special Administrative Region, the Macao Special Administrative Region and the Taiwan Region).

2. Any dispute arising out of this Contract shall be settled by the Borrower and the lender through friendly negotiation. If no agreement can be reached through friendly negotiation, both parties agree to settle the dispute in the following way:

(1) File a lawsuit with the people's court at the place where the Lender has his domicile.

(ii) To apply to Xiamen Arbitration Commission for arbitration, and the arbitration rules in effect at the time of arbitration shall apply. To the extent permitted by the arbitration rules, both parties agree to adopt the summary procedure for arbitration. The arbitration award shall be final and binding upon both parties. The venue for the hearing of the arbitral tribunal shall be Xiamen.

(3) Other methods: (none)

III、 During the period of dispute, the provisions of this Contract which do not involve the disputed part shall still be performed.

Article 20 Exchange of documents, correspondence and notices

I. The Borrower agrees and confirms that the following address shall be used as the notice under this Contract and relevant litigation (secondary), notarization and other legal documents (including but not limited to various notices and documents of the contracting parties) in case of disputes; The bill of complaint (or arbitration application) and evidence served by the court or arbitral tribunal, summons, notice of response to the lawsuit, notice of evidence, notice of hearing, order of payment, judgment (written decision), ruling, mediation, execution notice, notice of performance within the prescribed time limit and other litigation or arbitration proceedings, procedures for realizing the security interest and legal documents at the execution stage; All kinds of notices and legal documents served by notary agencies) service address, and further agree that the lender, notary agencies, courts and other judicial organs and other notices and legal documents have the right to choose paper or electronic service, among which, The methods of electronic service include but are not limited to email, China Trial Process Information Disclosure Network, national unified service platform, local or specialized court network service platform, electronic network platform and electronic APP of the deliverer, etc. :

(1) Address of the Borrower:

1. Borrower Name: Xiamen Pupu Culture Co., LTD

Borrower Address: Unit 836, No. 5, Mu Cuo Road, Huli District, Xiamen City

Zip code: 361000

Contact number :13606916075

Contact: Manager Chen

2. Specify the name of the collection agent (if any):

Consignee's address:

Zip Code:

Contact number:

(2) The Borrower agrees and confirms that any of the following electronic mailing addresses is also a valid delivery address:

1. Fax reception number:
2. Email, address:
3. SMS (receiving number :13606916075
4. Wechat, wechat number:
5. QQ reception, number:
6. Other electronic mailing address:

2. The applicable period of the address of service stipulated in paragraph 1 of this article includes all stages such as the non-litigation stage, the first instance, the second instance, the retrial, the execution, the procedure of realizing the security interest, the urging procedure and the compulsory execution of notarization after the dispute enters into arbitration, the litigation procedure. If the above address of service is changed, the borrower shall notify the lender in writing in advance (during the litigation or arbitration period, it shall also notify the arbitral tribunal or the court in writing in advance, and if it has handled the compulsory execution notarization, it shall also notify the original notarial institution in writing) to re-confirm the address of service and obtain the receipt. If no notice is given in advance, the address for service shall be deemed to be unchanged and the Borrower shall bear the corresponding legal consequences. The address for service stipulated in the first paragraph of this Article shall still be deemed to be the effective address for service.

3. Any document, communication, notice and legal instrument, provided it is sent at any of the addresses specified in paragraph 1 of this Article, shall be deemed to have been served on the following dates (service to a designated collection agent shall be deemed to have been served on me):

(1) The fifth working day after the date of mailing (including speedpost, ordinary post, etc., registered post) shall be deemed to be the day of service;

(2) By fax, E-mail, SMS, wechat, QQ or any other electronic communication address, the date of sending shall be deemed as the day of service;

(3) If the service is delivered by person, the date on which it is signed by the recipient shall be deemed as the date of service. If the addressee refuses to accept the document, the sender may record the process of service by taking photos or video, and leave the document in lien, which shall also be deemed to have been served.

4. Where the address for service provided or confirmed by the Borrower is inaccurate or untrue, or the borrower fails to promptly notify the other party, the arbitration institution, the people's court or the notary institution after the change of the address for service, resulting in no actual service, the borrower shall bear the corresponding legal consequences and shall be deemed to have been effectively served:

(1) In the event of service by post, the date on which the document is returned shall be deemed as the date of service;

(2) If the service is delivered by hand, the date on which the sender indicates the circumstances on the return certificate of service on the spot shall be the date of service;

(3) In the case of service by electronic means, the date of dispatch shall be the date of service.

5. The Lender shall take the domicile specified in the contract as the address for service. If the Lender sends a notice in the form of an announcement on its website, Internet banking, telephone banking or business outlets, the date of publication of the announcement shall be deemed as the date of service. Under no circumstances shall the Lender be liable for any errors, omissions or delays in transmission by post, fax, telephone or any other communication system.

6. The Parties agree that the official seals of the company, office seals, special seals for finance, special seals for contracts, special seals for receipt and delivery and special seals for credit business of the Lender shall be valid seals for notification or communication, service of legal documents and correspondence between the parties. All staff members of the Borrower's unit shall be authorized to sign and receive documents, communications and notices.

7. This Treaty shall be defined as an independent clause in the contract and shall not be affected by the validity of this Contract and other clauses hereof.

Article 21 Validity of the Contract and other matters

1. This Contract shall come into force upon being signed, sealed or finger-stamped by both parties.

2. During the term of validity hereof, any tolerance, grace or delay granted by the Lender to the Borrower or the guarantor shall not prejudice, affect or limit all rights and interests which the Lender shall enjoy under the relevant laws and this Contract, and shall not be deemed as a waiver of the Lender's rights and interests hereunder. Nor shall it affect any obligations of the Borrower under this Contract.

3. In the event that the Lender's performance of loan obligations as agreed herein fails to meet the requirements of laws, regulations or regulatory policies due to changes in national laws, regulations or regulatory policies, the Lender shall have the right to unilaterally terminate the Contract and declare all loans issued to be due ahead of schedule, and the Borrower shall repay the loans immediately as required by the Lender. If the Lender fails to perform the loan or fails to perform the loan as agreed herein due to such reasons, the Lender shall not bear any legal liability.

4. If the Lender fails to issue the loan or process the payment on time due to force majeure, communication or network failure, the Lender's system failure, etc., the Lender shall not bear any responsibility, but shall promptly notify the Borrower.

5. The Lender shall have the right to authorize or entrust other branches of Industrial Bank to perform the rights and obligations hereunder (including but not limited to authorizing or entrusting other branches of Industrial Bank to sign relevant contracts, etc.) in accordance with the needs of operation and management, or assign the loans hereunder to other branches of Industrial Bank to undertake management, and the Borrower shall acknowledge such authorization. The Lender does not need to obtain the consent of the borrower for the above-mentioned acts.

6. The Borrower agrees that the Lender has the right to unilaterally reduce or cancel the unused loan amount hereof based on factors such as the Borrower's production and operation conditions, repayment conditions and credit performance of other financial institutions. If the Lender decides to reduce or cancel the loan amount, it shall notify the Borrower five working days in advance, but it is not necessary to obtain the consent of the borrower.

7. If at any time any provision of this Contract is or becomes illegal, invalid or unenforceable in any respect, the legality, validity or enforceability of the other provisions of this Contract shall not be affected or impaired in any way.

8. The Lender has asked the Borrower to pay special attention to the content of “Important Notice for Signing” of the Contract, the Borrower has carefully read and fully, fully and accurately understood all clauses of the rights and obligations of both parties and the “Important Notice for Signing” of the contract, and the Lender has fully explained and explained relevant clauses and rules for handling personal information at the request of the applicant. Both parties have the same understanding of the terms hereof and have no objection to the contents hereof.

9. The subheadings in this Contract are added for convenience only and shall not be used for the interpretation of this Contract or any other purpose.

10. The annex is an integral part of this contract and has the same legal effect as the body of this Contract.

11. This contract is made in triplicate, with two held by the lender and one held by the borrower. Both originals have the same legal effect.

Article 22 Notarization and voluntary acceptance for compulsory execution

1. If either party to this Contract requests notarization, the other party agrees to notarize the contract in a notary office prescribed by the State as requested by the other party.

2. If the contract for compulsory execution of notarization is enforceable, and the borrower fails to perform or improperly performs the debt, or the lender realizes the creditor’s rights as stipulated by laws and regulations, the borrower agrees that the lender shall apply to the notary agency for the issuance of an execution certificate with enforceable effect. The Borrower voluntarily accepts the compulsory execution measures directly applied by the lender to the people’s court having jurisdiction with the execution certificate, knows the corresponding legal consequences, and undertakes not to raise any objection or defense.

Iii. The Parties agree that before the notarial institution issues the execution certificate, it shall have the right to verify the Borrower’s non-performance or improper performance of the debt and other related breach facts by one or more means such as mailing, telephone, fax, email, SMS, wechat, QQ, personal service and interview in accordance with the terms of “Exchange of Documents, correspondence and notice” as agreed herein. In case of verification by telephone or interview, the interview or interview shall be deemed to have been delivered upon completion; If it is verified by mail, fax, email, SMS, wechat, QQ, personal delivery, etc., the “Document exchange, communication and notice” provisions of this Contract shall be implemented on the date of delivery.

IV、 If the borrower has any objection to the fact of breach verified in the above paragraph, it shall, within five working days from the date of service, provide written evidence and sufficient evidence to the notary office. If the borrower fails to provide evidence on time or the notary office considers that the evidence is insufficient to support its claim, it shall be deemed that the borrower has confirmed the default facts such as non-performance or improper performance of the debt, and agrees that the notary office will issue the **supplementary provisions of Article 23** of the execution certificate according to the application of the lender

The lender (unit seal) : responsible person or owner (signature) :	December 27, 2023
Borrower (official seal): Legal representative or owner (signature/fingerprint):	December 27, 2023

Please note that these documents are English translations of the original Chinese versions prepared only for your convenience. In the case of any discrepancy between the translation and the Chinese original, the latter shall prevail.

Working capital loan contract

Serial number: PDK476780120230827

Borrower: Guangzhou Shuzhi Culture Communication Co., Ltd.

Unified Social Credit Code: 91440101MA5CKKEXX7

Legal Representative / Person in Charge: Huang Zhuoqin

Postal Code: 510000 Residence Address: Room 1101, No. 156, Nanzhou Road, Haizhu District, Guangzhou City (For office use only)

Banking institution and account number for opening the account: Bank of China Limited, Pianluoci Branch, Guangzhou 718573934862 Telephone: 13599518650 Fax:

Lender: Bank of China Limited, Pang'an Branch, Guangzhou

Legal Representative / Person in Charge: He Ganbo

Telephone: 020-84696493 Fax:

The borrower and the lender have reached an agreement on the matter of the lender granting working capital loans to the borrower through equal consultation, and this contract is specially made.

Article 1: Loan Amount

Loan currency: Renminbi.

Loan amount: (in capital letters) -

Seven million yuan in full;(7,000,000.00)

Article 2 Loan Term

Loan term: 36 months, counted from the actual disbursement date; if it is a staged disbursement, it is counted from the first actual disbursement date.

The borrower shall withdraw the funds strictly in accordance with the agreed withdrawal time. If the actual withdrawal date is later than the agreed withdrawal time, the borrower shall still repay the funds in accordance with the repayment time stipulated in this contract.

Article 3 Purpose of Borrowing

Purpose of borrowing: To supplement the working capital for daily operations

Without the written consent of the lender, the borrower shall not change the purpose of the loan, including but not limited to the borrower shall not use the loan for investment in fixed assets, equity, etc., shall not use it for any fields and purposes prohibited by laws, regulations, regulatory provisions, and national laws prohibiting production and business operations, shall not use it for arbitrage by subleasing or purchasing other financial products, shall not use it for illegally increasing hidden debts of local governments, and other purposes prohibited by bank loans.

Article 4 Borrowing Interest Rate and Interest Calculation and Settlement

The lender explicitly indicates the annualized borrowing interest rate under this contract to the borrower through the “Notice of Annualized Borrowing Interest Rate” attached to this contract. If the annualized borrowing interest rate under this contract is calculated only based on the borrowing interest rate explicitly indicated in Clause 1 of this article, the aforementioned “Notice of Annualized Borrowing Interest Rate” shall not apply.

1, Borrowing Interest Rate

The borrowing interest rate (annualized rate, for RMB borrowings, it is simple interest) is a floating rate, with the actual disbursement date (if it is a split disbursement, it is the first actual disbursement date) as the starting date. Every 12 months is a floating period and is repriced once. The repricing date is the first day of the next floating period, that is, the corresponding date of the starting date in the month of repricing. If there is no corresponding date in the month, it is the last day of the month. If the floating period is daily, the repricing date is the same day of the next floating period.

For each disbursement:

Floating interest rate of RMB loans

A. The interest rate for the first tranche (from the actual disbursement date to the expiration date of this floating period) is the one-year loan market quotation rate + 90.0 basis points announced most recently by the Interbank Offered Rate Center on the previous working day before the actual disbursement date.

B. On the repricing date, together with other separate withdrawals, it will be repriced by adding 90.0 basis points to the latest one-year loan market quotation rate announced by the Interbank Offered Rate Center on the last business day before the repricing date, and this will be the applicable interest rate for this floating period.

“i”

2, Interest

Interest shall be calculated from the actual disbursement date of the borrower, based on the actual disbursement amount and the majority of the usage.

Interest calculation formula: $\text{Interest} = \text{Principal} \times \text{Actual days} \times \text{Daily interest rate}$.

The base for calculating the daily interest rate is 360 days in a year. The conversion formula is: $\text{Daily interest rate} = \text{Annual interest rate} / 360$

3, Interest calculation method

The borrower settles the interest in accordance with the method of (1) below:

- (1) Interest is settled quarterly. The 20th of each quarter end is the settlement date and the 21st is the payment date.
- (2) Interest is settled monthly. The 20th of each month is the settlement date and the 21st is the payment date.

If the last repayment date of the loan principal is not on the interest payment date, the last repayment date of the loan principal shall be the interest payment date, and the borrower shall settle all the due interest.

4, Penalty Interest

- (1) For those who use the loan overdue or for purposes other than those stipulated in the contract, from the date of overdue payment or misappropriation, penalty interest shall be charged on the overdue or misappropriated portion at the penalty interest rate stipulated in this paragraph until the principal and interest are fully settled.

For loans that are both overdue and misappropriated, penalty interest shall be collected at the higher penalty interest rate.

- (2) For the interest and penalty interest that the borrower fails to pay on schedule, the compound interest shall be collected in accordance with the settlement method of interest stipulated in Clause 3 of this article and at the penalty interest rate stipulated in this clause.

- (3) Penalty interest rate

Penalty interest rate for RMB borrowings, penalty interest rate for floating rate borrowings

A. From the date of default or misappropriation, the floating period of the penalty interest rate shall be re-priced in accordance with the floating period stipulated in Clause 1 of this article. The re-pricing date of the penalty interest rate shall be the corresponding date of the month of default or misappropriation. If there is no corresponding date in the month, the last day of the month shall be the re-pricing date of the penalty interest rate.

B. The penalty interest rate for overdue borrowing is 50% above the penalty base interest rate determined in item C of this paragraph, and the penalty interest rate for misappropriation of borrowing is 100% above the penalty base interest rate level determined in item C of this paragraph.

C. The base interest rate for penalty interest within the first floating period is the loan interest rate actually implemented for the overdue or misappropriated period. After every full floating period, the base interest rate for penalty interest in the next floating period is repriced on the repricing date in accordance with the method stipulated in Clause 1 of this article.

5, Others

(1) The “borrowing interest rate” and “penalty interest rate” under this contract are both tax-inclusive interest rates, that is, the interest collected by the lender from the borrower has included the value-added tax that should be paid in accordance with national laws and regulations.

(2) If the benchmark for the floating interest rate pricing under this contract undergoes a significant change, it shall be handled in accordance with the effective market rules at that time. If the lender requests the borrower to sign a supplementary contract regarding the relevant matters at that time, the borrower shall cooperate.

(3) The term “pricing benchmark” as mentioned in this article has the same meaning as the term “benchmark interest rate”.

(4) Under this contract, “TERM SOFR” refers to the TERM SOFR announced and managed by the Chicago Mercantile Exchange (or its successor manager) as the manager, “TIBOR” refers to the TIBOR announced and managed by the Japan Bankers Association (or its successor manager) as the manager, “EURIBOR” refers to the EURIBOR announced and managed by the European Money Market Institute (or its successor manager) as the manager, “Overnight SOFR” refers to the Overnight SOFR announced and managed by the Federal Reserve Bank of New York (or its successor manager) as the manager, “Overnight SONIA” refers to the Overnight SONIA announced and managed by the Bank of England (or its successor manager) as the manager, “Overnight TONA” refers to the Overnight TONA announced and managed by the Bank of Japan (or its successor manager) as the manager, “Overnight ESTR” refers to the Overnight ESTR announced and managed by the European Central Bank (or its successor manager) as the manager, and “Overnight SARON” refers to the Overnight SARON announced and managed by the Swiss Stock Exchange (or its successor manager) as the manager.

Article 5 Withdrawal Conditions

The borrower’s withdrawal of funds shall meet the following conditions:

1. This contract and its annexes have come into effect;
2. The borrower has provided the guarantee as required by the lender. The guarantee contract has taken effect and completed the legally prescribed approval, registration or filing procedures.
3. The borrower has reserved with the lender the borrower’s documents, instruments, seals, personnel list, signature samples related to the conclusion and performance of this contract, and the relevant vouchers have been filled out.
4. The borrower has opened the necessary account as required by the lender to perform this contract.
5. Five business days before the withdrawal, submit a written withdrawal application and relevant supporting documents for the purpose of borrowing to the lender and go through the relevant withdrawal procedures;
6. The borrower has submitted to the lender the resolution and authorization letter of the board of directors or other competent department consenting to the execution and performance of this contract;
7. Other withdrawal conditions stipulated by law and agreed by both parties - /

If the above-mentioned withdrawal conditions are not satisfied, the lender has the right to reject the borrower’s withdrawal application, except where the lender agrees to disburse the loan.

Article 6 Withdrawal Time and Method A

1. The borrower shall withdraw the funds at the time and in the manner specified in item below:

- (1) At one time / In a lump sum
- (2) The loan shall be paid off within 90 days from the effective date of the contract.
- (3) Withdraw funds according to the following time periods:

2. For the portion that has not been withdrawn within the above-mentioned period, the lender has the right to reject the borrower's withdrawal application.

Article 7 Payment of Borrowed Funds

1, Loan disbursement account

The borrower opens the following account at the lender as the loan disbursement account. The disbursement and payment of the loan shall be handled through this account.

Account Name: Guangzhou Digital Intelligent Communication Culture Co., Ltd.

Number: 718573934862

2. Payment Method of Borrowed Funds

(1) The payment method of the borrowed funds shall be implemented in accordance with the laws, regulations, regulatory provisions and the stipulations of this contract. The payment method of the borrowed funds for a single disbursement shall be confirmed in the disbursement application. If the lender deems that the payment method of the borrowed funds chosen in the disbursement application does not meet the requirements, it has the right to change the payment method or suspend the disbursement and payment of the borrowed funds.

(2) Lender's entrusted payment, that is, the lender pays the borrower funds to the borrower's counterparty that complies with the purpose stipulated in this contract based on the borrower's withdrawal application and payment authorization. According to the relevant regulations of the China Banking Regulatory Commission and the internal management regulations of the lender, for the payment of loan funds that meet one of the following conditions, the lender's entrusted payment method should be adopted;

A. The lender and the borrower establish a new credit business relationship, and the borrower's credit rating fails to meet the internal requirements of the lender;

B. When applying for withdrawal, the payee is clearly identified (with a definite account number and account holder's name) and the single transaction amount exceeds 10 million yuan (excluding foreign currencies, which are converted according to the actual withdrawal date/exchange rate). cA

C. Other circumstances stipulated by the lender or agreed upon with the borrower:

(3) Independent payment by the borrower, that is, after the lender disburses the loan funds to the borrower's account based on the borrower's application for funds withdrawal, the borrower independently pays the funds to the borrower's counterparty that complies with the purpose stipulated in the contract. Except for the situations where the lender's entrusted payment method should be adopted as stipulated in the preceding paragraph, the payment method for other loan funds is independent payment by the borrower.

(4) Change of payment method. After submitting the disbursement application, if the borrower's conditions such as external payment of funds, credit rating, etc. change, for the borrower funds for self-disbursement that meet the conditions stipulated in item (2) of Clause 2 of this article, the payment method of the borrower funds should be changed. If the amount, payee, and purpose of the external payment under the changed payment method or entrusted payment method change, the borrower shall provide the lender with a written change application explanation, and resubmit the disbursement application and relevant transaction materials to prove the purpose of the funds.

3 Specific requirements for entrusted disbursement of borrowed funds

(1) Payment Mandate. Where the conditions for the lender's entrusted payment are met, the borrower shall have a clear payment mandate in the application for disbursement, that is, authorize and entrust the lender to directly disburse the borrowed funds to the counterparty account designated by the borrower for the purpose stipulated in this contract after transferring the borrowed funds into the designated borrower account. The borrower shall provide the necessary payment information such as the name of the counterparty receiving the payment, the counterparty account, and the payment amount.

(2) Transaction Information Provision. If the conditions for the lender's entrusted payment are met, the borrower shall provide the lender with its disbursement account, counterparty account information, and proof that the disbursement complies with the intended use of the loan contract at each disbursement. The borrower shall ensure that all information provided to the lender is true, complete, and valid. If the lender's entrusted payment obligation is not fulfilled in a timely manner due to the borrower's provision of false, inaccurate, or incomplete transaction information, the lender shall not be liable, and the borrower's repayment obligation arising under this contract shall not be affected.

(3) Performance of the Lender's Obligation to Make Payment on Trust

A. In cases where the lender's entrusted payment is adopted, after the borrower submits the payment authorization and relevant transaction materials, etc., the lender will review and approve and then disburse the loan funds to the borrower's counterparty through the borrower's account.

B. If the lender, upon review, discovers that the purpose certification materials and other relevant transaction materials provided by the borrower do not comply with the stipulations of this contract or have other flaws, it has the right to require the borrower to supplement, replace, explain or resubmit the relevant materials. Before the borrower submits the relevant transaction materials that the lender deems qualified, the lender has the right to refuse the disbursement and payment of the relevant funds.

(4) The borrower shall not evade the entrusted payment of the lender by breaking the payment into smaller amounts.

4. After the disbursement of the loan funds, the borrower shall promptly provide the lender with the usage records and materials of the loan funds as required by the lender. The aforementioned materials to be provided include but are not limited to the vouchers of fund usage, purchase and sale contracts, etc.

5. In any of the following circumstances, the lender has the right to re-determine the conditions for the disbursement and payment of the loan or suspend the disbursement and payment of the loan funds:

(1) The borrower violates the provisions of this contract by avoiding the entrusted payment of the lender in a way of breaking up the payment into smaller amounts;

(2) The credit status of the borrower deteriorates or the profitability of the main business is not strong

(3) Abnormal use of the borrowed funds;

(4) The borrower fails to provide the records and materials of the use of the borrowed funds in a timely manner as required by the lender;

(5) The borrower disburses the loan funds in violation of the provisions of this article.

Article 8 Repayment

1. The borrower designates the following account as the fund recovery account, and the borrower's fund recovery shall be credited to this account. The borrower shall promptly provide the information on the inflow and outflow of funds in this account. The lender has the right to require the borrower to explain the inflow and outflow of large and abnormal funds in the fund recovery account and supervise this account.

Account Name: Guangzhou Digital Intelligent Communication Culture Co., Ltd.

Account: 718573934862

2. Unless otherwise agreed by both parties, the borrower shall repay the loan under this contract in accordance with the repayment plan in item (3) below:

(1) All the borrowings under this contract shall be repaid on the maturity date of the loan term.

(2) Repay the loan under this contract in accordance with the following repayment plan:

(3) Other repayment plans: The loan principal of 350,000 yuan will be repaid for the first time on January 2, 2024. After that, 350,000 yuan of the principal will be repaid on the 2nd day of each natural quarter directly. The repayment date of the last installment is subject to the credit of the loan, and all the remaining principal will be repaid.

If the borrower intends to change the above-mentioned repayment plan, a written application must be submitted to the lender before the corresponding loan maturity date minus the number of bank working days. The change of the repayment plan shall be subject to the mutual written confirmation of both parties. And

3. Unless otherwise agreed by both parties, in the situation where the borrower simultaneously defaults on the principal and interest of the loan and the expenses for realizing the creditor's rights Next, the lender has the right to determine the order of repayment of the principal or interest and the expenses for realizing the creditor's rights; in the case of installment repayment, if there are multiple due borrowings and overdue borrowings under this contract, the lender has the right to determine the settlement order of a certain repayment of the borrower; if there are multiple due borrowing contracts between the borrower and the lender, the lender has the right to determine the contractual order fulfilled by each repayment of the borrower.

4. Unless otherwise agreed by both parties, the borrower may repay the loan in advance, but a written notice to the lender shall be given 30 banking days in advance. The amount of the early repayment shall first be used to repay the loan due last, in reverse order.

For borrowings that apply a combined interest calculation of simple and compound interest, if early repayment or partial early repayment is involved, the interest corresponding to the principal of the early repayment should be settled in one lump sum.

The borrower shall repay the loan in accordance with the method of No. (1) below.

The borrower shall deposit sufficient funds in the repayment account for repayment no later than 3 banking days before the due date of each principal and interest payment. The lender has the right to actively deduct the funds from this account on the due date of each principal and interest payment.

Name of the repayment account: Guangzhou Digital Intelligent Communication Culture Co., Ltd.

Account: 718573934862

(2) Other repayment methods agreed by both parties: _____

Article 9 Guarantee

1. The guarantee method of the debts under this contract is:

(1) This contract is an association under the "Maximum Guarantee Contract" No. PB2476780120230737 signed by the guarantor Zhuo Qin and the lender, and the maximum guarantee is provided by A.

(2) The main contract signed by the guarantor, Pupu Culture Co., Ltd., with the lender under the "Maximum Guarantee" numbered PBZ47678012023028 shall be guaranteed by it with the maximum guarantee.

(3) This contract belongs to the main contract signed by the guarantor, Wanzi Media Culture Co., Ltd., and the lender under the "Maximum Credit Guarantee Contract" with the contract number PDY476780120230389, and it provides maximum credit guarantee.

2. If the borrower or the guarantor experiences an event that the lender deems may affect its performance ability, or the guarantee contract becomes invalid, revoked or terminated, or the financial condition of the borrower or the guarantor deteriorates or is involved in major litigation or arbitration cases, or the accounts of the borrower or the guarantor are seized, or for other reasons that may affect its performance ability, or the guarantor defaults under the guarantee contract or other contracts with the lender, or the guarantee property depreciates, is damaged, lost, seized, resulting in the weakening or loss of the guarantee value, the lender has the right to request and the borrower is obligated to provide new guarantees, replace guarantors, etc. to guarantee the debts under this contract.

Article 10 Invoice Issuance

1. The borrower may apply to the lender for the issuance of a VAT invoice (special VAT invoice or ordinary VAT invoice) after the lender confirms the receipt of the funds. The lender shall issue the VAT invoice to the borrower after receiving the borrower's application for the issuance of the VAT invoice.

2. The borrower can apply for the issuance of a VAT invoice at the corresponding business handling institution or other institutions designated by the lender.

3. The borrower shall confirm that the payer of the funds, the signatory of the contract and the purchaser listed on the VAT invoice are the same taxpaying entity.

If there is inconsistency, resulting in the borrower's inability to credit the account or conduct input tax deductions in accordance with the law, the relevant losses shall be borne by the borrower itself.

4. If the borrower loses the invoice after obtaining it, the lender is not required to reissue a VAT invoice to the borrower.
5. If the lender offers a discount to the borrower after negotiation, the amount on the VAT invoice shall be based on the discounted price.
6. If the lender provides services for the borrower for free, the lender will not provide a VAT invoice.
7. The lender issues a VAT invoice to the borrower, and the borrower shall promptly verify the invoice information. If the invoice information is incorrect, the borrower shall promptly apply to the lender for re-issuing the VAT invoice.

Article 11 Declaration and Commitment

1. The borrower's declaration is as follows:

- (1) The borrower is lawfully registered and legally exists, and has the full capacity for civil rights and acts necessary to enter into and perform this contract;
- (2) The execution and performance of this contract is based on the borrower's true intention, has obtained legal and valid authorization as required by its articles of association or other internal management documents, and will not violate any agreements, contracts and other legal documents that are binding on the borrower; the borrower has obtained or will obtain all relevant approvals, licenses, filings or registrations necessary for the execution and performance of this contract.
- (3) All the documents, financial statements, vouchers and other materials provided by the borrower to the lender under this contract are true, complete, accurate and valid;
- (4) The transaction background of the borrower's application for conducting business with the lender is true and legal, does not involve illegal purposes such as money laundering, terrorist financing, financing for the proliferation of weapons of mass destruction, tax evasion, fraud, etc., and does not violate the sanctions regulations of the United Nations, China and other applicable ones.
- (5) The borrower has not concealed from the lender events that may affect its and the guarantor's financial conditions and performance capabilities;
- (6) The borrower and the loan project meet the national environmental protection standards. They are not enterprises or projects with prominent energy consumption and pollution problems that have not been announced and recognized by the relevant state departments and have not taken effective rectification measures, and there is no risk of energy consumption or pollution.
- (7) The purpose of borrowing and the source of repayment are true and legal;
- (8) Other matters declared by the borrower: /

2. The borrower undertakes as follows:

- (1) Submit its financial statements (including but not limited to annual reports, quarterly reports and monthly reports) and other relevant materials to the lender on a regular or timely basis as required by the lender; the borrower shall ensure that it continuously meets the requirements of the following financial indicators: the borrower's asset-liability ratio shall not exceed 90%.
- (2) If the borrower has or will enter into a counter guarantee agreement or similar agreement with the guarantor of this contract regarding its guarantee obligations, such agreement will not prejudice any rights of the lender under this contract.
- (3) Accept the credit inspection and supervision of the lender and provide sufficient assistance and cooperation; for those who make payments independently, the borrower shall regularly summarize and report the payment and usage of the loan funds as required by the lender. The specific summary reporting time is: every month
- (4) When the borrower undergoes mergers, divisions, capital reduction, equity transfer, foreign investment, substantive increase in debt financing, transfer of major assets and creditor's rights, and other matters that may have an adverse impact on the borrower's debt-paying ability, prior approval must be obtained.

The written consent of the lender.

If the following circumstances occur, the borrower shall promptly notify the lender:

- A. Changes in the articles of association, business scope, registered capital and legal representative of the borrower or guarantor company;

B. Undertake any form of joint venture, foreign equity joint venture, cooperation, contractual operation, reorganization, restructuring, planned listing, or any other changes in business methods;

C. Involvement in major litigation or arbitration cases, or the seizure, seizure or supervision of property or collateral, or the establishment of new guarantees on the collateral;

D. Suspension of business, dissolution, liquidation, suspension for rectification, revocation, revocation of business license, application for bankruptcy, etc.

E. Shareholders, directors and current senior management personnel are suspected of being involved in major cases or economic disputes;

F. The borrower has a default event under other contracts;

G. Circumstances such as operational difficulties and deterioration of financial conditions arise.

(5) The debtor's settlement of debts to the lender shall take precedence over the borrower's shareholders' loans to the borrower, and shall be no less important than similar debts of other creditors. Moreover, from the effective date of this contract until the settlement of the loan principal, interest and related expenses under this contract is completed, the borrower shall not repay the loans from the borrower's shareholders.

(6) From the effective date of this contract until the loan principal, interest and related expenses under this contract are fully settled, the borrower shall not distribute dividends or bonuses to shareholders in any form.

(7) The borrower shall not dispose of its own assets in a way that reduces its solvency, and shall undertake that the total amount of its external guarantees shall not exceed one times its own net assets, and the total amount of external guarantees and the amount of each guarantee shall not exceed the limits stipulated in its articles of association.

(8) Unless for the purposes stipulated in this contract or with the consent of the lender, the borrower shall not transfer the loan funds under this contract to the same account and related party accounts.

For the transfer of funds from the borrower's account of the same name or from the account of the related party, the borrower shall provide the corresponding supporting materials.

(9) Regarding the loan under this contract, the loan conditions such as the guarantee conditions provided by the borrower to the lender, loan interest rate pricing, and debt repayment sequence shall not be lower than those given to any other financial institution now or in the future.

(10) The lender has the right to recover the loan in advance based on the situation of the borrower's funds being reclaimed.

(11) Cooperate with the lender in conducting due diligence, provide and update the information of the institution and its beneficial owners, and provide background information on the relevant transactions.

(12) Other matters committed by the borrower: /

Article 12 Disclosure of intra-group related transactions of the borrower's group

Both parties agree to apply the provisions of item 1 below:

1. The borrower does not belong to the group customers determined by the lender in accordance with the "Guidelines for Risk Management of Group Customer Credit Business of Commercial Banks" (referred to as the "Guidelines").

2. The borrower is a group customer identified by the lender in accordance with the "Guidelines for Risk Management of Credit Grant Business for Group Customers of Commercial Banks" (referred to as the "Guidelines"). The borrower shall promptly report to the lender the situation of related transactions exceeding 10% of the net assets, including the affiliation relationship of the parties involved in the transaction, the transaction items and nature, the amount of the transaction or the corresponding proportion, and the pricing policy (including transactions without an amount or only a symbolic amount).

If the borrower has any of the following circumstances, the lender has the right to unilaterally decide to suspend the disbursement of the loan that the borrower has not yet used and in advance Recovering part or all of the loan principal and interest: Utilizing false contracts with related parties to discount or pledge creditor's rights such as notes receivable and accounts receivable without an actual trade background at the bank to obtain bank funds or credit lines; In cases of major mergers, acquisitions and reorganizations, etc., if the lender believes that it may affect the loan security; Intending to evade and nullify the bank's creditor's rights through related transactions; Other circumstances as stipulated in Article 18 of the "Guidelines".

Article 13 / Breach of Contract and Handling

One of the following matters shall constitute or be regarded as a default event of the borrower under this contract:

2. The borrower fails to disburse the loan funds in the manner stipulated in this contract or fails to use the obtained funds for the purposes stipulated in this contract; or the borrower uses the loan funds for sub lending or arbitraging to purchase other financial products; or the borrower illegally incurs new local government hidden debts;
3. The borrower's statements made in this contract are untrue or violate the commitments made by the borrower in this contract;
4. In the event of a situation as stipulated in item (4) of Clause 2 of Article 11 of this contract, if the lender believes that it may affect the financial condition and performance ability of the borrower or the guarantor, and the borrower fails to provide new guarantees or replace the guarantor as stipulated in this contract;
5. The borrower's credit status deteriorates, or the borrower's financial indicators such as profitability, solvency, operating capacity and cash flow deteriorate, exceeding the indicator constraints or other financial agreements stipulated in this contract;
6. The borrower has a default event under other contracts with the lender or other institutions of Bank of China Limited; the borrower has a default event under the credit contract with other financial institutions;
7. The guarantor violates the terms of the guarantee contract or incurs a default event under other contracts with the lender or other institutions of Bank of China Limited;
8. The borrower terminates its business or undergoes dissolution, revocation or bankruptcy.
9. Where the borrower is involved or may be involved in major economic disputes, lawsuits, arbitrations, or its assets are seized, detained or enforced, or it is filed and investigated or punished by judicial authorities or administrative authorities such as tax and industry and commerce authorities in accordance with the law, which has or may affect the performance of its obligations under this contract;
10. Where abnormal changes, disappearance, or being investigated or restricted in personal freedom by judicial authorities of the main investor individuals or key management personnel of the borrower have occurred or may affect the performance of their obligations under this contract;
11. When the lender reviews the borrower's financial condition and performance ability every year (i.e., every full year from the effective date of this contract), it discovers that there are circumstances that may affect the borrower's or the guarantor's financial condition and performance ability;
12. Where there are large and abnormal inflows and outflows of funds to and from the designated fund recovery account and the borrower fails to provide the explanatory materials recognized by the lender;
13. The borrower refuses to cooperate with the lender in conducting due diligence. The borrower or its transactions/counterparties are suspected of money laundering, terrorist financing, nuclear weapons proliferation, violation of applicable sanctions regulations, other illegal and irregular acts, or the borrower or guarantor is included in the United Nations, China and other applicable sanctions list or sanctions scope;
14. The borrower violates other agreements regarding the rights and obligations of the parties in this contract

When the default events as prescribed in the preceding paragraph occur, the lender has the right to take one or more of the following measures as the specific circumstances may be:

1. Require the borrower and the guarantor to correct their defaulting acts within a prescribed time limit;
2. Fully or partially reduce, suspend or cancel, or terminate the credit line granted to the borrower;
3. All or partially suspend or terminate the acceptance of the borrower's application for disbursement and other business under this contract and other contracts between the borrower and the lender; for the loans not yet disbursed and trade financings not yet processed, all or partially suspend or cancel, suspend, terminate the disbursement, payment and processing;
4. Declare that all or part of the loan/trade financing funds, interests and other payable items under this contract and other contracts between the borrower and the lender that have not been repaid shall become due immediately;
5. Terminate or rescind this contract, and all or partially terminate or rescind other contracts between the borrower and the lender;
6. Require the borrower to compensate the lender for the losses caused by the borrower's breach of contract, including but not limited to the losses of related expenses such as litigation fees, lawyer fees, notarization fees, enforcement fees, etc. resulting from the realization of creditor's rights;

7. The funds in the borrower's account opened with the lender and other institutions of Bank of China Limited shall be deducted to settle all or part of the borrower's debts to the lender under this contract. The outstanding funds in the account shall be regarded as due in advance. If the currency of the account is different from the currency of the lender's business valuation, it shall be converted according to the exchange rate applicable to the lender at the time of deduction.

8. Exercise the right of lien;

9. Require the guarantor to undertake the guarantee liability;

10. Other measures that the lender deems necessary and possible.

Article 14 Reservation of Rights

If one party fails to exercise part or all of the rights under this contract, or fails to require the other party to perform or undertake part or all of the obligations or responsibilities, it shall not constitute a waiver of such rights by that party or an exemption from such obligations or responsibilities.

Any tolerance, extension or delay by one party in exercising its rights under this contract in respect of the other party shall not affect any rights it enjoys under this contract and laws and regulations, nor shall it be regarded as a waiver of such rights.

Article 15 Alteration, Amendment and Termination

This contract may be changed or modified in writing upon mutual agreement by both parties. Any change or modification shall form an integral part of this contract.

Unless otherwise stipulated by laws and regulations or agreed by the parties, this contract shall not be terminated before all the rights and obligations under it have been fulfilled.

Unless otherwise stipulated by laws and regulations or agreed by the parties, the invalidity of any clause of this contract shall not affect the legal effect of other clauses.

Article 16 Application of Law and Dispute Resolution

This contract is subject to the laws of the People's Republic of China.

After the effective date of this contract, all disputes arising from the conclusion or performance of this contract or related to this contract can be settled through consultation between the two parties. If the consultation fails to reach an agreement, either party may resolve the dispute by means of the first of the following methods:

1. Arbitration. Submit to the Guangzhou Arbitration Commission and in accordance with the arbitration rules effective at the time of submitting the arbitration application of this Commission in Guangzhou, China (arbitration)

The arbitration shall be conducted at the place of the contract (if not otherwise agreed) and the arbitration award shall be final and binding on all parties.

2. Litigation. The parties may negotiate and choose to resolve the matter through litigation in a Chinese court.

During the resolution of the dispute, if the dispute does not affect the performance of other terms of this contract, those other terms shall continue to be performed.

Article 17 Annex

The following annexes and other annexes jointly confirmed by both parties constitute an integral part of this contract and have the same legal effect as this contract.

1. Withdrawal application form
2. Loan voucher;
3. "Notice of Annualized Interest Rate of the Loan"

Article 18 Other Agreements

1. Without the written consent of the lender, the borrower shall not transfer any rights or obligations under this contract to a third party.
2. If the lender needs to entrust other institutions of Bank of China Limited to perform the rights and obligations under this contract due to business requirements, or transfer the loan business under this contract to other institutions of Bank of China Limited for takeover and management, the borrower hereby gives its approval. The other institutions of Bank of China Limited authorized by the lender, or the other institutions of Bank of China Limited that take over the loan business under this contract, have the right to exercise all rights under this contract and have the right to file lawsuits in the name of the institution to the court, submit the disputes under this contract to the arbitration institution for adjudication or apply for compulsory enforcement.
3. Without affecting other provisions of this contract, this contract shall be legally binding on both parties and their respective successors and assigns arising therefrom in accordance with the law.
4. Unless otherwise agreed, both parties designate the place of residence stated in this contract as the communication and contact address, and the valid service address confirmed by both parties. The application scope of the service address includes the service of various notices, contracts and other documents during the performance of the contract by both parties, as well as the service of relevant documents and legal documents in the event of disputes arising from this contract. It also includes the first instance, second instance, retrial and enforcement procedures after the dispute enters arbitration and civil litigation procedures.

If the above address is changed, the party making the change shall inform the other party of the changed address in writing 15 working days in advance. In arbitration and civil litigation proceedings, when the address of any party is changed, it shall fulfill the obligation of delivering the address change notice to the arbitration institution or court. If a party fails to perform the notification obligation in the aforementioned manner, the delivery address confirmed in this contract of that party shall still be regarded as the valid delivery address.

If the legal documents are not actually received by one party due to reasons such as inaccurate delivery address provided or confirmed by one party, failure to promptly notify the other party and the court of the change of delivery address in accordance with the procedure, or refusal of the designated recipient to sign for receipt, etc., for mail delivery, the date of the document being returned shall be regarded as the date of delivery; for direct delivery, the date when the deliverer records the situation on the delivery receipt on the spot shall be regarded as the date of delivery.

5. The transactions under this contract are conducted based on their respective independent interests. If, in accordance with relevant laws, regulations and regulatory requirements, the other parties of the transaction constitute the affiliates or associated persons of the lender, none of the parties seek to use such an affiliated relationship to influence the fairness of the transaction.

6. The headings and business names in this contract are used only for convenience of reference and shall not be used to interpret the terms and the parties.

The interpretation of rights and obligations.

7. The lender has the right to provide the information related to this contract and other relevant information of the borrower to the financial credit information basic database and other credit information databases established in accordance with the law for the purpose of being lawfully inquired and used by institutions or individuals with appropriate qualifications. The lender also has the right to inquire about the relevant information of the borrower through the financial credit information basic database and other credit information databases established in accordance with the law for the purpose of entering into and performing this contract.

8. Withdrawal Date and Repayment In case of legal holidays, it shall be postponed to the first working day after the holiday.

9. If the lender is unable to perform this contract or fail to perform as agreed in this contract due to changes in laws, regulations, regulatory provisions or requirements of the regulatory authorities, the lender has the right to terminate or modify the performance of this contract in accordance with the changes in laws, regulations, regulatory provisions or requirements of the regulatory authorities. If the termination or modification of this contract due to such reasons causes the lender to be unable to perform or fail to perform as agreed in this contract, the lender shall be exempted from liability.

10. The borrower may consult and complain about this contract and the business and charges under this contract by calling the contact phone number of the lender listed in this contract.

Article 19 Effectiveness of the Contract

This contract shall come into effect as of the date when it is signed by the legal representatives (persons in charge) of the borrower and the lender or their authorized signatories and the official seal is affixed. This contract is made in duplicate, with each party holding one copy. Both copies have the same legal effect.

Borrower: Guangzhou Shuzhi Culture Communication Co., Ltd.

Lender: Bank of China Co., Ltd.

Authorized signatory: _____

November 24, 2023

Please note that these documents are English translations of the original Chinese versions prepared only for your convenience. In the case of any discrepancy between the translation and the Chinese original, the latter shall prevail.

mortgage contract of maximum amount

No.: PDY476780120230380

Mortgagor: Guangzhou Shuzhi Communication Culture Co., LTD

Unified social credit code: 91440101MA5CKKEXX7

Legal representative / responsible person: Huang Zhuoqin

Address: Room 1101, No.156, South Zhou Road, Haizhu District, Haizhu District,

Guangzhou (Office only) Postcode: 510000 Financial institution and account

number: Bank of China, Luoxi Branch, Guangzhou 718573934862

Tel: 13599518650 Fax: /

Mortgagee: Legal Representative / Principal

of Bank of China: He Ganbo

Address: No.338, Qinghe East Road, Qiao Town, Panyu City

Postcode:

Tel.: / Fax:: /

In order to guarantee the performance of the debts under the main contract mentioned in Article 1 hereof, the mortgagor voluntarily mortgaged the legal disposal rights of the property included in the "mortgaged property list" as the claims of the mortgagee, and both parties conclude this contract through equal negotiation Unless otherwise agreed herein, the interpretation of the words herein shall be determined in accordance with the Master Contract.

Article 1

The main contract of this Contract is:

☒ The mortgagee and the debtor, Guangzhou From between Date from Sh hi C i i C I C LTD It ends on Signed loan, trade financing, letter of guarantee, capital business Contract “), and its amendment or supplement, in which it

Article 2 Principal creditors right and its occurrence period

Except for the occurrence period otherwise determined or agreed according to law, the creditors rights actually occurring under the master contract and the creditors rights already occurring between the debtor and the mortgagee before the commencement of this Contract constitute the principal creditors rights of this Contract:

From November 23, 2023 to December 31, 2033 as stipulated in Article 1 of this Contract.

Article 3 The maximum amount of the debt secured right

1. The maximum principal balance of the claims guaranteed under this contract is: currency: RMB

(In words) two million yuan only

(In lower) Y22,000,000.00

2. On the expiration date of the occurrence period of the principal creditors right determined in Article 2 of this Contract, it is determined to be the guaranteed owner of this Contract Creditors rights, is based on the principal of the principal interest (including interest, compound interest, penalty interest), liquidated damages, damages, keeping the secured property and realize the creditors rights (including but not limited to litigation costs, lawyers, notarization fees, execution costs, etc.), the debtor to the default to the mortgagee and all other payable expenses, also belong to the secured creditors rights, the specific amount is determined when the liquidation.

The sum of the amount of claims determined in accordance with the above two paragraphs shall be the maximum amount of claims secured by this Contract.

Article 4 Mortgages

For the relevant information of the mortgaged property, see the annex “List of the Mortgaged property”.

During the period of mortgage, if the mortgaged property is damaged, lost or expropriated, the mortgagee may have priority in receiving compensation for the insurance money, compensation or compensation money obtained. If the period for performance of the secured right has not expired, the insurance money, compensation or compensation may also be deposited.

If the mortgaged property is a house, the mortgagor shall perform the obligation of informing the mortgagee in time when knowing the information that the house will be demolished. During the mortgage period, Such as the mortgaged house is demolished, In the form of compensation for the demolition of the houses, The mortgagor shall, as required by the mortgagee, negotiate with the debtor and the mortgagee to pay off the principal debt, Or according to the mortgagee request to exchange the house or other mortgaged property after the new mortgage and sign a new mortgage agreement, Before the loss of the original mortgaged real estate and the new mortgage registration has not been handled, The mortgagor shall, as required by the mortgagee, provide security by the guarantor with the guarantee conditions ; For making compensation for the demolished houses in the form of compensation money, The mortgagee is entitled to priority in respect of the compensation, Or require the mortgagor to open the demolition compensation through a special deposit account or a certificate of deposit, Continued as a security for the property, And sign the corresponding security deposit pledge agreement or A CD pledge agreement.

Article 5 Mortgage registration

Within 9 days after the signing of this contract, the mortgagor and the mortgagee shall go through the mortgage registration formalities with the relevant registration authorities

If the mortgaged property is movable property and the principal creditors right secured is the financing money for the purchase of the mortgaged property, within 10 days after the delivery of the mortgaged property, the mortgagor and the mortgagee shall go through the mortgage registration formalities with the relevant registration department.

If the mortgage registered items change and the change registration needs to be made according to law, the mortgagor and the mortgagee shall handle the registration of change with the relevant registration department within 60 days from the date of the change of the registered items.

The mortgage registration fee shall be borne by the mortgagee.

Article 6 Possession and custody of the mortgaged property

The mortgaged property under this contract shall be held and kept by the mortgagor, but all the certificates of rights of the mortgaged property shall be guaranteed by the mortgagee

Tube. The mortgagor agrees to accept at any time and effectively cooperate at any time with the mortgagee and its appointed institutions and individuals in the inspection of the mortgaged property.

The mortgagor shall properly keep, maintain and maintain the mortgaged property and take effective measures to ensure the safety and integrity of the mortgaged property; if the mortgaged property needs to be repaired, the mortgagor shall do so in time and bear the corresponding expenses.

Without the written consent of the mortgagee, The mortgagor shall not transfer, in whole or in part, gift, remortgage, pledge, trusteeship, lease, lend, contribute capital, transform, rebuild, establish the right of residence in kind or dispose of the mortgaged property in whole or in part in any other way ; With the written consent of the mortgagee, The proceeds from the disposal of the mortgaged property shall be deposited into the account designated by the mortgagee, The mortgagee has the right to choose the following ways to handle them : (1) to require the repayment of debts in advance ; (2) To convert the price into a security deposit for pledge ; (3) to require the mortgagor to provide a new security ; Without the written consent of the mortgagee, The mortgagor transfers the mortgaged property without authorization, Lead to the transfer of the income price

If the amount is significantly lower than the reasonable market value, the mortgagor shall be liable within the scope of his fault.

Article 7 Determination and reduction of the value of the mortgaged property

The value of the mortgaged property may be determined by both the mortgagee and the mortgagor through consultation. If a third party appraisal company is entrusted to evaluate the value of the mortgaged property, the borrower is a small and micro enterprise, and the mortgagee shall be the principal and the mortgagee shall bear the appraisal fee; the borrower is a non-small and micro enterprise, and the mortgagor shall be the principal and bear the appraisal fee.

The value of the collateral determined through negotiation or the value conclusion of the appraisal companys appraisal report reviewed by the mortgagee shall be recorded in the corresponding column of the "List of Collateral Property" of this contract.

If the mortgagors behavior is sufficient to reduce the value of the mortgaged property before the full repayment of the principal claims under this contract, the mortgagee shall have the right to require the mortgagor to stop his behavior. If the value of the mortgaged property is reduced, the mortgagee shall have the right to require the mortgagor to restore the value of the mortgaged property or to provide other security that is equivalent to the reduced value and is approved by the mortgagee. If the mortgagor does not restore the value of the mortgaged property or provide security, the mortgagee shall have the right to demand the debtor to pay off the debts in advance, and if the debtor fails to perform the debts as required, the mortgagee shall have the right to exercise the mortgage right.

If the mortgaged property is lost or its value is reduced due to natural disasters, accidents, infringement or other reasons, the mortgagor shall immediately take any measures to prevent further expansion of the loss and immediately notify the mortgagee in writing.

Article 8 Breeding

The debtor does not perform the due debt or the realization of the mortgage of the other circumstances, the mortgaged property by the peoples court, since the seizure of the mortgagee has the right to collect the mortgage property of natural fruits or legal fruits, but the mortgagee shall not notify the obligor of legal fruits.

The fruits mentioned in the preceding paragraph shall first be filled against the fees for collecting the fruits.

Article 9 Insurance of the mortgaged property (this is a selective clause, and the following two items are selected: 1. Applicable; 2. Not applicable)

The mortgagor shall negotiate with the mortgagee to determine the insurance company according to the insurance, the insurance period and insurance amount, the appraisal value of the mortgaged property is not less than the corresponding amount of the principal debt, to the corresponding amount of the mortgaged property appraisal value is less than the principal creditors right, according to the appraisal value of the mortgaged property. The contents of the insurance policy shall meet the requirements of the mortgagee and shall not be attached to restrictive conditions detrimental to the rights and interests of the mortgagee. The premium shall be borne by the mortgagee / _ and by the mortgagor /. If the borrower is a small and micro enterprise, the insurance premium shall be borne by the mortgagee.

The mortgagor shall not interrupt, terminate, modify or change the insurance policy for any reason, and shall take all reasonable and necessary measures to ensure that the insurance set out in this Treaty remains valid. If the mortgagor does not in sure or violates the aforesaid agreement, the mortgagee shall have the right to decide to in sure or continue to in sure the mortgaged property, and the insurance premium shall be borne by the mortgagee L and borne by the mortgagor /. The losses caused to the mortgagee because the mortgagor fails to bear the corresponding insurance premium as the agreement shall be recorded in the balance of the creditors rights. If the borrower is a small and micro enterprise, the insurance premium shall be borne by the mortgagee.

Within 30 days after the signing of this Contract, the mortgagor shall submit to the mortgagee the original of the insurance policy of the mortgagee the claim for the occurrence of the insurance event to the mortgagee. Before the full repayment, the original policy shall be executed by the mortgagee.

Article 10. Guaranty liability

If the debtor fails to make the payment to the mortgagee on any normal repayment date or advance repayment date under the main Contract, the mortgagee has the right to exercise the mortgage right in accordance with the law and the contract, and has priority in repayment of the mortgaged property within the maximum amount stipulated in Article 3 of this Contract.

The normal repayment date referred to in the preceding paragraph is the date of principal repayment, the date of interest payment or the date when the debtor shall pay any payment to the mortgagee under such contract. The date of prepayment referred to in the preceding paragraph shall be the date of the prepayment proposed by the debtor and agreed by the mortgagee and the date on which the mortgagee requests the debtor to recover the principal and interest of the claim and / or any other payment in advance in accordance with the contract.

Article 11 Mode and period of exercise of the mortgage right

After the occurrence of the security liability, the mortgagee has the right to pay off all or part, multiple or single strokes of the principal claims in the repayment period,

In accordance with the provisions of laws and regulations on the ordinary mortgage right, exercise the mortgage right on the mortgaged property.

For each principal claim, the mortgagee shall exercise the mortgage within the statute of limitations; if the claim is paid in installments, the mortgagee shall exercise the expiration of the statute of limitations based on the last claim.

Article 12. Realization of the mortgage right

After the occurrence of the guarantee liability, the mortgagee shall have the right to agree with the mortgagor to discount the mortgaged property or give priority to paying off the principal creditors right with the proceeds from the auction or sale of the mortgaged property. If the agreement fails, the mortgagee shall have the right to request the peoples court to auction or sell off the mortgaged property according to law.

The proceeds from the disposal of the mortgaged property shall be used to pay off the principal creditors right after giving priority to the payment of the disposal of the mortgaged property and the expenses of the mortgagor to be paid or paid to the mortgagee under the Contract.

Main debt outside this contract at the same time other guarantee or guarantee, does not affect the mortgagee under any rights and exercise, the mortgagee has the right to decide the order of the guarantee rights, the mortgagor shall guarantee the liability under the contract, shall not exist with other guarantee and exercise order such as defense creditors.

Article 13 The relationship between this contract and the master contract

If the main contract includes the Credit Line Agreement / General Credit Line Business Agreement, which extends the credit line use term / business cooperation period, the written consent of the mortgagor shall be obtained. If the mortgagor does not obtain the consent or the mortgagor refuses, the mortgagor shall only bear the principal liability for the amount of the secured debt under the term of the original credit guarantee line within the maximum amount of the guaranteed debt stipulated in Article 3 hereof.

For the credit line agreement / the credit business general agreement of other content or matters changes, as well as the change of the single agreement, or the change of the single main contract, without the consent of the mortgagor, the mortgagor still collateral under this contract, in this contract within the highest guaranteed guarantee liability for the change of the main contract.

The mortgagee and the mortgagor may modify the maximum amount of the secured claims stipulated in Article 3 of this Contract in writing.

If there are other mortgagees on the mortgaged property under this Contract, the above changes shall not adversely affect them without the written consent of the other mortgagees.

Article 14. Statements and Commitments

The mortgagor declares and undertakes as follows:

1. The mortgagor shall be registered and legally existing according to law, have the full civil rights and capacity required for signing and performing this Contract, and enjoy the legal ownership or disposition of the mortgaged property;

2. The mortgagor guarantees that there are no other co-owners on the mortgaged property, or despite the joint party, the mortgagor has obtained the written permission of all the co-owners. The mortgagor undertakes to submit the written license to the mortgagee for preservation before signing this Contract;

3. The mortgagor has a full understanding of the contents of the master contract. The signing and performance of this contract is based on the true intention of the mortgagor, and it has obtained legal and effective authorization in accordance with the requirements of its articles of association or other internal management documents.

If the mortgagor is a third party and is the company, the provision of the guarantee has been adopted by the board of directors or the articles of association for the total amount and the amount of individual guarantee, the guarantee under this Contract does not exceed the prescribed limit.

The execution and performance of this Contract will not violate any contract, agreement or other legal documents binding upon the mortgagor. The mortgagor has or will obtain all relevant approvals, permits, records or registration required for the setting up of this mortgage;

4. All the documents and materials provided by the mortgagor to the mortgagee are accurate, true, complete and effective;

5. The mortgagor does not conceal from the mortgagee any real right of security existing on the mortgaged property as of the signing date of this Contract;

6. If a new security real right is set up on the mortgaged property, or the mortgaged property is sealed up or involved in major litigation or arbitration cases, the mortgagor shall notify the mortgagee in time;

7. If the mortgaged property is under construction, the mortgagor promises that there is no prior right of a third party on the mortgaged property ; in the case of a third party, the mortgagor promises to make the third party issue a written statement waiving the prior right of compensation and pay the mortgage The authority is in charge.

8. If the mortgaged property is a house, before the signing of this Contract, unless the mortgagor has disclosed the mortgagee to the mortgagee, the mortgagee promises that the mortgagor exists without the written consent of the mortgagee.

9. If the mortgaged property is a chattel, the mortgagor promises that there is no outstanding payment for the mortgaged property and the financing amount of the purchase of the mortgaged property on the mortgaged property, and there is no established security real right for the debt based on the price of the mortgaged property.

10. The mortgagor promises that the source of the mortgaged property is legal and that the transaction does not violate the applicable sanctions of the United Nations, China and other countries. The mortgagor shall cooperate with the mortgagee in carrying out due diligence, provide and update the information of the institution and its beneficial owner, and provide background information about the transaction.

Article 15 Event of breach of contract and handling

One of the following constitutes or constitutes a breach of the mortgagor under this Contract:

1. The mortgagor, in violation of the provisions of this contract, transfers, rents, loans, invests, transforms, transforms or dispose in whole or in part of the mortgaged property in any other way without authorization;
2. The mortgagor fails to go through the mortgage registration in time as agreed herein;
3. The mortgagor shall in any way prevent the mortgagee from disposing of the mortgaged property according to law and / or in accordance with relevant provisions hereof;
4. In the case of the decrease in the value of the mortgaged property mentioned in Article 7 of this Contract, the mortgagor does not guarantee the value of the mortgaged property as required by the mortgagee;
5. The statement made by the mortgagor in this Contract is untrue or violates its commitment made in this Contract;

6. The mortgagor breaches other provisions in this contract on the rights and obligations of the parties;
7. The mortgagor terminates its business or has dissolution, cancellation or bankruptcy events;
8. Event of default of the mortgagor under other contracts with the mortgagee or other institutions of Bank of China Limited.

9. The mortgagor refuses to cooperate with the mortgagee in due diligence, and the mortgagor or its counterparty is suspected of money laundering, terrorist financing, nuclear weapons proliferation, violation of applicable sanctions, other illegal acts, or the mortgagor is included in the United Nations sanctions list, China and other others.

In the event of the event of default specified in the preceding paragraph, the mortgagee shall have the right to take the following measures respectively or at the same time depending to the specific circumstances:

1. Ask the mortgagor to correct its breach within a time limit;
2. The mortgagor is required to use the proceeds from the disposal of the mortgaged property to pay off debts in advance or deposit in escrow with a third party designated by the mortgagee.
3. Reduce, reduce, suspend or terminate the line of credit to the mortgagor;
4. Fully or partially suspend or terminate the acceptance of the mortgagors business applications under other contracts; fully or partially suspend or terminate the issuance and handling of the loans or trade financing that has not been issued;
5. Announce the immediate maturity of all or part of the principal and interest of the outstanding loan / trade financing amount and other amounts payable of the mortgagor under the other contracts;
6. Terminate or rescind this Contract, or terminate other contracts between the mortgagor and the mortgagee in whole or in part;
7. Request the mortgagor to compensate for the losses caused to the mortgagee due to its breach of contract;
8. Exercise of the mortgage right;
9. Other measures deemed necessary by the mortgagee.

Article 16. Reserves of rights

Failure of a Party to exercise part or all of the rights under this Contract, or to require the other Party to perform or assume part or all of its obligations and liabilities, shall not constitute a waiver of such rights or exemption of such obligations and liabilities.

Any tolerance, extension or delay of the exercise of the rights hereunder shall not affect any rights under this Contract and the laws and regulations, nor shall it be deemed as a waiver of such rights.

Article 17 Change, modification and termination

This contract may be modified or modified in writing upon the mutual agreement of both parties. Any change or modification shall constitute an integral part of this Contract.

Unless otherwise provided for by laws and regulations or otherwise agreed upon by the parties, this Contract shall not be terminated before the performance of all the rights and obligations thereunder are completed.

Unless otherwise provided for by laws and regulations or otherwise agreed upon by the parties, the invalidity of any provision of this Contract shall not affect the legal effect of any other provisions.

Article 18 Application of law and dispute resolution

This Contract is governed by the laws of the Peoples Republic of China.

All disputes and disputes arising from the performance of this Contract shall be settled by both parties through negotiation. If the negotiation fails, the parties agree to adopt the same dispute settlement method as agreed in the master contract.

During the dispute settlement period, if the dispute does not affect the performance of the other provisions of this Contract, such other provisions shall continue to be performed.

Article 19 Annex

The following annexes and other annexes jointly confirmed by both parties shall constitute an integral part of this Contract and shall have the same legal effect as this Contract.

List of small and collateral;

Article 20 Other provisions

1. Without the written consent of the mortgagee, the mortgagor shall not assign any rights and obligations under this Contract to a third party.

2. If the mortgagee shall entrust other institutions of Bank of China Limited to perform the rights and obligations under this Contract due to business needs, the mortgagor recognizes this. Other institutions authorized by the mortgagee of the Bank of China Limited shall have the right to exercise all the rights under this Contract, and shall have the right to file a lawsuit with the court or submit the dispute to the arbitration agency for adjudication.

3. This Contract shall be legally binding on both parties and their respective successors and assigns.

4. Unless otherwise agreed, both parties specify the domicile place specified in this contract as the communication and contact address, and the valid service address confirmed by both parties. The scope of application includes the service of various notices, contracts and other documents of the parties during the performance of the contract and the service of relevant documents and legal documents in the event of the Contract, and the first instance and second instance after the dispute goes into arbitration and civil proceedings

Procedure for trial, retrial and execution.

In case of any change in the above address, the changing party shall inform the other party of the changed address in writing 15 working days in advance. In arbitration and civil proceedings, either party shall, when changing its address, perform the obligation of serving the change of address to the arbitration institution or the court. If a party fails to perform the notice obligation in the foregoing manner, the service address confirmed herein shall still be regarded as the valid service address.

If the legal document is not actually received by one party due to the inaccurate date of delivery of the date of service, the date of service, the date of return of the document shall be regarded as the date of service.

5. The title and business name in this Contract shall be used only for the convenience of reference and shall not be used to interpret the contents of the terms and the rights and obligations of the parties.

6. The mortgagor may consult and complain about the contract and the business and charges under this contract through the contact number of the mortgagee listed herein.

Article 21 The effectiveness of the contract and the establishment of the mortgage right

This contract shall come into force on the date of signing and stamping by the legal representatives, responsible persons or the authorized signatories of both parties. The mortgage shall be established when the contract becomes effective; if the mortgage registration is required according to law, the mortgage shall be established since the registration.

This contract is made in two originals, with each party and the debtor holding one copy and each copy having the same legal effect.

Mortgagor: Bank of China Co., Ltd., Guangzhou Panyu

subbranch



Authorized signatory:

2013年 11月 24日



Authorized signatory:

2013年 11月 24日

appendix:



List of collateral

No.: PDY476780120230380

Name of collateral	quantity	assessed valuation value	Ownership / ownership (voucher number)	location	registration authority
house property	71.2949 m ²	¥2.694.900.00	Guangdong (2022) Guangzhou Real Estate Right No.00113244	Room 1101, No.156 South Road, Haizhu District	Guangzhou Municipal Bureau of Planning and Natural Resources

Please note that these documents are English translations of the original Chinese versions prepared only for your convenience. In the case of any discrepancy between the translation and the Chinese original, the latter shall prevail.

Maximum Guarantee Contract

No. : PBZ476780120230738

Guarantor: Xiamen Pupu Culture Co., LTD
Unified Social Credit code: 91350206798065312U
Legal representative/Person in charge: Huang Zhuoqin
Address: Unit 836, No. 5, Mu Cuo Road, Huli District, Xiamen
Opening financial institution and account: Bank of China, Xiamen, Wenzao Branch 431278881632
Zip Code: 361000
Tel: 13599518650
Fax: /

Creditor: Panyu Branch, Guangzhou, Bank of China Limited
Legal representative/responsible person: He Ganbo
Zip Code: 511400
Address: 338 Qinghe East Road, Shiqiao, Panyu District, Guangzhou
Tel: 020-84696493
Fax: /

In order to secure the performance of the obligations under the master contract referred to in Article 1 of this Contract, the surety is willing to provide guarantees to the creditor. The parties hereto conclude this contract through equal consultation. 8. Unless otherwise agreed herein, the interpretation of words and phrases in this contract shall be determined in accordance with the main contract.

Article 1 Main Contract

The main contract of this contract is:

The Contract for loan, trade finance, letter of guarantee, capital business and other credit granting business (collectively referred to as the "Single Contract") signed between the creditor and the debtor Guangzhou Suzhi Communication Culture Co., Ltd. from November 22, 2020 to December 31, 2033, and its amendments or supplements, which stipulate that it is the main contract under this Contract.

Article 2 The main creditor's right and the period during which it occurs

Unless the occurrence period is otherwise determined or agreed upon in accordance with law, the claims actually incurred under the master contract during the following period, as well as the claims already incurred between the debtor and the creditor before the effective date of this Contract, shall constitute the master claims under this contract:

The period from November 22, 2020 to December 31, 2033 stipulated in Article 1 of this Contract.

Article 3 The maximum amount of the secured claims

1. The maximum principal balance of the creditor's rights guaranteed herein is: Currency: RMB.

(in words) Twenty-two million yuan only. (lowercase)¥22,000,000.00.

2. If it is determined to be the secured main claim under this Contract on the expiration date of the period of occurrence of the main claim specified in Article 2 hereof, Interest (including interest, compound interest and penalty interest), liquidated damages, damages, expenses for realizing the claim (including but not limited to litigation costs, lawyers' fees, notarial fees, execution costs, etc.), losses caused to the creditor due to the debtor's breach of contract and all other expenses payable, etc., also belong to the secured claim. The specific amount thereof shall be determined at the time of repayment.

The sum of the amount of claims determined in accordance with the above two paragraphs shall be the maximum amount of claims secured under this Contract.

Article 4 Methods of guarantee

The contract is guaranteed in item 1 of the following terms:

1. Joint and several liability guarantee.
2. General warranty.

Article 5 Occurrence of warranty liability

If the debtor fails to pay off the creditor as agreed on any normal or early repayment date under the master contract, the creditor has the right to ask the guarantor to bear the guarantee liability. The normal repayment date referred to in the preceding paragraph is the date on which the principal is repaid or the interest is paid as agreed in the master contract or the date on which the debtor is due to make any payment to the creditor pursuant to such contract. The early payment date referred to in the preceding paragraph refers to the early payment date proposed by the debtor with the consent of the creditor and the date on which the creditor requests the debtor to collect the principal and interest of the claim and/or any other amount in advance in accordance with the contractor other provisions.

If the main debt is guaranteed or guaranteed by other things besides this contract, it shall not affect any rights of the creditor under this contract and its exercise. The creditor shall have the right to decide the order of exercising the security rights. The guarantor shall bear the guarantee liability in accordance with the provisions of this contract and shall not defend the creditor against the existence of other guarantees and the order of exercise.

Article 6 Surety Period

The guarantee period shall be calculated separately for each debt guaranteed under this contract. The guarantee period for each debt shall be three years from the date of expiration of the performance period of the debt.

During the guarantee period, the creditor has the right to demand the guarantor to bear the guarantee liability for all or part of the principal creditor's rights involved, multiple or single debts, together or separately.

Article 7 Limitation of action for surety debts

If the main creditor's right is not paid off, in the case of joint and several liability guarantee, if the creditor requires the surety to assume the surety liability before the expiration of the surety period specified in Article 6 of this Contract, the surety liability shall be counted and the limitation of action shall apply from the date on which the creditor requires the surety to assume the surety liability.

In the case of general guarantee, if the creditor brings a lawsuit against the debtor or applies for arbitration before the expiration of the guarantee period provided for in Article 6 of this contract, the guaranteed debt shall begin to count and the limitation of action shall apply from the date when the guarantor's right to refuse to assume the guarantee liability is eliminated.

Article 8 Relationship between this Contract and the master contract

If the main contract contains the Line of Credit Agreement/the General Agreement on Credit Business, the extension of the term of use of the line of credit/the term of business cooperation therein shall be subject to the written consent of the guarantor. If the consent of the guarantor is not obtained or the guarantor refuses, the guarantor shall only assume the guarantee liability within the maximum amount of the secured claim stipulated in Article 3 of this contract for the main claim arising from the original credit line use period into the business cooperation term, and the guarantee period shall remain the original period.

For the alteration of other contents or matters of the Credit Line Agreement and the General Credit Agreement, as well as the alteration of a single agreement under it or a single master contract, the surety shall not need to obtain the consent of the surety, and the surety shall still assume the surety liability for the modified master contract within the maximum amount of the secured creditor specified in Article 3 of this Contract.

The maximum amount of secured claim as provided for in Article 3 of this Contract may be changed in writing after the creditor and the guarantor reach a consensus through consultation.

Article 9 Declarations and Undertakings

The Sponsor represents and covenants as follows:

1. The guarantor is legally registered and legally existing, and has full capacity for civil rights and conduct necessary for signing and performing this contract;
2. The guarantor fully understands the content of the main contract, signs and performs this contract based on the true intention of the guarantor, and has obtained legal and effective authorization in accordance with the requirements of its articles of association or other internal management documents.

If the surety is a company, the surety has been passed by the board of directors or the shareholders' meeting or the shareholders' meeting in accordance with the articles of association of the company; If the articles of association of the company stipulate limits on the total amount of guaranty and the amount of individual guaranty, the guaranty under this contract shall not exceed the prescribed limits.

The execution and performance of this Contract will not violate any contract, agreement or other legal document binding on the surety;

3. All documents and materials provided by the guarantor to the creditor are accurate, true, complete and valid;
4. The guarantor accepts the supervision and inspection of the production and operation status and financial condition of the creditor, and provides assistance and cooperation;

5. The guarantor does not conceal from the creditor the significant liabilities it has undertaken as of the date of signing this Contract;

6. In case of any circumstances that may affect the financial status and performance ability of the guarantor, including but not limited to any form of division, merger, joint venture, cooperation with foreign companies, contract operation, reorganization, restructuring, planned listing and other changes in the mode of operation, reduction of registered capital, transfer of major assets or equity, and undertaking of major liabilities, Dissolution, revocation, (being) applied for bankruptcy, etc., or being involved in major litigation or arbitration cases, the guarantor shall promptly notify the creditor.

7. The guarantor undertakes that the source of funds is legal and that the transaction does not violate the United Nations, China and other applicable sanctions. The Sponsor shall cooperate with the creditor in conducting due diligence, providing and updating information about the institution and its beneficial owners, and providing background information about the transaction.

Article 10 Breach of contract and its handling

Any of the following circumstances shall constitute or be deemed to constitute a breach by the guarantor under this contract:

1. Failure to perform the warranty obligation in time as agreed herein;
2. The statements made in this contract are untrue or violate the commitments made in this contract;
3. Events mentioned in paragraph 6 of Article 9 of this Contract occur, which seriously affect the financial status and performance ability of the guarantor;
4. The guarantor terminates its business or is dissolved, revoked or bankrupt;
5. breach of other provisions concerning the rights and obligations of the parties hereunder;
6. The guarantor breaches any other contract with the creditor or other institution of Bank of China Limited.
7. The Guarantor refuses to cooperate with the creditor in carrying out due diligence, the guarantor or its transaction/counterparty is suspected of money laundering, terrorist financing, nuclear weapons proliferation, violation of applicable sanctions, other violations, or the guarantor is included in the United Nations, China and other applicable sanctions lists or sanctions.

In the event of default as specified in the preceding paragraph, the creditor has the right to take the following measures separately or at the sametime according to the specific circumstances:

- (1) Require the guarantor to correct his default within a time limit;
2. Reduce, suspend or terminate the credit limit for the guarantor in whole or in part;
3. Suspend or terminate the acceptance of business applications of the guarantor under other contracts in whole or in part; Suspend or terminate in whole or in part the issuance and handling of loans and trade financing that have not yet been issued;
4. Declare the principal and interest of loans/trade financing payments and other payments payable by the guarantor under other contracts to be immediately due in whole or in part;

5. Terminate or rescind this Contract and terminate or rescind other contracts between the guarantor and the creditor in whole or in part;
6. Demand the guarantor to compensate the creditor for the losses caused by its breach of contract;
7. Deduct the money in the accounts opened by the guarantor in the creditor and other institutions of Bank of China Limited to pay off all or part of the debt owed by the guarantor to the creditor. The amount in the account that is not due shall be deemed to be due early. If the currency of the account is different from the currency in which the creditor's business is denominated, it shall be converted according to the listed exchange rate of settlement and sale applicable to the creditor at the time of withholding;
8. Other measures deemed necessary by the creditor.

Article 11 Reservation of Rights

The failure of either party to exercise part or all of its rights hereunder or to require the other party to perform or assume part or all of its obligations and liabilities shall not constitute a waiver of such rights or waiver of such obligations and liabilities.

Any tolerance, extension or delay of the exercise of the rights hereunder by either party to the other party shall not affect any rights enjoyed by the other party under the Contract, laws and regulations, nor shall it be deemed as a waiver of such rights.

Article 12 Alteration, modification and termination

This Contract may be modified or modified in writing upon mutual agreement of both parties through consultation. Any modification or modification shall form an integral part of this Contract.

Unless otherwise provided by laws and regulations or agreed by the parties, this Contract shall not be terminated until all rights and obligations hereunder have been performed.

Unless otherwise provided by laws or regulations or agreed by the parties, the invalidity of any provision of this Contract shall not affect the legal validity of the other provisions.

Article 13 Application of law and dispute resolution

This contract shall be governed by the laws of the People's Republic of China.

20. All disputes and disputes arising from the performance of this contract shall be settled by both parties through negotiation. If no agreement can be reached through negotiation, both parties agree to adopt the same dispute resolution method as stipulated in the main contract.

During the dispute settlement period, if the dispute does not affect the performance of other provisions of this Contract, such other provisions shall continue to be performed.

Article 14 Appendix

The attachments confirmed by both parties shall form an integral part of this contract and have the same legal effect as this Contract.

Article 15 Other Provisions

1. Without the written consent of the creditor, the guarantor shall not assign any rights or obligations under this contract to any third party.
2. If the creditor is required to entrust other institutions of Bank of China Limited to perform the rights and obligations under this Contract due to business needs, the guarantor agrees. Other institutions of Bank of China Limited authorized by the creditor shall have the right to exercise all rights under this contract, and shall have the right to bring a lawsuit to the court or submit the dispute to an arbitration institution for ruling.
3. Without prejudice to other provisions hereof, this Contract shall be legally binding on both parties and their successors and assigns in accordance with the law.
4. Unless otherwise agreed, the parties shall designate the domicile set forth herein as the correspondence and contact address and the delivery address confirmed by both parties to be valid. The address of service shall be applicable to the delivery of various notices, contracts and other documents during the performance of the contract by both parties, as well as relevant documents and legal documents in the event of disputes arising from the Contract, as well as the first instance, second instance, retrial and execution procedures after the disputes enter into arbitration and civil proceedings.

If the above address is changed, the changing party shall inform the other party of the changed address in writing 15 working days in advance. In arbitration or civil proceedings, if either party changes its address, it shall fulfill the obligation of serving notice of the change of address to the arbitration institution or the court. If either party fails to perform the notification obligation in the foregoing manner, the address for service confirmed herein shall still be deemed to be the effective address for service.

Because the service address provided or confirmed by either party is inaccurate, or the party fails to notify the other party and the court in a timely manner after the change of the service address,

If the designated receiver refuses to sign for or other reasons, resulting in the legal document not actually received by the other party, the legal document shall be served by post

The date of return shall be deemed as the date of service; In the case of direct service, the date on which the sender indicates the circumstances on the return certificate of service on the spot shall be deemed as the date of service.

5. The headings and business names in this Contract are for convenience only and shall not be used to interpret the contents of the terms and the rights and obligations of the parties.

6. The Guarantor may consult and complain about the Contract and the business and charges hereunder through the contact phone number of the creditor listed herein.

Article 16 The Contract comes into force

This Contract shall come into force on the date when the legal representatives, responsible persons or authorized signatories of both parties sign and affix their official seals. This contract is made in two originals, with one held by each party and the debtor. Each copy shall be equally authentic.

Guarantor: Xiamen Pupu Culture Co., LTD

Authorized signatory: _____
November 24, 2023

Creditor: Panyu Branch, Guangzhou, Bank of China Limited

Authorized signatory: _____
November 24, 2023

Please note that these documents are English translations of the original Chinese versions prepared only for your convenience. In the case of any discrepancy between the translation and the Chinese original, the latter shall prevail.

广州数智传播文化有限公司- PDK476780120230897

Working capital loan contract

Serial number: PDK476780120230897

Borrower: Guangzhou Digital Intelligent Communication Culture Co., Ltd.

Unified Social Credit Code: 91440101MA5CKKEXX7

Legal Representative / Person in Charge: Huang Zhuoqin

Postal Code: 510000 Residence Address: Room 1101, No. 156, Nanzhou Road, Haizhu District, Guangzhou City (For office use only)

Banking institution and account number for opening the account: Luoding Sub-branch of Bank of China Limited, Panyu District, Guangzhou City 718573934862 Telephone: 13599518650 Fax:

Lender: Bank of China Limited, Panyu Sub-branch,
GuangzhouLegal Representative/Person in Charge: He
Ganbo
Postal Code: 511400
Residence: No. 338, Qinghe East Road, Qiaowei
Town, Panyu City Telephone: 020-84698924 Fax:

The borrower and the lender have reached an agreement on the matter of the lender granting working capital loans to the borrower through equal consultation, and this contract is specially made.

Article 1 Loan Amount

Loan currency: Renminbi.

Loan amount: "six million and nine hundred thousand yuan in full;

Y6,900,000.00

Article 2 Loan Term

- Loan term: 36 months, counted from the actual disbursement date; if it is a staged disbursement, it is counted from the first actual disbursement date.

The borrower shall withdraw the funds strictly in accordance with the agreed withdrawal time. If the actual withdrawal date is later than the agreed withdrawal time, the borrower shall still repay the funds in accordance with the repayment time stipulated in this contract.

Article 3 Purpose of Borrowing

Purpose of borrowing: To supplement the working capital for daily operations.

Without the written consent of the lender, the borrower shall not change the purpose of the loan, including but not limited to the borrower shall not use the loan for investment in fixed assets, equity, etc., shall not use it for any fields and purposes prohibited by laws, regulations, regulatory provisions, and national laws prohibiting production and business operations, shall not use it for arbitrage by subleasing or purchasing other financial products, shall not use it for illegally increasing hidden debts of local governments, and other purposes prohibited by bank loans.

Article 4 Borrowing Interest Rate and Interest Calculation and Settlement

The lender explicitly indicates the annualized borrowing interest rate under this contract to the borrower through the “Notice of Annualized Borrowing Interest Rate” attached to this contract. If the annualized borrowing interest rate under this contract is calculated only based on the borrowing interest rate explicitly indicated in Clause 1 of this article, the aforementioned “Notice of Annualized Borrowing Interest Rate” shall not apply.

1, Borrowing Interest Rate

The borrowing interest rate (annualized rate, for RMB borrowings, it is simple interest) is a floating rate, with the actual disbursement date (if it is a split disbursement, it is the first actual disbursement date) as the starting date. Every 12 months is a floating period and is repriced once. The repricing date is the first day of the next floating period, that is, the corresponding date of the starting date in the month of repricing. If there is no corresponding date in the month, it is the last day of the month. If the floating period is daily, the repricing date is the same day of the next floating period.

For each disbursement:

Floating interest rate of RMB loans

A. For the first tranche (from the actual disbursement date to the end of this floating period), the interest rate is the one-year loan market quotation rate + 90.0 basis points announced most recently by the Interbank Offered Rate Center on the last working day before the actual disbursement date.

B. On the repricing date, it will be repriced together with other separate withdrawals at the 1-year loan market quotation rate + 90.0 basis points most recently announced by the Interbank Offered Rate Center on the last working day before the repricing date, as the applicable interest rate for this floating period.

2, Interest calculation

Interest shall be calculated from the actual disbursement date of the borrower, based on the actual disbursement amount and the number of days of usage. Interest calculation formula: $\text{Interest} = \text{Principal} \times \text{Actual days} \times \text{Daily interest rate}$.

The base for calculating the daily interest rate is 360 days in a year. Conversion formula: $\text{Daily interest rate} = \text{Annual interest rate} / 360$

3, Interest calculation method

The borrower settles the interest in accordance with the method of (1) below:

- (1) Interest is settled quarterly. The 20th day of the last month of each quarter is the settlement date, and the 21st day is the payment date.
- (2) Interest is settled monthly. The 20th of each month is the settlement date and the 21st is the payment date.

If the last repayment date of the loan principal is not on the interest payment date, the last repayment date of the loan principal shall be the interest payment date, and the borrower shall settle all the due interest.

4, Penalty Interest

(1) For those who are overdue or use the loan for purposes other than those stipulated in the contract, from the date of overdue payment or misappropriation, penalty interest shall be charged on the overdue or misappropriated portion at the penalty interest rate stipulated in this paragraph until the principal and interest are fully settled.

For loans that are both overdue and misappropriated, penalty interest shall be collected at the higher penalty interest rate.

(2) For the interest and penalty interest that the borrower fails to pay on schedule, the compound interest shall be collected in accordance with the settlement method of interest stipulated in Clause 3 of this article and at the penalty interest rate stipulated in this clause.

(3) Penalty interest rate

Penalty interest rate for RMB borrowings, penalty interest rate for floating rate borrowings

A. From the date of overdue payment or misappropriation, it shall float in accordance with the floating period stipulated in Clause 1 of this article. The repricing date of the penalty interest shall be the corresponding date of the overdue or misappropriated date in the re-pricing month. If there is no corresponding date in the month, the last day of the month shall be the re-pricing date of the penalty interest.

B. The penalty interest rate for overdue borrowing shall be 50% above the penalty base interest rate level determined in item C of this paragraph, and the penalty interest rate for misappropriation of borrowing shall be 100% above the penalty base interest rate level determined in item C of this paragraph.

C. The base interest rate for penalty interest within the first floating period is the loan interest rate actually implemented for the overdue or misappropriated period. After every full floating period, the base interest rate for penalty interest in the next floating period is repriced on the repricing date in accordance with the method stipulated in Clause 1 of this article.

5, Others

(1) The “borrowing interest rate” and “penalty interest rate” under this contract are both tax-inclusive interest rates, that is, the interest collected by the lender from the borrower has included the value-added tax that should be paid in accordance with national laws and regulations.

(2) If the benchmark for the floating interest rate pricing under this contract undergoes a significant change, it shall be handled in accordance with the effective market rules at that time. If the lender requests the borrower to sign a supplementary contract regarding the relevant matters at that time, the borrower shall cooperate.

(3) The term “pricing benchmark” as mentioned in this article has the same meaning as the term “benchmark interest rate”.

(4) Under this contract, “TERM SOFR” refers to the TERM SOFR announced and managed by the Chicago Mercantile Exchange (or its successor manager) as the manager, “TIBOR” refers to the TIBOR announced and managed by the Japan Bankers Association (or its successor manager) as the manager, “EURIBOR” refers to the EURIBOR announced and managed by the European Money Market Institute (or its successor manager) as the manager, “Overnight SOFR” refers to the Overnight SOFR announced and managed by the Federal Reserve Bank of New York (or its successor manager) as the manager, “Overnight SONIA” refers to the Overnight SONIA announced and managed by the Bank of England (or its successor manager) as the manager, “Overnight TONA” refers to the Overnight TONA announced and managed by the Bank of Japan (or its successor manager) as the manager, “Overnight ESTR” refers to the Overnight ESTR announced and managed by the European Central Bank (or its successor manager) as the manager, and “Overnight SARON” refers to the Overnight SARON announced and managed by the Swiss Stock Exchange (or its successor manager) as the manager.

Article 5 Withdrawal Conditions

The borrower’s withdrawal of funds shall meet the following conditions:

- 1. This contract and its annexes have come into effect;
- 2. The borrower has provided the guarantee as required by the lender. The guarantee contract has taken effect and completed the legally prescribed approval, registration or filing procedures.
- 3. The borrower has reserved with the lender the borrower’s documents, instruments, seals, personnel list, signature samples related to the conclusion and performance of this contract, and the relevant vouchers have been filled out.
- 4. The borrower has opened the necessary account as required by the lender to perform this contract.
- 5. Five business days before the withdrawal, submit a written withdrawal application and relevant supporting documents for the purpose of borrowing to the lender and go through the relevant withdrawal procedures;
- 6. The borrower has submitted to the lender the resolution and authorization letter of the board of directors or other competent department consenting to the execution and performance of this contract;
- 7. Other withdrawal conditions stipulated by law and agreed upon by both parties - /

If the above-mentioned withdrawal conditions are not satisfied, the lender has the right to reject the borrower’s withdrawal application, except where the lender agrees to disburse the loan.

Article 6 Withdrawal Time and Method

- 1. The borrower shall make the payment in accordance with (2) below
 - (1) Lump sum withdrawal at _ /
 - (2) The loan shall be settled within 90 days from the effective date of the contract
 - (3) Withdrawals shall be made in instalments at the following times:

Withdrawal Time	Withdrawal Method

/	/

2. For the portion that has not been withdrawn within the above-mentioned period, the lender has the right to reject the borrower’s withdrawal application.

Article 7 Disbursement of Borrowed Funds

1, Loan disbursement account

The borrower opens the following account at the lender as the loan disbursement account. The disbursement and payment of the loan shall be handled through this account.

Account Name: Guangzhou Digital Intelligent Communication Culture Co., Ltd.

Account: 718573934862

2, Payment Method of Borrowed Funds

(1) The payment method of the borrowed funds shall be implemented in accordance with the laws, regulations, regulatory provisions and the stipulations of this contract. The payment method of the borrowed funds for a single disbursement shall be confirmed in the disbursement application. If the lender deems that the payment method of the borrowed funds chosen in the disbursement application does not meet the requirements, it has the right to change the payment method or suspend the disbursement and payment of the borrowed funds.

(2) Lender’s escrow payment, that is, the lender pays the borrower funds to the borrower’s counterparty that complies with the purpose of this contract based on the borrower’s withdrawal application and payment authorization. According to the relevant regulations of the China Banking Regulatory Commission and the internal management regulations of the lender, the payment of loan funds that meets one of the following conditions shall be made through the lender’s escrow payment method:

A. The lender and the borrower establish a new credit business relationship, and the borrower’s credit rating fails to meet the internal requirements of the lender;

B. When applying for withdrawal, the payee is clearly identified (with a definite account number and account holder) and the single transaction amount exceeds -10 million yuan (excluding foreign currencies, which are converted according to the exchange rate on the actual withdrawal date).

C. Other circumstances stipulated by the lender or agreed upon with the borrower:

(3) Independent payment by the borrower, that is, after the lender disburses the loan funds to the borrower’s account based on the borrower’s application for funds withdrawal, the borrower independently pays the funds to the borrower’s counterparty for transactions that comply with the purposes stipulated in the contract. Except for the situations where the lender’s entrusted payment method should be adopted as stipulated in the preceding paragraph, the payment method for other loan funds is independent payment by the borrower.

(4) Change of payment method. After submitting the disbursement application, if the borrower’s conditions such as external payment of funds, credit rating, etc. change, for the borrower funds paid independently, if the conditions stipulated in item (2) of Clause 2 of this article are met, the payment method of the borrower funds shall be changed. If the payment method is changed or the amount, payee, and purpose of the external payment under the entrusted payment method change, the borrower shall provide the lender with a written change application explanation, and resubmit the disbursement application and relevant transaction materials to prove the purpose of the funds.

3 Specific requirements for entrusted disbursement of borrowed funds

(1) Payment Mandate. Where the conditions for the lender’s entrusted payment are met, the borrower shall have a clear payment mandate in the application for disbursement, that is, authorize and entrust the lender to directly disburse the borrowed funds to the counterparty account designated by the borrower for the purpose stipulated in this contract after transferring the borrowed funds into the designated borrower account. The borrower shall provide the necessary payment information such as the name of the counterparty receiving the payment, the counterparty account, and the payment amount.

(2) Transaction information provision. If the borrower meets the conditions for the lender’s escrow payment, the borrower shall provide the lender with their disbursement account, counterparty account information, and proof that the disbursement complies with the intended use of the loan contract at each disbursement. The borrower shall ensure that all information provided to the lender is true, complete, and valid. If the lender’s escrow payment obligation is not fulfilled in a timely manner due to the borrower providing false, inaccurate, or incomplete transaction information, the lender shall not be liable for any responsibilities.

(3) Performance of the Lender's Obligation to Make Payment on Trust

A. In cases where the lender's entrusted payment is adopted, after the borrower submits the payment authorization and relevant transaction materials, etc., the lender will review and approve and then disburse the loan funds to the borrower's counterparty through the borrower's account.

B. If the lender, upon review, discovers that the purpose certification materials and other relevant transaction materials provided by the borrower do not comply with the stipulations of this contract or have other flaws, it has the right to require the borrower to supplement, replace, explain or resubmit the relevant materials. Before the borrower submits the relevant transaction materials that the lender deems qualified, the lender has the right to refuse the disbursement and payment of the relevant funds.

C. If the refund from the counterparty's account's opening bank occurs, resulting in the lender being unable to disburse the loan funds to the counterparty in a timely manner as per the borrower's payment mandate, the lender shall not bear any liability, and the borrower's repayment obligation that has arisen under this contract shall not be affected. For the funds returned by the counterparty's account's opening bank, the borrower hereby authorizes the lender to freeze them. In this situation, the borrower shall resubmit the payment mandate and purpose certification materials, and other relevant transaction materials.

(4) The borrower shall not evade the entrusted payment of the lender by breaking the payment into smaller amounts.

4. After the disbursement of the loan funds, the borrower shall promptly provide the lender with the usage records and materials of the loan funds as required by the lender. The aforementioned materials to be provided include but are not limited to the vouchers of fund usage, purchase and sale contracts, etc.

5. In any of the following circumstances, the lender has the right to re-determine the conditions for the disbursement and payment of the loan or suspend the disbursement and payment of the loan funds:

- (1) The borrower violates the provisions of this contract by avoiding the entrusted payment of the lender in a way of breaking the whole into parts;
- (2) The borrower's credit status deteriorates or the profitability of the main business is weak;
- (3) Abnormal use of the borrowed funds;
- (4) The borrower fails to provide the records and materials of the use of the borrowed funds in a timely manner as required by the lender;
- (5) The borrower disburses the loan funds in violation of the provisions of this article.

Article 8 Repayment

1. The borrower designates the following account as the fund recovery account, and the borrower’s fund recovery shall be credited to this account. The borrower shall promptly provide the information on the inflow and outflow of funds in this account. The lender has the right to require the borrower to explain the inflow and outflow of large and abnormal funds in the fund recovery account and supervise this account.

Account Name: Guangzhou Digital Intelligent Communication Culture Co., Ltd.

Account: 718573934862

2. Unless otherwise agreed by both parties, the borrower shall repay the loan under this contract in accordance with the repayment plan in item (3) below:

- (1) All the borrowings under this contract shall be repaid on the maturity date of the loan term.
- (2) Repay the loan under this contract in accordance with the following repayment plan:

repayment time	repayment amount

(3) Other repayment plans: The loan principal of 345,000 yuan will be repaid for the first time starting from April 2, 2024. After that, 345,000 yuan of the principal will be repaid on the 2nd day of the first month of each natural quarter. The final repayment date is subject to the record in the loan note, and all the remaining principal will be repaid.

If the borrower needs to change the repayment schedule, it must be proposed to the lender before the corresponding loan maturity date minus 30 banking business days.

The change of the repayment plan shall be subject to the mutual written confirmation of both parties through a written application.

3. Unless otherwise agreed by both parties, in the event that the borrower simultaneously defaults on the principal and interest of the loan and the expenses for realizing the creditor’s rights, the lender has the right to determine the order of repayment of the principal or interest and the expenses for realizing the creditor’s rights. In the case of installment repayment, if there are multiple due and overdue loans under this contract, the lender has the right to determine the settlement order of a certain repayment of the borrower. If there are multiple due loan contracts between the borrower and the lender, the lender has the right to determine the contractual order fulfilled by each repayment of the borrower.

4. Unless otherwise agreed by both parties, the borrower may repay the loan in advance, but a written notice to the lender shall be given 30 banking days in advance. The amount of the early repayment shall first be used to repay the loan due last, in reverse order.

For borrowings that apply a combined interest calculation of simple and compound interest, if early repayment or partial early repayment is involved, the interest corresponding to the principal of the early repayment should be settled in one lump sum.

5. The borrower shall repay the loan in accordance with the method of item (1) below.

(1) The borrower shall deposit sufficient funds in the repayment account for repayment no later than -3 banking days before the due date of each principal and interest payment. The lender has the right to actively deduct the funds from this account on the due date of each principal and interest payment.

Name of the repayment account: Guangzhou Digital Intelligent Communication Culture Co., Ltd.

Account: 718573934862

(2) Other repayment methods agreed upon by both parties:

Article 9 Guarantee

1. The guarantee method of the debts under this contract is:

(1) This contract is the main contract under the “Maximum Guarantee Contract” numbered PBZ476780120230737 signed by the guarantor Huang Zhuoqin and the lender, and it is guaranteed by the maximum guarantee provided by him/her.

(2) This contract is the main contract under the “Maximum Guarantee Contract” No. PB2476780120230738 signed between the guarantor, Xiamen Pupu Culture Co., Ltd., and the lender, and it provides maximum guarantee.

(3) This contract belongs to the main contract signed by the guarantor Guangzhou Data Intelligent Communication Culture Co., Ltd. and the lender under the “Maximum Credit Guarantee Contract” with the contract number PDY476780120230380, and it provides maximum credit guarantee.

2. If the borrower or the guarantor experiences an event that the lender deems may affect its performance ability, or the guarantee contract becomes invalid, revoked or terminated, or the financial condition of the borrower or the guarantor deteriorates or is involved in major litigation or arbitration cases, or the accounts of the borrower or the guarantor are seized, or for other reasons that may affect its performance ability, or the guarantor defaults under the guarantee contract or other contracts with the lender, or the guarantee property depreciates, is damaged, lost, seized, resulting in the weakening or loss of the guarantee value, the lender has the right to request and the borrower is obligated to provide new guarantees, replace the guarantor, etc. to guarantee the debts under this contract.

Article 10 Invoice Issuance

1. The borrower may apply to the lender for the issuance of a VAT invoice (special VAT invoice or ordinary VAT invoice) after the lender confirms the receipt of the funds. The lender shall issue the VAT invoice to the borrower after receiving the borrower’s application for the issuance of the VAT invoice.

2. The borrower can apply for the issuance of a VAT invoice at the corresponding business handling institution or other institutions designated by the lender.

3. The borrower shall confirm that the payer of the funds, the signatory of the contract and the purchaser listed on the VAT invoice are the same taxpaying entity. If there is inconsistency, resulting in the borrower’s inability to account for the funds or unable to claim input tax credit in accordance with the law, the relevant losses shall be borne by the borrower itself.

4. If the borrower loses the invoice after obtaining it, the lender is not required to reissue a VAT invoice to the borrower.

5. If the lender offers a discount to the borrower after negotiation, the amount on the VAT invoice shall be based on the discounted price.

6. If the lender provides services for the borrower for free, the lender will not provide a VAT invoice.

7. The lender issues a VAT invoice to the borrower, and the borrower shall promptly verify the invoice information. If the invoice information is incorrect, the borrower shall promptly apply to the lender for re-issuing the VAT invoice.

Article 11 Declaration and Commitment

1 The borrower's statement is as follows:

- (1) The borrower is lawfully registered and legally exists, and has the full capacity for civil rights and acts necessary to enter into and perform this contract;
- (2) The execution and performance of this contract is based on the borrower's true intention, has obtained legal and valid authorization in accordance with the requirements of its articles of association or other internal management documents, and will not violate any agreements, contracts and other legal documents that are binding on the borrower; the borrower has obtained or will obtain all relevant approvals, licenses, filings or registrations necessary for the execution and performance of this contract.
- (3) All the documents, financial statements, vouchers and other materials provided by the borrower to the lender under this contract are true, complete, accurate and valid;
- (4) The transaction background of the borrower's application for conducting business with the lender is true and legal, does not involve illegal purposes such as money laundering, terrorist financing, financing for the proliferation of weapons of mass destruction, tax evasion, fraud, etc., and does not violate the sanctions regulations of the United Nations, China and other applicable ones.
- (5) The borrower has not concealed from the lender events that may affect its and the guarantor's financial conditions and performance capabilities;
- (6) The borrower and the loan project meet the national environmental protection standards. They are not enterprises or projects with prominent energy consumption and pollution problems that have not been announced and recognized by the relevant state departments and have not taken effective rectification measures, and there is no risk of energy consumption or pollution.
- (7) The purpose of borrowing and the source of repayment are true and legal;
- (8) Other matters declared by the borrower: /

2 The borrower undertakes as follows:

- (1) Submit its financial statements (including but not limited to annual reports, quarterly reports and monthly reports) and other relevant materials to the lender on a regular or timely basis as required by the lender; The borrower shall ensure that it continuously meets the requirements of the following financial indicators: The borrower's asset-liability ratio shall not exceed 90%.
- (2) If the borrower has or will enter into a counter guarantee agreement or similar agreement with the guarantor of this contract regarding its guarantee obligations, such agreement will not prejudice any rights of the lender under this contract.
- (3) Accept the credit inspection and supervision of the lender and provide sufficient assistance and cooperation; for those who make payments independently, the borrower shall regularly summarize and report the payment and usage of the loan funds as required by the lender. The specific summary reporting time is: every

(4) If the borrower engages in mergers, divisions, capital reduction, equity transfer, foreign investment, substantive increase in debt financing, transfer of major assets and creditor's rights, and other matters that may have an adverse impact on the borrower's debt-paying ability, prior written consent from the lender must be obtained.

If the following circumstances occur, the borrower shall promptly notify the lender:

- A. Changes in the articles of association, business scope, registered capital and legal representative of the borrower or guarantor company;
- B. Undertake any form of joint venture, foreign equity joint venture, cooperation, contractual operation, reorganization, restructuring, planned listing, or any other changes in business methods;
- C. Involvement in major litigation or arbitration cases, or the seizure, seizure or supervision of property or collateral, or the establishment of new guarantees on the collateral;
- D. Suspension of business, dissolution, liquidation, suspension for rectification, revocation, revocation of business license, application for bankruptcy, etc.
- E. Shareholders, directors and current senior management personnel are suspected of being involved in major cases or economic disputes; F. The borrower has a default event under other contracts;
- G. Circumstances such as operational difficulties and deterioration of financial conditions arise.

(5) The debtor's settlement of debts to the lender shall take precedence over the borrower's shareholders' loans to the borrower, and shall be no less important than similar debts of other creditors. Moreover, from the effective date of this contract until the settlement of the loan principal, interest and related expenses under this contract is completed, the borrower shall not repay the loans from the borrower's shareholders.

(6) From the effective date of this contract until the loan principal, interest and related expenses under this contract are fully settled, the borrower shall not distribute dividends or bonuses to shareholders in any form.

(7) The borrower shall not dispose of its own assets in a way that reduces its solvency. It shall also undertake that the total amount of its external guarantees shall not exceed one times its own net assets, and the total amount of external guarantees and the amount of each guarantee shall not exceed the limits stipulated in its articles of association.

(8) Unless for the purposes stipulated in this contract or with the consent of the lender, the borrower shall not transfer the loan funds under this contract to the same account and related party accounts.

For the transfer of funds from the borrower's account of the same name or from the account of the related party, the borrower shall provide the corresponding supporting materials.

(9) Regarding the loan under this contract, the loan conditions such as the guarantee conditions provided by the borrower to the lender, loan interest rate pricing, and debt repayment sequence shall not be lower than those given to any other financial institution now or in the future.

(10) The lender has the right to recover the loan in advance based on the situation of the borrower's funds being reclaimed.

(11) Cooperate with the lender in conducting due diligence, provide and update the information of the institution and its beneficial owners, and provide background information on the relevant transactions.

(12) Other matters committed by the borrower: _

Article 12 Disclosure of intra-group related transactions of the borrower's group

Both parties agree to apply the provisions of item 1 below:

1. The borrower does not belong to the group customers determined by the lender in accordance with the “Guidelines for Risk Management of Group Customer Credit Business of Commercial Banks” (referred to as the “Guidelines”).

2. The borrower is a loanee as defined by the “Guidelines for Risk Management of Credit Granting Businesses for Group Customers of Commercial Banks” (referred to as “the Guidelines”).

Group customers identified in the “Introduction”. The borrower shall promptly report to the lender the situation of related transactions exceeding 10% of the net assets, including the affiliation relationship of the parties involved in the transaction, the transaction items and nature, the amount of the transaction or the corresponding proportion, and the pricing policy (including transactions without an amount or only a symbolic amount).

If the borrower has any of the following circumstances, the lender has the right to unilaterally decide to suspend the disbursement of the loan that the borrower has not used and recover part or all of the loan principal and interest in advance: Utilizing false contracts with related parties to discount or pledge creditor's rights such as notes receivable and accounts receivable without an actual trade background at the bank to obtain bank funds or credit lines; In cases of major mergers, acquisitions and reorganizations, etc., if the lender believes that it may affect the loan security; Intending to evade and default on the bank's creditor's rights through related transactions; Other circumstances as stipulated in Article 18 of the Guidelines.

Article 13 Breach of Contract and Handling

One of the following matters shall constitute or be regarded as a default event of the borrower under this contract:

1. The borrower fails to perform the obligation of payment and settlement to the lender as stipulated in this contract;
2. The borrower fails to disburse the loan funds in the manner stipulated in this contract or fails to use the obtained funds for the purposes stipulated in this contract; or the borrower uses the loan funds for sublending or arbitraging to purchase other financial products; or the borrower illegally incurs new local government hidden debts;
3. The borrower's statements made in this contract are untrue or violate the commitments made by the borrower in this contract;
4. In the event of a situation as stipulated in item (4) of Clause 2 of Article 11 of this contract, if the lender believes that it may affect the financial condition and performance ability of the borrower or the guarantor, and the borrower fails to provide new guarantees or replace the guarantor as stipulated in this contract;
5. The borrower's credit status deteriorates, or the borrower's financial indicators such as profitability, solvency, operating capacity and cash flow deteriorate, exceeding the indicator constraints or other financial agreements stipulated in this contract;
6. The borrower has defaulted under other contracts with the lender or other institutions of Bank of China Limited; the borrower has defaulted under the credit contract with other financial institutions;
7. The guarantor violates the terms of the guarantee contract or incurs a default event under other contracts with the lender or other institutions of Bank of China Limited.
8. The borrower terminates its business or undergoes dissolution, revocation or bankruptcy.
9. Where the borrower is involved or may be involved in major economic disputes, lawsuits, arbitrations, or its assets are seized, detained or enforced, or it is filed and investigated or punished by judicial authorities or administrative authorities such as tax and industry and commerce authorities in accordance with the law, which has or may affect the performance of its obligations under this contract;
10. Where abnormal changes, disappearance, or being investigated or restricted in personal freedom by judicial authorities of the main investor individuals or key management personnel of the borrower have occurred or may affect the performance of their obligations under this contract;
11. When the lender reviews the borrower's financial condition and performance ability every year (i.e., every full year from the effective date of this contract), it discovers that there are circumstances that may affect the borrower's or the guarantor's financial condition and performance ability;
12. Where there are large and abnormal inflows and outflows of funds to and from the designated fund recovery account and the borrower fails to provide the explanatory materials recognized by the lender;
13. The borrower refuses to cooperate with the lender in conducting due diligence. The borrower or its transactions/counterparties are suspected of money laundering, terrorist financing, nuclear weapons proliferation, violation of applicable sanctions regulations, other illegal and irregular acts, or the borrower or guarantor is included in the United Nations, China and other applicable sanctions list or sanctions scope;

14. The borrower violates other agreements regarding the rights and obligations of the parties in this contract.

When the default events as prescribed in the preceding paragraph occur, the lender has the right to take one or more of the following measures as the specific circumstances may be:

1. Require the borrower and the guarantor to correct their defaulting acts within a prescribed time limit;
2. Fully or partially reduce, suspend or cancel, or terminate the credit line granted to the borrower;
3. All or partially suspend or terminate the acceptance of the borrower's application for disbursement and other business under this contract and other contracts between the borrower and the lender; for the loans not yet disbursed and trade financings not yet processed, all or partially suspend or cancel, suspend, terminate the disbursement, payment and processing;
4. Declare that all or part of the loan/trade financing funds, interests and other payable items under this contract and other contracts between the borrower and the lender that have not been repaid shall become due immediately;
5. Terminate or rescind this contract, and all or partially terminate or rescind other contracts between the borrower and the lender;
6. Require the borrower to compensate the lender for the losses caused by the borrower's breach of contract, including but not limited to the losses of related expenses such as litigation fees, lawyer fees, notarization fees, enforcement fees, etc. resulting from the realization of creditor's rights;
7. The funds in the borrower's account opened with the lender and other institutions of Bank of China Limited shall be deducted to settle all or part of the borrower's debts to the lender under this contract. The outstanding funds in the account shall be regarded as due in advance. If the currency of the account is different from the currency of the lender's business valuation, it shall be converted according to the exchange rate applicable to the lender at the time of deduction.
8. Exercise the right of lien;
9. Require the guarantor to undertake the guarantee liability;
10. Other measures that the lender deems necessary and possible.

Article 14 Reservation of Rights

If one party fails to exercise part or all of the rights under this contract, or fails to require the other party to perform or undertake part or all of the obligations or responsibilities, it shall not constitute a waiver of such rights by that party or an exemption from such obligations or responsibilities.

Any tolerance, extension or delay by one party in exercising its rights under this contract in respect of the other party shall not affect any rights it enjoys under this contract and laws and regulations, nor shall it be regarded as a waiver of such rights.

Article 15 Alteration, Amendment and Termination

This contract may be changed or modified in writing upon mutual agreement by both parties. Any change or modification shall form an integral part of this contract.

Unless otherwise stipulated by laws and regulations or agreed by the parties, this contract shall not be terminated before all the rights and obligations under it have been fulfilled.

Unless otherwise stipulated by laws and regulations or agreed by the parties, the invalidity of any clause of this contract shall not affect the legal effect of other clauses.

Article 16 Application of Law and Dispute Resolution

This contract is subject to the laws of the People's Republic of China.

After the effective date of this contract, all disputes arising from the conclusion or performance of this contract or related to this contract may be settled through consultation between the two parties. If the consultation fails to reach an agreement, either party may resolve the dispute by means of the first of the following methods:

1. Arbitration. Submit to the Guangzhou Arbitration Commission and conduct arbitration in Guangzhou, China (arbitration place) in accordance with the arbitration rules effective at the time of submitting the arbitration application. The arbitration award shall be final and binding on all parties.

2. Litigation. The parties may negotiate and choose to resolve the matter through litigation in Chinese courts.

During the resolution of the dispute, if the dispute does not affect the performance of other terms of this contract, those other terms shall continue to be performed.

Article 17 Annex

The following annexes and other annexes jointly confirmed by both parties constitute an integral part of this contract and have the same legal effect as this contract.

1. Withdrawal application form
2. Loan voucher;
3. "Notice of Annualized Interest Rate of the Loan"

Article 18 Other Agreements

1. Without the written consent of the lender, the borrower shall not transfer any rights or obligations under this contract to a third party.
2. If the lender needs to entrust other institutions of Bank of China Limited to perform the rights and obligations under this contract due to business requirements, or transfer the loan business under this contract to other institutions of Bank of China Limited for takeover and management, the borrower hereby gives its approval. The other institutions of Bank of China Limited authorized by the lender, or the other institutions of Bank of China Limited that take over the loan business under this contract, have the right to exercise all rights under this contract and have the right to file lawsuits in the name of the institution to the court, submit the disputes under this contract to the arbitration institution for adjudication or apply for compulsory enforcement.
3. Without affecting other provisions of this contract, this contract shall be legally binding on both parties and their respective successors and assigns arising therefrom in accordance with the law.
4. Unless otherwise agreed, both parties designate the place of residence stated in this contract as the communication and contact address, and the valid service address confirmed by both parties. The application scope of the service address includes the service of various notices, contracts and other documents during the performance of the contract by both parties, as well as the service of relevant documents and legal documents in the event of disputes arising from this contract. It also includes the first instance, second instance, retrial and enforcement procedures after the dispute enters arbitration and civil litigation procedures.

If the above address is changed, the party making the change shall inform the other party of the changed address in writing 15 working days in advance. In arbitration and civil litigation proceedings, when the address of any party is changed, it shall fulfill the obligation of serving the notice of address change to the arbitration institution or court. If a party fails to fulfill the notification obligation in the aforementioned manner, the address confirmed in this contract for that party shall still be regarded as the valid address for service.

If the legal documents are not actually received by one party due to reasons such as inaccurate delivery address provided or confirmed by one party, failure to promptly notify the other party and the court of the change of delivery address in accordance with the procedure, or refusal of the designated recipient to sign for receipt, etc., for mail delivery, the date of the document being returned shall be regarded as the date of delivery; for direct delivery, the date when the deliverer records the situation on the delivery receipt on the spot shall be regarded as the date of delivery.

This day.
5. The transactions under this contract are conducted based on their respective independent interests. If, in accordance with relevant laws, regulations and regulatory requirements, the other parties of the transaction constitute the affiliates or associated persons of the lender, none of the parties seek to use such an affiliated relationship to influence the fairness of the transaction.
6. The headings and business names in this contract are used only for convenience of reference and shall not be used for the interpretation of the terms and the rights and obligations of the parties.
7. The lender has the right to provide the information related to this contract and other relevant information of the borrower to the financial credit information basic database and other credit information databases established in accordance with the law for the purpose of being lawfully inquired and used by institutions or individuals with appropriate qualifications. The lender also has the right to inquire about the relevant information of the borrower through the financial credit information basic database and other credit information databases established in accordance with the law for the purpose of entering into and performing this contract.
8. If the withdrawal date and repayment date encounter legal holidays, they will be postponed to the first working day after the holiday.
9. If the lender is unable to perform this contract or fail to perform as agreed in this contract due to changes in laws, regulations, regulatory provisions or requirements of the regulatory authorities, the lender has the right to terminate or modify the performance of this contract in accordance with the changes in laws, regulations, regulatory provisions or requirements of the regulatory authorities. If the termination or modification of this contract due to such reasons causes the lender to be unable to perform or fail to perform as agreed in this contract, the lender shall be exempted from liability.
10. The borrower may consult and complain about this contract and the business and charges under this contract by calling the contact phone number of the lender listed in this contract.

Article 19 Effectiveness of the Contract

This contract shall come into effect as of the date when it is signed by the legal representatives (persons in charge) of the borrower and the lender or their authorized signatories and the official seal is affixed.

This contract is made in duplicate. Each party of the loan and the borrower holds one copy, and both copies have the same legal effect.

Borrower: Guangzhou Digital Intelligent
Communication Culture Co., Ltd.

December 25th, 2023

Authorized Signatory:

Lender: Guangzhou Panyu Sub-branch of China Banking Corporation Limited

Authorized Signatory:

January 2022

Attachment

Notice of Annualized Interest Rate of Loan

Number: _


To: Guangzhou Digital Intelligent Communication Culture Co., Ltd.

1. Our bank has signed the "Working Capital Loan Contract" numbered PDK476780120230897 with your company. Under the aforementioned contract, our bank, as the lender, provided a loan to your company at an annualized interest rate of /. This annualized interest rate (simple interest) includes:

- (1) The borrowing interest calculated based on the borrowing interest rate stipulated in Clause 1 of Article 4 of the aforementioned contract;
- (2) All kinds of expenses directly related to the loan as stipulated in Clause / Article of the aforementioned contract;
- (3) All kinds of expenses directly related to the loan as stipulated in the separate agreement numbered / signed between your company and our bank.

2. This notification letter, as an annex to the aforementioned contract, constitutes an inseparable component of it and has the same legal effect as the aforementioned contract. Matters not stipulated shall be subject to the provisions of the aforementioned contract.

Lender: Bank of China Limited, Panyu Branch, Guangzhou
Authorized Signatory: E Authorized Signatory:



年 月

Please note that these documents are English translations of the original Chinese versions prepared only for your convenience. In the case of any discrepancy between the translation and the Chinese original, the latter shall prevail.

Working Capital Loan Contract

No. : PDK476780120240420

Borrower: Guangzhou Shuzhi Communication Culture Co., LTD
Unified Social Credit code 91440101MA5CKKEXX7
Legal representative/Person in charge: Huang Zhuoqin
Address: Room 1101, No. 156 Nanzhou Road, Haizhu District, Guangzhou, China (office only)
Zip Code: 510000
Bank and account number: Bank of China Limited Guangzhou Panyu Luoxi Branch 718573934862
Tel: 13599518650
Fax:

Lender: Panyu Branch, Guangzhou, Bank of China Limited
Legal representative/Responsible person: He Ganbo
Address: 338 Qinghe East Road, Qiao Town, Panyu City
Zip code: 511400
Tel: 84696493
Fax:

The Borrower and lender, through equal consultation, have reached an agreement on the lender's issuance of working capital loans to the Borrower, and hereby enter into this contract.

Article 1 Loan Amount

Currency of the loan: Renminbi.

Amount of the loan: (in words) One million Two hundred thousand yuan; (¥1,200,000.00.)

Article 2 Term of Loan

Term of loan: 36 months from the date of actual withdrawal; In the case of instalments, from the first actual withdrawal date. The Borrower shall make the withdrawal in strict accordance with the agreed withdrawal time. If the actual withdrawal date is later than the agreed withdrawal time, the borrower shall still make the repayment in accordance with the repayment time agreed herein.

Article 3 Purpose of the loan

Purpose of loan: to supplement the working capital of daily operation. Without the written consent of the Lender, the Borrower shall not change the purpose of the borrowings, including but not limited to the Borrower shall not use the borrowings for fixed assets, equity and other investments, shall not use the borrowings for any fields and purposes prohibited by laws, regulations, regulatory provisions or the state for production or operation, shall not use the borrowings for sub-lending or purchase of other financial products for arbitrage, and shall not use the borrowings for illegal increase of local government hidden debts. And other uses of bank loans are prohibited.

Article 4 Interest rates on loans and settlement of interest

The Lender indicates to the Borrower the annualized interest rate of the Loan hereunder through the Letter of Notification of the Annualized Interest Rate of the Loan attached hereto. If the annualized interest rate of the Loan hereunder is calculated only according to the loan interest rate expressed in Paragraph 1 of this Article, the aforesaid Letter of Notification of the Annualized Interest Rate of the Loan shall not apply.

1. Loan interest rate

The borrowing interest rate (annualized interest rate, simple interest for RMB borrowing) is a floating interest rate, starting from the actual withdrawal date (or the first actual withdrawal white if the withdrawal is made in installments), and is repriced every 12 months in a floating cycle. The repricing date shall be the first day of the next floating cycle, that is, the starting date shall be the corresponding day of the repricing month, or the last day of the month if there is no corresponding day of the month. If the floating period is daily, the repricing date is the day of the next floating period.

For each withdrawal:

RMB borrowing floating rate

A. The interest rate of the first installment (from the actual withdrawal date to the expiration date of the floating period) shall be the 1-year loan market quoted rate +90.0 basis points as recently published by the National Inter-Bank Offered Center one working day prior to the actual withdrawal date;

B. On the repricing date, it shall be repriced together with other sub-withdrawals according to the 1-year loan market quotation rate +90.0 basis points recently published by the National Inter-Bank Lending Center one working day prior to the repricing date, which shall be the applicable interest rate of the floating period.

2. Interest calculation

The interest shall be calculated from the actual date of withdrawal by the borrower and shall be calculated according to the actual amount of withdrawal and the number of days of use.

Interest calculation formula: $\text{interest} = \text{principal} \times \text{actual days} \times \text{daily interest rate}$.

The daily interest rate is calculated based on 360 days a year, and the conversion formula is: $\text{daily interest rate} = \text{annual interest rate} / 360$.

3. Interest settlement method

The borrower shall settle the interest in the following manner (1):

- (1) Interest shall be settled quarterly, with the 20th day of the end of each quarter as the interest settlement date and the 21st day as the interest payment date.
- (2) Interest shall be settled monthly, with the 20th day of each month as the settlement date and the 21st day as the coupon payment date.

If the last repayment date of the loan principal is not the Coupon payment date, the last repayment date of the loan principal is the Coupon payment date and the borrower shall pay all the interest payable.

4. Penalty interest

(1) If the loan is used overdue or not for the purpose agreed in the contract, penalty interest shall be calculated and charged at the penalty interest rate stipulated in this paragraph for the overdue or misappropriated part from the date of overdue or misappropriated until the principal and interest are paid off.

For loans that are both overdue and misappropriated, penalty interest shall be calculated and charged at a higher penalty interest rate.

(2) For the interest and penalty interest that the borrower fails to pay on time, this paragraph shall apply to the settlement method stipulated in paragraph 3 of this Article

The agreed penalty interest rate is compounded.

(3) Penalty interest rate

Penalty interest rate of RMB loan, penalty interest rate of floating interest rate loan

A. Float from the date of overdue or misappropriation in accordance with the floating period stipulated in paragraph 1 of this Article. The penalty interest repricing date shall be the date of overdue or misappropriation on the corresponding day of the repricing month; if there is no corresponding day in the current month, the last day of the current month shall be the penalty interest repricing date.

B. The penalty interest rate for overdue loans shall be 50% above the base rate of penalty interest determined in subparagraph C of this paragraph, and the penalty interest rate for misappropriation of loans shall be 100% above the base rate of penalty interest determined in subparagraph C of this paragraph.

C. The base interest rate of penalty interest in the first floating period shall be the overdue or misappropriated loan interest rate actually implemented in the current period, and the base interest rate of penalty interest in the next floating period after each floating period shall be repriced on the repricing date in accordance with the manner stipulated in paragraph 1 of this Article.

5. Other

(1) “Loan interest rate” and “penalty interest rate” hereunder are tax-inclusive interest rates, that is, the interest charged by the lender to the borrower has included value-added tax payable in accordance with national laws and regulations.

(2) In case of any significant change in the pricing benchmark of the floating interest rate hereunder, it shall be subject to the market rules in effect at that time. If the lender requires the Borrower to sign a supplementary contract on relevant matters at that time, the Borrower shall cooperate.

(3) The term “pricing benchmark” as used in this Article shall have the same meaning as the term “benchmark interest rate”.

Under this Contract, “TERMSOFR” means TERMSOFR published and administered by the Chicago Mercantile Exchange (or the successor administrator) as administrator, “TIBOR” means TIBOR published and administered by the Japan Bankers Association (or the successor administrator) as administrator, and “EURIBOR” means the European Money Market Institute (or the successor administrator) “Overnight SOFR” means “Overnight SOFR” means “Overnight SOFR” means “Overnight SONIA” means “Overnight SONIA” means “Bank of England” (or successor administrator) means “EURIBOR” means “Euribor” means “Euribor” means “Termsofr” as administrator and managed by the Federal Reserve Bank of New York (or successor Administrator) as administrator and managed by the Bank of England (or successor administrator) as administrator and “Overnight TONA” means by the Day “Overnight SOFR” means the overnight TONA published by the Bank (or successor administrator) as administrator and managed by the Bank of England (or successor administrator) as administrator, “Overnight SOFR” means the overnight ESTR published by the European Central Bank (or successor administrator) as administrator and managed by the Swiss Stock Exchange (or successor administrator) as administrator and managed by the overnight SARON.

Article 5 Conditions for withdrawal

The borrower shall meet the following conditions for withdrawal of funds:

1. This Contract and its annexes have come into force.
2. The Borrower has provided the guarantee as required by the lender, and the guarantee contract has taken effect and completed the statutory approval, registration or filing procedures;
3. The Borrower has reserved for the Lender the Borrower's documents, bills, seals, names of personnel and signature samples related to the conclusion and performance of this Contract, and has filled in the relevant documents;
4. The Borrower has opened the account necessary for the performance of this Contract as required by the Lender;
5. Submit to the lender a written withdrawal application and relevant documents proving the purpose of the loan and go through the relevant withdrawal procedures 5 banking days before the withdrawal;
6. The Borrower has submitted to the Lender the resolution and authorization letter of the Board of Directors or other competent departments agreeing to sign and perform this Contract;
7. There are no other withdrawal conditions stipulated by law or agreed by both parties.

If the above conditions of withdrawal are not met, the Lender has the right to reject the Borrower's application for withdrawal, except where the Lender agrees to make the loan.

Article 6 Time and method of withdrawal

1. The Borrower shall make withdrawal at (2) of the following time and method:

- (1) Make a lump sum withdrawal on a certain day.
- (2) Withdraw the loan within 90 days from the effective date of the contract.
- (3) The payment shall be made in the following installments:

Draw money in installments at the following times

Time of withdrawal	Amount of withdrawal

2. The lender shall have the right to reject the borrower's application for withdrawal of the unused portion after the aforesaid time.

Article 7 Payment of loan funds

1. Loan issuance account

The Borrower shall open the following account with the lender as the loan issuance account, and the loan issuance and payment shall be handled through this account.

Account name: Guangzhou Shuzhi Communication Culture Co., LTD

Account number: 718573934862

2. Payment method of borrowed funds

(1) The method of payment of the loan funds shall be implemented in accordance with laws and regulations, regulatory provisions and provisions of this contract. The method of payment of the loan funds for a single withdrawal shall be confirmed in the withdrawal application. If the lender considers that the method of payment of the loan funds selected in the withdrawal application does not meet the requirements, it has the right to change the method of payment or stop the issuance and payment of the loan funds.

(2) Entrusted payment by the Lender means that the Lender pays the borrowed funds to the borrower's counterparty conforming to the purposes agreed herein according to the borrower's withdrawal application and payment entrustment. According to the relevant regulations of the CBRC and the internal management regulations of the Lender, the payment of loan funds that meet one of the following conditions shall be made by the entrusted payment method of the lender.

A. The lender and the borrower newly establish a credit business relationship, and the borrower's credit rating does not meet the lender's internal requirements;

B. The payment object is clear at the time of withdrawal application (there is a clear account and account name); And the amount of a single transaction exceeds RMB10 million (excluding, foreign currency shall be converted according to the exchange rate on the actual date of withdrawal);

C. Other circumstances prescribed by the Lender or agreed with the Borrower.

(3) The Borrower pays independently, that is, after the lender releases the loan funds to the borrower's account according to the borrower's withdrawal application, the borrower pays independently to the Borrower's counterparty meeting the purpose agreed in the contract. Except for the cases stipulated in the preceding paragraph where the payment method entrusted by the lender is to be adopted, the other payment methods of the loan funds shall be paid by the borrower independently.

(4) Change of payment method. After the submission of the withdrawal application, if the conditions of the borrower's external payment and credit rating change, the payment method of the borrowed funds shall be changed if the conditions agreed in paragraph 2 (2) of this article are met for the borrowed funds paid by the borrower independently. Where the amount of external payment, the object of payment and the purpose of the loan are changed under the change of the method of payment or the entrusted method of payment, the borrower shall provide the lender with a written explanation of the application for change, resubmit the application for withdrawal and the relevant transaction materials proving the purpose of the funds.

3. Specific requirements for entrusted payment of the borrowed funds

(1) Payment entrustment. If the borrower meets the conditions of payment entrusted by the lender, the borrower shall have a clear payment authorization in the application for withdrawal, that is, authorize and entrust the lender to directly pay the loan funds to the counterparty account designated by the Borrower for the purpose agreed herein after transferring the loan funds into the designated borrower's account. And shall provide the name of the counterparty receiving the payment, the counterparty account, the payment amount and other necessary payment information.

(2) Transaction information shall be provided. If the borrower meets the conditions of entrusted payment by the lender, the borrower shall provide the lender with the information of its lending account and counterparty account at the time of each withdrawal, as well as supporting materials to prove that the withdrawal meets the purpose agreed in the loan contract. The Borrower shall guarantee that all the information provided to the Lender is true, complete and valid. If the Lender fails to fulfill its fiduciary payment obligations in time due to the untrue, inaccurate or incomplete transaction information provided by the Borrower, the Lender shall not assume any responsibility and the repayment obligations already incurred by the Borrower under this Contract shall not be affected.

(3) The Lender's performance of its entrusted payment obligation

A. In case of entrusted payment by the lender, after the borrower submits the payment entrustment and relevant transaction information, the lender shall pay the loan funds to the borrower's counterparty through the borrower's account after examination and approval.

B. If the Lender finds upon examination that the proof of use materials and other relevant transaction materials provided by the Borrower are not in conformity with provisions hereof or have other defects, the Lender shall have the right to require the Borrower to supplement, replace, explain or resubmit the relevant materials. Before the Borrower submits the relevant transaction materials deemed qualified by the Lender, the Lender shall have the right to refuse the disbursement and payment of the relevant funds.

C. If the Lender fails to timely pay the loan funds to its counterparty in accordance with the payment order of the Borrower due to a refund by the bank opening the counterparty's account, the Lender shall not assume any liability and the repayment obligation of the Borrower already incurred under this Contract shall not be affected. The Borrower hereby authorizes the lender to freeze the funds returned by the counterparty account opening bank. In such case, the Borrower shall resubmit relevant transaction materials such as payment entrustment and proof of use.

(4) The Borrower shall not evade the entrusted payment by the lender by breaking up the whole into pieces.

4. After the loan funds are released, the Borrower shall, as required by the lender, promptly provide the records and materials of the use of the loan funds, including but not limited to the proof of the use of funds, purchase and sales contracts, etc.

5. Under any of the following circumstances, the Lender shall have the right to re-determine the terms and conditions of loan issuance and payment or to stop the issuance and payment of loan funds:

- (1) The Borrower violates this contract and evades the Lender's entrusted payment by breaking the whole into pieces;
- (2) the Borrower's credit status declines or its main business profitability is not strong;
- (3) abnormal use of the borrowed funds;
- (4) the borrower fails to provide the records and materials of the use of the borrowed funds in a timely manner as required by the lender;
- (5) The Borrower pays the loan funds in violation of the provisions of this Article.

Article 8 Repayment

1. The Borrower designates the following account as the fund withdrawal account, and the borrower's fund withdrawal shall be entered into the account. The Borrower shall provide information on the transfer of funds in and out of the account in a timely manner. The lender shall have the right to require the borrower to explain the inflow and outflow of large and abnormal funds in the fund withdrawal account and to supervise the account.

Account name: Guangzhou Shuzhi Communication Culture Co., LTD

Account number: 718573934862

2. Unless otherwise agreed by both parties, the Borrower shall repay the loan under this contract according to the repayment plan (3) below:

(1) Repay all the loans under this contract on the expiration date of the loan term.

(2) Repay the loans under this Contract according to the following repayment plan:

Repayment time	Amount of repayment

(3) Other repayment plans: Repay the loan principal of 60,000 yuan for the first time from July 02, 2024, then repay the principal of 60,000 yuan on the first month of each quarter, the last repayment date is based on the loan record, and return all the remaining principal.

If the borrower needs to change the above repayment plan, it shall submit a written application to the lender 30 bank working days before the corresponding loan expires, and the change of the repayment plan shall be confirmed by both parties in writing.

3. Unless otherwise agreed by both parties, if the borrower defaults on the principal and interest of the loan at the same time and the expenses of fulfilling the creditor's right, the lender shall have the right to determine the sequence of repayment of the principal or interest and the expenses of fulfilling the creditor's right; In the case of installment repayment, if there are multiple overdue or overdue loans under this contract, the Lender has the right to determine the order of repayment of a certain repayment by the Borrower; Where there are multiple loan contracts already due between the borrower and the lender, the lender has the right to determine the order of the contract to be performed by the borrower for each repayment.

4. Unless otherwise agreed by the parties, the Borrower may make repayment in advance, provided that 30 banking days' prior written notice is given to the Lender. The amount of prepayment is used first to repay the last due loan, in reverse order.

For the loan calculated by the application of single compound interest combination, if it involves prepayment or partial prepayment, the interest corresponding to the prepayment principal shall be settled in a lump sum.

The borrower shall repay the principal in (1) of the following ways.

(1) The Borrower shall deposit sufficient funds in the following repayment account for repayment not later than 3 banking working days prior to the maturity of each principal and interest, and the Lender shall have the right to deduct the collection from the account on its own initiative on the due date of each principal and interest.

Account name: Guangzhou Shuzhi Communication Culture Co., LTD.

Account number: 718573934862.

(2) Other repayment methods agreed by both parties: (none)

Article 9 Guarantee

1. The debt hereunder shall be guaranteed in the following ways:

(1) This Contract belongs to the main contract under the Maximum Guarantee Contract no. PBZ476780120230737 signed by the guarantor Huang Zhuoqin and the lender, who shall provide the maximum guarantee.

(2) This contract belongs to the main party under the Maximum Guarantee Contract No. PBZ476780120230738 signed by the guarantor Xiamen Pop Culture Co., Ltd. and the Lender, and it shall provide the maximum guarantee.

(3) This contract belongs to the main contract under the Maximum Guarantee Contract numbered PDY476780120230380 signed by the guarantor Guangzhou Shuzhi Communication Culture Co., Ltd. and the lender. The maximum guarantee shall be provided by the guarantor.

2. If the Borrower or the guarantor occurs any event that the Lender thinks may affect its ability to perform the Contract, or the guarantee contract becomes invalid, cancelled or rescinded, or the financial situation of the borrower or the guarantor deteriorates or is involved in major litigation or arbitration cases, or the accounts of the borrower or the guarantor are closed, or may affect its ability to perform the contract for other reasons, Or if the guarantor defaults under the guarantee contract or other contracts between the Lender and the guarantor, or the guarantee is devalued, damaged, lost or sealed up, resulting in the weakening or loss of the value of the guarantee, the Lender has the right and the Borrower has the obligation to provide new guarantee or replace the guarantor to guarantee the obligations hereunder.

Article 10 The invoice shall be issued

1. The Borrower may apply to the Lender for issuing a VAT invoice (special VAT invoice or ordinary VAT invoice) after the Lender has confirmed receipt of the payment, and the Lender shall issue a VAT invoice to the Borrower after receiving the borrower's application for issuing a VAT invoice.

2. The Borrower may apply for issuing VAT invoice to the corresponding business handling agency or other channels designated by the lender.

3. The Borrower shall confirm that the payer, the contract signer and the buyer listed in the VAT invoice are the same tax payer.

If there is any inconsistency and the borrower cannot enter the account or deduct the input tax according to law, the relevant losses shall be borne by the borrower.

4. If the invoice is lost after the borrower obtains it, the lender need not issue the VAT invoice to the borrower again.

5. If the Lender provides discount to the borrower through negotiation, the VAT invoice amount shall be subject to the discounted price.

7. The Lender shall provide the Borrower with a VAT invoice, and the borrower shall check the invoice information in time. If there is any error in the invoice information, the Borrower shall promptly apply to the lender for re-issuing the VAT invoice.

Article 11 Declarations and undertakings

1. The Borrower declares as follows:

(1) The Borrower is lawfully registered and lawfully existing, and has full capacity for civil rights and conduct necessary for signing and performing this Contract;

(2) The signing and performance of this Contract is based on the true intention of the Borrower, has been legally and effectively authorized in accordance with its articles of association or other internal management documents, and will not violate any agreement, contract or other legal documents binding on the Borrower; The Borrower has obtained or will obtain all relevant approvals, permits, records or registrations necessary for the signing and performance of this Contract;

(3) All documents, financial statements, vouchers and other materials provided by the Borrower to the Lender under this Contract are true, complete, accurate and valid;

(4) The transaction background of the Borrower's application to engage in business with the Lender is true and legal, does not involve money laundering, terrorist financing, weapons of mass destruction proliferation financing, tax evasion, fraud and other illegal purposes, and does not violate the United Nations, China and other applicable sanctions;

(5) the Borrower does not conceal from the lender events that may affect its and the guarantor's financial position and ability to perform the Agreement;

(6) There is no risk of energy consumption or pollution if the borrower and the loan project meet the national environmental protection standards, and the enterprises and projects with serious energy consumption or pollution problems and ineffective rectification are announced and recognized by the relevant state departments;

(7) the purpose of the loan and the source of repayment are genuine and legal;

(8) Other matters declared by the borrower: (none)

2. The Borrower undertakes as follows:

(1) Submit its financial statements (including but not limited to annual quarterly and monthly reports) and other relevant information to the Lender on a regular or timely basis as required by the Lender: The Borrower shall ensure that it continuously meets the requirements of the following financial indicators: the Borrower's asset-liability ratio shall not exceed 90%.

(2) If the Borrower has entered into or will enter into a counter-guarantee agreement or similar agreement with the guarantor of this Contract in respect of its guarantee obligations, such agreement will not prejudice any of the Lender's rights under this Contract.

(3) Accept the lender's credit inspection and supervision, and give sufficient assistance and cooperation: if the borrower pays independently, it shall regularly aggregate and report the payment and use of the loan funds as required by the lender, and the specific aggregate report time is; Every month.

(4) In the event of a merger, division, capital reduction, equity transfer, foreign investment, substantial increase in debt financing, transfer of major assets and claims, and other matters that may adversely affect the Borrower's ability to repay the debt, prior written consent of the lender shall be obtained.

The Borrower shall promptly notify the lender of any of the following events:

A. Changes in the articles of association, business scope, registered capital and legal representative of the Borrower's living guarantee company;

B. Any form of joint venture, joint venture with foreign investors, cooperation, contract operation, reorganization, restructuring, planned listing and other business mode changes

C. Involved in major litigation or arbitration cases, or the property or security is sealed, seized or supervised, or new security is installed on the security;

D. closure of business, dissolution, liquidation, suspension of business for rectification, cancellation, revocation of business license, (being) applied for bankruptcy, etc.;

E. shareholders, directors and current senior management are involved in major cases or economic disputes;

F. The borrower defaults under other contracts;

G. Business difficulties and deterioration of financial position occur.

(5) the order in which the borrower pays off its debts to the lender has precedence over the loans made to it by the shareholder of the borrower and is no less than the similar debts of other creditors; Moreover, the Borrower shall not repay the loan to the Borrower shareholder from the commencement of this Contract until the repayment of the principal, interest and related expenses of the loan hereunder is completed.

(6) From the effective date of this Contract to the completion of the repayment of the principal, interest and related expenses of the loan hereunder, the Borrower shall not distribute dividends and bonuses to the shareholders in any form.

(7) The Borrower shall not dispose of its own assets in a manner that reduces its solvency. The borrower also undertakes that the total amount of its external guarantees shall not exceed one time of its own net assets, and the total amount of external guarantees and the amount of individual guarantees shall not exceed the limits prescribed by its articles of association.

(8) The Borrower shall not transfer the loan funds under this Contract to the account of the same name or the account of the related party, except for the purpose agreed herein or with the consent of the Lender.

For the transfer of the loan funds to the account of the Borrower with the same name or the account of the related party, the Borrower shall provide the corresponding supporting materials.

(9) For the loan under this Contract, the loan conditions provided by the Borrower to the Lender, such as the guarantee conditions, the pricing of the loan interest rate and the order of repayment, shall not be lower than the conditions now or in the future provided to any other financial institution.

(10) The lender has the right to recover the loan in advance according to the borrower's withdrawal of funds.

(11) Cooperate with the lender in conducting due diligence, providing and updating information about the institution and its beneficial owners, and providing background information about the transaction.

(12) Other commitments of the Borrower: __/__.

Article 12 Related transaction disclosure within the group to which the Borrower belongs

The Parties agree that Clause 1 of the following shall apply:

1. The Borrower is not subject to the Lender's Risk Management Guidelines for the Customer Credit Business of Commercial Banks Group (the "Guidelines")

Group customers identified by the lender.

2. The Borrower is a group customer identified by the Lender in accordance with the Guidelines on Risk Management of Credit Granting Business to Group Customers of Commercial Banks (referred to as the "Guidelines"). The Borrower shall report to the Lender in a timely manner the related transactions of more than 10% of its net assets, including the related relationship of the parties to the transaction, the transaction items and the nature of the transaction, the amount or corresponding proportion of the transaction, and the pricing policy (including transactions with no amount or only a nominal amount).

Under any of the following circumstances, the lender shall have the right to unilaterally decide to stop paying the loan that has not been used by the borrower and to recover part or all of the principal and interest of the loan in advance: using a false contract with a related party to discount or pledge the creditor's rights such as notes receivable and accounts receivable that have no actual trade background to extract bank funds or credit; Where major mergers, acquisitions and reorganizations occur, which the lender considers may affect the security of the loan; Intentionally evading and abolishing bank creditor's rights through connected transactions; Other circumstances as provided for in Article 18 of the Guidelines.

Article 13 Breach of contract and its handling

Any of the following shall constitute or be deemed to be an event of default by the Borrower under this Contract:

1. The Borrower fails to perform its obligations of payment and repayment to the Lender as agreed herein;
2. The Borrower fails to use the loan funds in the manner agreed herein or fails to use the obtained funds for the purposes agreed herein; Or the Borrower uses the loan funds for transferring loans or buying other financial products for arbitrage; Or the borrower adds the hidden debt of local government in violation of regulations;
3. The Borrower's statements in this Contract are untrue or violate its commitments in this contract;
4. The Borrower fails to provide a new guarantee or replace the guarantor in accordance with the provisions of Article 11 (2) (4), which the Lender considers may affect the financial condition and performance ability of the Borrower or guarantor;
5. Deterioration of the Borrower's credit standing or deterioration of the Borrower's financial indicators such as profitability, solvency, operating capacity and cash flow, which breaks the index constraints agreed herein or other financial agreements
6. The Borrower defaults under other contracts with the lender or other institutions of Bank of China Limited; Defaults occur under credit contracts between the Borrower and other financial institutions;
7. The guarantor violates the agreement of the guarantee contract, or defaults under other contracts with the lender or other institutions of Bank of China Limited;
- (8) The Borrower terminates its business or is dissolved, revoked or bankrupt;
9. The Borrower is involved or may be involved in major economic disputes, litigation or arbitration, or its assets are sealed up, seized or enforced, or the Borrower is investigated and dealt with or punished by judicial authorities, taxation, industry and commerce or other administrative authorities according to law, which has or may affect the performance of its obligations hereunder;
10. The Borrower's performance of its obligations under this Contract has been or may be affected by the abnormal change, disappearance, investigation or restriction of personal freedom of the Borrower's main investor or key management personnel according to law;
11. When the lender audits the financial position and performance ability of the Borrower annually (i.e., every year after the effective date of this Contract), it finds that there are any circumstances that may affect the financial position and performance ability of the Borrower or the guarantor;
12. The designated fund withdrawal account has large or abnormal inflows and outflows of funds and the Borrower is unable to provide explanatory materials for the approval of loan income;
13. The Borrower refuses to cooperate with the Lender in carrying out due diligence, the Borrower or its transaction/counterparty is suspected of money laundering, terrorist financing, nuclear weapons proliferation, violation of applicable sanctions or other violations of laws and regulations, or the borrower's guarantor is included in the United Nations, China and other applicable sanctions lists or sanctions;

14. The Borrower violates other provisions of this Contract concerning the rights and obligations of the parties.

In case of any breach of contract specified in the preceding paragraph, the Lender shall have the right to take the following measures separately or simultaneously according to the specific circumstances:

1. Require the borrower or the guarantor to correct its breach of contract within a time limit;
2. Reduce, suspend, cancel or terminate the credit line to the borrower in whole or in part;
3. Suspend or terminate in whole or in part the application of the Borrower for withdrawal of funds and other business under this Contract or other contracts between the Borrower and the lender; Suspend or cancel, terminate the issuance, payment and handling of loans and trade financing that have not yet been issued in whole or in part;
4. Declare all or part of the outstanding principal and interest of loans/trade finance payments and other payables under this Contract and other contracts between the Borrower and the lender immediately due;
5. Terminate or rescind this Contract and terminate or rescind other contracts between the Borrower and the Lender in whole or in part;
6. Require the Borrower to compensate the lender for the losses caused by its breach of contract, including but not limited to the loss of litigation costs, attorney's fees, notary fees, enforcement fees and other related expenses caused by the realization of the creditor's rights.
7. The amount of the Borrower in the accounts opened by the Lender and other institutions of Bank of China Limited shall be deducted to pay off the loan or part of the debt owed by the Borrower to the Lender under this Contract. The amount not due in the account shall be deemed to be due in advance. If the currency of the account is different from the Lender's business valuation currency, it shall be converted according to the lender's foreign exchange rate applicable at the time of collection;
8. Exercising the right of security;
- 9, require the guarantor to undertake the guarantee responsibility;
10. Such other measures as the lender deems necessary and possible.

Article 14 Reservation of Rights

The failure of either party to exercise part or all of its rights hereunder or to require the other party to perform or assume part or all of its obligations and liabilities shall not constitute a waiver of such rights or an exemption from such obligations and liabilities.

Any tolerance, extension or delay of the exercise of the rights hereunder by either party to the other party shall not affect any rights enjoyed by the other party under the Contract, laws and regulations, nor shall it be deemed as a waiver of such rights.

Article 15 Alteration, modification and termination

This Contract may be modified or modified in writing upon mutual agreement of both parties through negotiation. Any modification or modification shall form an integral part of this Contract.

Unless otherwise provided by laws and regulations or agreed by the parties, this Contract shall not be terminated until all rights and obligations hereunder have been performed.

Unless otherwise provided by laws or regulations or agreed by the parties, the invalidity of any provision of this Contract shall not affect the legal validity of the other provisions.

Article 16 Application of law and dispute settlement

This contract shall be governed by the laws of the People's Republic of China.

After this Contract comes into force, all disputes arising out of the conclusion, performance or in connection with this Contract shall be settled by both parties through negotiation. If no agreement can be reached through negotiation, either party may adopt the first of the following methods to resolve the dispute:

1. Arbitration. Submit to Guangzhou Arbitration Commission for arbitration in Guangzhou, China (place of arbitration) in accordance with the Commission's arbitration rules in effect at the time of submission of the application. The award of the arbitration shall be final and binding upon both parties.
2. Litigation. The parties may choose the Chinese court through consultation to settle the matter through litigation.

During the dispute settlement period, if the dispute does not affect the performance of other provisions of this Contract, such other provisions shall continue to be performed.

Article 17 Appendix

The following attachments and other attachments confirmed by both parties shall form an integral part of this contract and shall be consistent with this contract

They have the same legal effect.

1. Application for withdrawal;
2. Loan notes;
- 3, "Loan annualized interest rate notification letter".

Article 18 Other Agreements

1. Without the written consent of the Lender, the Borrower shall not assign any rights and obligations hereunder to a third party.
2. If the Lender is required to entrust other institutions of Bank of China Limited to perform the rights and obligations hereunder due to business needs, or assign the loan business hereunder to other institutions of Bank of China Limited to undertake and manage, the Borrower agrees. The other institutions of Bank of China Limited authorized by the Lender or the other institutions of Bank of China Limited that undertake the loan business hereunder shall have the right to exercise all the rights under this contract, and shall have the right to file a lawsuit in the court in the name of such institution, submit to an arbitration institution for ruling or apply for enforcement of any dispute hereunder.
3. Without prejudice to other provisions hereof, this Contract shall be legally binding on both parties and their successors and assigns lawfully created by each party.
4. Unless otherwise agreed, the parties shall designate the domicile set forth herein as the correspondence and contact address and the delivery address confirmed by both parties to be valid. The address of service shall be applicable to the delivery of various notices, contracts and other documents during the performance of the contract by both parties, as well as relevant documents and legal documents in the event of disputes arising from the Contract, as well as the first instance, second instance, retrial and execution procedures after the disputes enter into arbitration and civil proceedings.

If the above address is changed, the changing party shall inform the other party of the changed address in writing 15 working days in advance. In arbitration or civil proceedings, if either party changes its address, it shall fulfill the obligation of serving notice of the change of address to the arbitration institution or the court. If either party fails to perform the notification obligation in the foregoing manner, the address for service confirmed herein shall still be deemed to be the effective address for service.

If the legal document fails to be actually received by a party due to inaccurate service address provided or confirmed by a party, failure to notify the other party, the court or the designated receiver after the change of service address in accordance with the procedures, etc., the date of service shall be deemed as the date of service if the legal document is returned by post; In the case of direct service, the date on which the sender records the information on the return certificate of service on the spot shall be deemed as the date of service.

5. The transactions under this Contract shall be carried out based on their respective independent interests. If required by relevant laws, regulations and supervision, other parties to the transaction shall constitute affiliates or associates of the Lender, and neither party shall seek or use such affiliates to affect the fairness of the transaction.

6. The headings and business names in this Contract are for convenience only and shall not be used in the interpretation of the contents of the terms and the rights and obligations of the parties.

7. The Lender shall have the right to provide the information related to this Contract and other relevant information of the Borrower to the Financial credit information Basic database and other credit information databases established by law in accordance with relevant laws and regulations, for the inquiry and use of appropriately qualified institutions or individuals in accordance with law. The Lender also has the right to inquire the relevant information of the Borrower through the Financial credit information Basic database and other credit information databases established according to law for the purpose of the conclusion and performance of the Contract.

8. The withdrawal date and repayment date shall be postponed to the first working day after the statutory holidays.

9. If the Lender fails to perform this Contract or fails to perform this Contract in accordance with provisions hereof due to changes in laws, regulations, regulatory regulations or requirements of regulatory authorities, the Lender shall have the right to terminate or perform this Contract in accordance with changes in laws, regulations, regulatory regulations or requirements of regulatory authorities. If this Contract is terminated or modified for such reasons, the Lender shall not be liable for the failure of the Loan to perform or comply with the provisions hereof.

10. The Borrower may consult and complain about the Contract and the business and charges hereunder through the lender's telephone number listed herein.

Article 19 Effectiveness of the Contract

This Contract shall come into force upon being signed and affixed with the official seal by the legal representatives (responsible persons) or their authorized signatories of both parties.

This contract is made in duplicate, with each party holding one copy and each copy having the same legal effect.

Borrower: Guangzhou Shuzhi Communication Culture Co., LTD

Authorized signatory: _____
Time: April 29, 2024

Lender: Panyu Branch, Guangzhou, Bank of China Limited

Authorized signatory: _____
Time: April 29, 2024

Attachments

Letter of Advice on the Annualized Interest Rate of the Loan

No:

To: Guangzhou Shuzhi Communication Culture Co., LTD

1. Our bank has signed the Working Capital Loan Contract No. PDK476780120240420 with your company. Under the aforesaid contract, the annualized interest rate of the loan provided by our bank as the lender to your company is 1. The annualized interest rate (simple interest) includes:

(1) the interest on the loan calculated according to the loan interest rate agreed in paragraph 1 of Article 4 of the aforesaid contract;

(2) all kinds of expenses directly related to the loan as agreed in the aforesaid contract; (None)

(3) All kinds of expenses directly related to the loan agreed in the separate contract signed by your company and our bank. (None)

2. This notification letter, as an attachment to the aforesaid contract, constitutes an integral part thereof and has the same legal effect as the aforesaid contract. The provisions of the aforesaid contract shall apply to the matters not agreed herein. .

Lender: Panyu Branch, Guangzhou, Bank of China Limited

Authorized signatory: // _____

Please note that these documents are English translations of the original Chinese versions prepared only for your convenience. In the case of any discrepancy between the translation and the Chinese original, the latter shall prevail.

Working Capital Loan Contract

(Applicable to ZHONGYINJIELITONGBAO products)

Number: PDK476780120240487

Borrower: Guangzhou Shuzhi Communication Culture Co., LTD
Unified Social Credit Code: 91440101MA5CKKEXX7
Legal representative/Person in charge: Huang Zhuoqin
Address: Room 1101, 156 Nanzhou Road, Haizhu District, Guangzhou, China (office only)
Zip Code: 510000
Depository institution and account number: Bank of China Limited Guangzhou Panyu Luoxi
Branch 718573934862
Tel: 13599518650
Fax: /

Lender: Panyu Branch, Guangzhou, Bank of China Limited
Legal representative/Responsible person: He Ganbo
Address: 338 Qinghe East Road, Qiao Town, Panyu City
Zip code: 511400
Tel: 84696493
Fax: /

The Borrower and the Lender, through equal consultation, have reached an agreement on the issuance of working capital loans by the Lender to the Borrower and hereby enter into this Contract.

Article 1 Loan amount

Currency of the loan: Renminbi

Amount of the loan: (in words) Six million Two hundred thousand yuan; (¥6,200,000.00).

Article 2 Term of loan

Loan term: 12 months, counted from the date of actual withdrawal.

Article 3 Purpose of the loan

Purpose of borrowing: Used to repay the outstanding principal balance (first) under the Working Capital Loan Contract no. PDK476780120230344 (for “ZHONGYINJIELITONGBAO” product) and the Withdrawal Application No. PDK476780120230344 (for “ZHONGYINJIELITONGBAO” product) signed by the borrower and the lender The amount determined in article). Without the written consent of the Lender, the Borrower shall not change the purpose of the borrowings, including but not limited to the Borrower shall not use the borrowings for fixed assets, equity and other investments, shall not use the borrowings for any fields and purposes prohibited by laws, regulations, regulatory provisions or the state for production or operation, shall not use the borrowings for sub-lending or purchase of other financial products for arbitrage, and shall not use the borrowings for illegal increase of local government hidden debts. And other uses of bank loans are prohibited.

Article 4 Interest rates on loans and settlement of interest

The Lender shall express to the Borrower the annualized interest rate of the loan hereunder through the Notification Letter of the annualized Interest Rate of the Loan attached hereto. If the annualized interest rate of the loan hereunder is only calculated according to the interest rate of the loan expressly stated in paragraph 1 of this Article, the aforementioned Notification Letter of the annualized Interest rate of the loan shall not apply.

1. Borrowing rate

The borrowing interest rate (annualized interest rate, simple interest) is a floating interest rate, which is re-priced every 12 months in a floating period starting from the actual withdrawal date. The repricing date shall be the first day of the next floating cycle, that is, the starting date shall be the corresponding day of the repricing month, or the last day of the month if there is no corresponding day of the month.

For withdrawals under this Contract:

Floating interest rate on RMB borrowings

A. The interest rate of the first installment (from the actual withdrawal date to the expiration date of the floating period) shall be the 1-year loan market quoted rate +60.0 basis points as recently published by the National Inter-Bank Offered Center one working day prior to the actual withdrawal date;

B. On the repricing date, it shall be repriced together with other sub-withdrawals according to the 1-year loan market quotation rate +60.0 basis points recently published by the National Inter-Bank Lending Center one working day prior to the repricing date, which shall be the applicable interest rate of the floating period.

2. Interest calculation

The interest shall be calculated from the actual date of withdrawal by the borrower and shall be calculated according to the actual amount of withdrawal and the number of days of use.

Interest calculation formula: $\text{interest} = \text{principal} \times \text{actual days} \times \text{daily interest rate}$.

The daily interest rate is calculated based on 360 days a year, and the conversion formula is: $\text{daily interest rate} = \text{annual interest rate} / 360$.

3. Method of interest settlement

The borrower shall settle the interest in the following manner (1) :

(1) Interest shall be settled quarterly, with the 20th day of the end of each quarter as the interest settlement date and the 21st day as the interest payment date.

(2) Interest shall be settled monthly, with the 20th day of each month as the settlement date and the 21st day as the coupon payment date.

If the last repayment date of the loan principal is not the Coupon payment date, the last repayment date of the loan principal is the Coupon payment date and the borrower shall pay all the interest payable.

4. Penalty interest

(1) If the loan is used overdue or not for the purpose agreed in the contract, penalty interest shall be calculated and charged at the penalty interest rate stipulated in this paragraph for the overdue or misappropriated part from the date of overdue or misappropriated until the principal and interest are paid off.

For loans that are both overdue and misappropriated, penalty interest shall be calculated and charged at a higher penalty interest rate.

(2) For the interest and penalty interest that the borrower fails to pay on time, compound interest shall be calculated according to the penalty interest rate agreed in paragraph 3 of this Article in the manner of interest settlement agreed in paragraph 3 of this Article.

(3) the penalty interest rate

A. Float from the date of overdue or misappropriation in accordance with the floating period stipulated in paragraph 1 of this Article. The penalty interest repricing date shall be the date of overdue or misappropriation on the corresponding day of the repricing month; if there is no corresponding day in the current month, the last day of the current month shall be the penalty interest repricing date.

B. The penalty interest rate for overdue loans shall be 50% plus the base rate of penalty interest determined in subparagraph C of this paragraph, and the penalty interest rate for misappropriated loans shall be 100% plus the base rate of penalty interest determined in subparagraph C of this paragraph.

C. The base interest rate of penalty interest in the first floating period shall be the overdue or misappropriated loan interest rate actually implemented in the current period, and the base interest rate of penalty interest in the next floating period after each floating period shall be repriced on the repricing date in accordance with the manner stipulated in paragraph 1 of this Article.

Article 5 Conditions for withdrawal

The borrower shall meet the following conditions for withdrawal

1. This Contract and its annexes have come into force
2. the Borrower has provided the guarantee as required by the Lender, the guarantee contract has become effective and the statutory approval, registration or filing procedures have been completed;
3. The Borrower has reserved with the Lender the Borrower's documents, receipts, seals, name list and signature samples in connection with the conclusion and performance of this Contract, and has completed the relevant vouchers;
4. The Borrower has opened the account necessary for the performance of this Contract as required by the Lender;
5. Submit a written withdrawal application to the lender 5 banking days prior to the withdrawal, and fill in the relevant vouchers required for the return of the original loan (such as transfer check, telegraphic transfer form, domestic remittance application form, import bill, etc.) to handle the relevant withdrawal procedures;
6. The Borrower has submitted to the Lender the resolution and authorization letter of the board of Directors or other competent authorities agreeing to sign and perform the Contract;
7. Other withdrawal conditions stipulated by law and agreed by both parties.

If the above withdrawal conditions are not satisfied, the Lender shall have the right to reject the borrower's withdrawal application, unless the lender agrees to make the loan.

Article 6 Time and method of withdrawal

The borrower is due to make a lump sum withdrawal on May 2024.

Article 7 Payment of loan funds

1. Payment method of borrowed funds

The borrower submits the withdrawal application to the lender, and the lender issues the loan funds after examination and approval according to the withdrawal application of the borrower. The Borrower hereby authorizes that: the Lender shall directly use the borrowed funds to repay the outstanding principal balance of the Borrower as stipulated in Article 3 hereof; Or after the lender issues the loan funds to the settlement account opened by the borrower at the Lender, the lender shall directly deduct the outstanding principal balance of the borrower as agreed in Article 3 hereof.

2. Specific requirements for payment of the loan funds

(1) Provide transaction information. The Borrower shall, at the time of withdrawal, provide the lender with its repayment account and supporting materials to prove that the withdrawal is in conformity with the purpose agreed in the loan contract. The Borrower shall ensure that all the materials provided to the Lender are true, complete and valid. If the Lender fails to fulfill its payment obligations in time due to the untrue, inaccurate or incomplete transaction information provided by the Borrower, the Lender shall not assume any responsibility, and the Borrower shall bear the interest, penalty interest and other liabilities for breach of contract arising from the overdue loan.

(2) If the lender finds that the purpose certificate materials and other relevant transaction materials provided by the Borrower do not conform to provisions hereof or have other defects after examination, it shall have the right to require the Borrower to supplement, replace, explain or re-submit relevant materials and submit them before the Borrower

The Lender shall have the right to refuse the issuance and payment of relevant funds before the relevant transaction materials deemed qualified by the Lender.

3. Under any of the following circumstances, the Lender has the right to re-determine the disbursement of the loan or to stop the disbursement of the loan funds:

(1) The borrower fails to implement the conditions for the approval of the credit;

(2) the borrower fails to repay the interest payable on the original loan;

(3) the borrower has been blacklisted by our bank or has been notified by the regulator that there are major risk factors;

(4) the borrower or actual controller has outstanding overdue records in the basic database of financial credit information;

(5) bad records caused by malicious acts of the borrower in the “National Court Information inquiry system of the person subject to execution”;

(6) the Borrower is involved in money laundering, terrorist financing, financial fraud, tax evasion, infringement of intellectual property rights and other illegal and criminal acts or violations of sanctions deemed applicable by the lender.

Article 8 Repayment

1. The Borrower designates the following account as the fund withdrawal account, and the borrower's fund withdrawal shall be entered into the account. The Borrower shall provide information on the flow of funds into and out of the account in a timely manner. The lender shall have the right to require the borrower to explain the inflow and outflow of large and abnormal funds in the fund withdrawal account and to supervise the account.

Account name: Guangzhou Shuzhi Communication Culture Co., LTD

Account number 718573934862

2. Unless otherwise agreed by both parties, the Borrower shall repay the loan under this contract in accordance with the repayment plan (3) below:

(1) Repay all the loans under this Contract on the maturity date of the loan term.

(2) Repay the loans under this Contract according to the following repayment plan:

Repayment time	Amount of repayment

(3) Other repayment plan: The first repayment of the loan principal of RMB100,000 will be made on September 2, 2024, and the second day of each month thereafter. The last repayment date shall be subject to the loan IOU record, and all the remaining principal shall be repaid. If the Borrower needs to change the aforesaid repayment plan, it shall submit a written application to the Lender 30 bank working days prior to the maturity of the corresponding loan, and the change of the remittance plan shall be confirmed in writing by both parties.

3. Unless otherwise agreed by the parties, the Lender shall have the right to decide the sequence of repayment of the principal or the repayment of the interest and the expenses for realizing the creditor's right if the Borrower defaults on the principal and interest of the loan and the expenses for realizing the creditor's right at the same time; In the case of installment repayment, if there are multiple due loans or overdue loans under this Contract, the lender has the right to decide the repayment order of a certain repayment by the borrower; If there are more than one overdue loan contract between the borrower and the lender, the lender has the right to determine the order of the contract to be performed by the borrower for each repayment.

4. Unless otherwise agreed by both parties, the Borrower may repay the loan in advance, but shall notify the lender in writing 30 banking days in advance. The amount paid in advance will be used first to repay the last due loan and repaid in reverse order.

5. The borrower repays the loan in (1) of the following ways.

(1) The Borrower shall deposit sufficient funds in the following repayment account not later than 3 banking working days prior to the maturity of each principal and interest payment, and the Lender shall have the right to deduct the collection from the account on its own initiative on the due date of each principal and interest payment.

Account name: Guangzhou Shuzhi Communication Culture Co., LTD.

Account number: 718573934862.

(2) Other repayment methods agreed by both parties.

Article 9 Guarantee

1. The debt hereunder shall be guaranteed in the following ways:

(1) This contract is the main contract under the Maximum Amount Guarantee Contract No. PBZ476780120230737 signed by the Guarantor Huang Zhuoqin and the Lender, who shall provide the maximum amount guarantee.

(2) This contract belongs to the main platform under the Maximum Guarantee Contract No. PBZ476780120230738 signed by the Guarantor Xiamen Pupu Culture Co., Ltd. and the Lender, and it shall provide the maximum guarantee.

(3) This contract belongs to the main contract under the Maximum Guarantee Contract numbered PDY476780120230380 signed by the guarantor Guangzhou Shuzhi Communication Culture Co., Ltd. and the Lender. The maximum guarantee shall be provided by the guarantor.

2. If the Borrower or the guarantor occurs any event that the Lender believes may affect its ability to perform the Agreement, or the guarantee contract becomes invalid, cancelled or rescinded, or the financial situation of the borrower or the guarantor deteriorates or is involved in major litigation or arbitration cases, or the accounts of the borrower or the guarantor are closed, or for other reasons may affect its ability to perform the Agreement, Or if the guarantor defaults under the guarantee contract or other contracts between the Lender and the Guarantor, or the guarantee is devalued, damaged, lost or sealed up, resulting in the weakening or loss of the value of the guarantee, the Lender has the right and the Borrower has the obligation to provide a new guarantee or replace the guarantor to guarantee the obligations hereunder.

Article 10 Declarations and undertakings

1. The Borrower declares as follows:

(1) The Borrower is lawfully registered and lawfully existing, and has full capacity for civil rights and conduct necessary for signing and performing this Contract;

(2) The signing and performance of this Contract is based on the true intention of the Borrower, has been legally and effectively authorized in accordance with its articles of association or other internal management documents, and will not violate any agreement, contract or other legal documents binding on the Borrower; The Borrower has obtained or will obtain all relevant approvals, permits, records or registrations necessary for the signing and performance of this Contract;

(3) All documents, financial statements, vouchers and other materials provided by the Borrower to the Lender under this Contract are true, complete, accurate and valid;

(4) The transaction background of the Borrower's application for assignment of business to the Lender is true and legal, does not involve money laundering, terrorist financing, financing of weapons of mass destruction proliferation, tax evasion, fraud and other illegal purposes, and does not involve violation of sanctions provisions of the United Nations, China or other countries deemed applicable by the Lender;

(5) the Borrower does not conceal from the Lender events that may affect its and the guarantor's financial position and ability to perform the Agreement;

(6) There is no risk of energy consumption or pollution if the borrower and the loan project meet the national environmental protection standards, and the enterprises and projects with serious energy consumption or pollution problems and ineffective rectification are announced and recognized by the relevant state departments;

(7) Other matters declared by the Borrower: (none)

2. The Borrower undertakes as follows:

(1) To submit its financial statements (including but not limited to annual, quarterly and monthly reports) and other relevant information to the Lender on a regular or timely basis as required by the Lender: The Borrower shall ensure that it continues to meet the requirements of the following financial indicators: The Borrower's asset-liability ratio shall not exceed 90%;

(2) If the Borrower has entered or will enter into a counter-guarantee agreement or similar agreement with the guarantor of this Contract in respect of its guarantee obligations, such agreement will not prejudice any of the Lender's rights under this Contract;

(3) accept the lender's credit check and supervision, and provide adequate assistance and cooperation; The borrower shall, as required by the lender, regularly aggregate and report the payment and use of the loan funds, and the specific aggregate report time is monthly.

(4) In the event of the Borrower's merger, division, capital reduction, equity transfer, foreign investment, substantial increase in debt financing, transfer of major assets and creditor's rights and other matters that may adversely affect the Borrower's ability to repay the loan, the Borrower shall obtain the lender's prior written consent;

The Borrower shall promptly notify the lender of any of the following events:

A. Changes in the articles of association, business scope, registered capital and legal representative of the borrower or guarantor;

B. Any form of joint venture, joint venture with foreign investors, cooperation, contract operation, reorganization, restructuring, planned listing and other business mode changes;

C. Involved in major litigation or arbitration cases, or the property or security is sealed, seized or supervised, or new security is set up on the security;

D. Closure of business, dissolution, liquidation, suspension of business for rectification, cancellation, revocation of business license, (being) applied for bankruptcy, etc.;

E. shareholders, directors and current senior management are involved in major cases or economic disputes;

F. The borrower has not defaulted on any other contract;

G. Business difficulties or deterioration of financial position occur;

(5) the order in which the borrower pays off its debts to the lender has precedence over the loans made to it by the shareholder of the borrower and is no less than the similar debts of other creditors;

Moreover, the Borrower shall not repay the loan from the shareholder of the Borrower from the commencement of this Contract until the repayment of the principal, interest and related expenses of the loan under this Contract is completed;

(6) When the net profit after tax of the relevant fiscal year is zero or negative, or the after-tax profit is not enough to make up the accumulated loss of the previous fiscal year, or the pre-tax profit is not used to repay the principal, interest and expense payable by the Borrower during the fiscal year, or the pre-tax profit is not enough to repay the principal, interest and expense of the next period, The borrower shall not distribute dividends and bonuses to the shareholders in any form;

And (7) the Borrower does not dispose of its own assets in a manner that reduces its ability to repay its debts. The borrower undertakes that the total amount of its external guarantees shall not exceed one time of its own net assets, and the total amount of external guarantees and the amount of individual guarantees shall not exceed the limits prescribed by its articles of association;

(8) The Borrower shall not transfer the loan funds under this Contract to the account of the same name or the account of the related party, except for the purpose agreed herein or with the consent of the Lender.

Transfer to the account of the Borrower with the same name or the account of the related party; The borrower shall provide relevant supporting materials;

(9) The loan conditions provided by the Borrower to the Lender, such as the guarantee conditions, the pricing of the loan interest rate and the order of repayment, shall not be lower than those provided to any other financial institution now or in the future;

(10) The lender shall have the right to withdraw the loan in advance according to the borrower's withdrawal of funds;

(11) Cooperate with the lender in conducting due diligence, providing and updating information about the customer and its beneficial owner, and providing background information about the transaction;

(12) Other commitments of the Borrower: (none)

Article 11 Disclosure of related transactions within the Group to which the borrower belongs

The Parties agree that Article 1 of the following shall apply:

1. The Borrower does not belong to the group customers identified by the Lender in accordance with the Guidelines on Risk Management for the Credit Granting Business of Commercial Banks' Group Customers (the "Guidelines").

2. The Borrower is a group customer identified by the Lender in accordance with the Guidelines on Risk Management of Group Customer Credit Business of Commercial Banks (the "Guidelines"). The Borrower shall report to the Lender in a timely manner the related transactions of more than 10% of its net assets, including the related relationship of the parties to the transaction, the transaction items and the nature of the transaction, the amount or corresponding proportion of the transaction, and the pricing policy (including transactions with no amount or only a nominal amount).

Under any of the following circumstances, the Lender shall have the right to unilaterally decide to stop paying the loan that has not been used by the Borrower and to recover part or all of the principal and interest of the loan in advance: Using a false contract with a related party to discount or pledge the creditor's rights such as notes receivable and accounts receivable without actual trade background to the bank in order to extract bank funds or credit, major merger, acquisition and reorganization or other circumstances, which the lender considers may affect the security of the loan; Intentionally evading and abolishing bank claims through related party transactions; Other circumstances as provided for in Article 18 of the Guidelines.

Article 12 Breach of contract and its handling

Any of the following shall constitute or be deemed to be an event of default by the Borrower under this Contract:

1. The Borrower fails to perform its payment and repayment obligations to the Lender as agreed herein;

2. The Borrower fails to use the loan funds in the manner agreed herein or fails to use the obtained funds for the purposes agreed herein; Or the Borrower uses the loan funds to transfer loans or purchase other financial products for arbitrage;

3. The Borrower's statements in this Contract are untrue or violate its commitments in this Contract;

4. The Borrower fails to provide a new guarantee or replace the guarantor in accordance with the provisions of Article 10 (2) (4), which the Lender considers may affect the financial condition and performance ability of the Borrower or guarantor;

5. Deterioration of the Borrower's credit standing or deterioration of the Borrower's financial indicators such as profitability, solvency, operating capacity and cash flow, which violates the index constraints agreed herein or other financial agreements;

6. The Borrower defaults under other contracts with the lender or other institutions of Bank of China Limited; Defaults occur under credit contracts between the Borrower and other financial institutions;

7. The guarantor violates the agreement of the guarantee contract, or defaults under other contracts with the lender or other institutions of Bank of China Limited;

8. The Borrower terminates its business or is dissolved, revoked or bankrupt.

9. The Borrower is involved or may be involved in major economic disputes, litigation or arbitration, or its assets are sealed up, seized or enforced, or the Borrower is investigated and investigated or punished by judicial authorities, tax authorities, industry and commerce or other administrative authorities according to law, which has or may affect the performance of its obligations hereunder;

10. The Borrower's performance of its obligations hereunder has been or may be affected by the abnormal changes or disappearance of its main investor or key management personnel, or by the judicial authorities' investigation or restriction of personal freedom according to law;

11. When the lender audits the Borrower's financial position and performance ability every quarter (i.e., every second quarter after the effective date of this Contract), it finds that there are any circumstances that may affect the Borrower's or the guarantor's financial position and performance ability;

12. The designated fund withdrawal account has large or abnormal inflows and outflows of funds and the borrower cannot provide explanatory materials approved by the lender;

13. The borrower directly or indirectly participates in illegal acts of usury;

14. The Borrower refuses to cooperate with the Lender in carrying out due diligence, or the Borrower is included in the United Nations, China or other sanctions deemed applicable by the Lender, the Lender finds that the Borrower's transactions are illegal or in violation of such sanctions, or the Lender has reasonable grounds to suspect that the Borrower or its related transactions/counterparties are involved in money laundering, terrorism or terrorist financing;

15. The Borrower breaches other provisions of this Contract relating to the rights and obligations of the parties.

In case of any breach of contract specified in the preceding paragraph, the Lender shall have the right to take the following measures separately or simultaneously according to the specific circumstances: 1. Require the borrower or the guarantor to correct its default within a time limit;

2. Reduce, suspend, cancel or terminate the credit line extended to the Borrower in whole or in part;

3. Suspend or terminate in whole or in part the application of the Borrower for withdrawal of funds and other business under this Contract or other contracts between the Borrower and the lender; Suspend or cancel, terminate the issuance, payment and handling of loans and trade financing that have not yet been issued in whole or in part;

4. Declare all or part of the outstanding principal and interest of loans/trade finance amounts and other amounts payable under this Contract and other contracts between the Borrower and the lender immediately due;

5. Terminate or rescind this Contract and terminate or rescind all or part of other contracts between the Borrower and the Lender;

6. Require the Borrower to compensate the Lender for the losses caused by its breach of contract, including but not limited to the loss of litigation costs, attorney's fees, notary fees, enforcement fees and other related expenses caused by the realization of the creditor's rights;

7. Deduct the amounts in the accounts opened by the Borrower with the Lender and other institutions of Bank of China Limited to satisfy all or part of the debts owed by the Borrower to the Lender under this Contract. The amount not due in the account shall be deemed to be due early. If the currency of the account is different from the Lender's business valuation currency, it shall be converted according to the lender's foreign exchange rate applicable at the time of collection;

8. Exercising the right of security;

9. Require the guarantor to bear the warranty liability;

10. Such other measures as the lender deems necessary and possible.

Article 13 Reservation of rights

The failure of either party to exercise part or all of its rights under this Contract or to require the other party to perform or assume part or all of its obligations and liabilities shall not constitute a waiver of such rights or waiver of such obligations and liabilities.

Any tolerance, extension or postponement of the rights under this Contract by either party to the other party shall not affect any rights enjoyed by the other party under this Contract, laws and regulations, nor shall it be deemed as a waiver of such rights.

Article 14 Alteration, modification and termination

This Contract may be modified or modified in writing upon mutual agreement of both parties through negotiation. Any modification or modification shall form an integral part of this Contract.

Unless otherwise provided by laws and regulations or agreed by the parties, this Contract shall not be terminated until all rights and obligations hereunder have been performed.

Unless otherwise provided by laws or regulations or agreed by the parties, the invalidity of any provision of this Contract shall not affect the legal validity of the other provisions.

Article 15 Application of law and dispute settlement

This contract shall be governed by the laws of the People's Republic of China.

After this Contract comes into force, all disputes arising out of the conclusion, performance or in connection with this Contract shall be settled by both parties through negotiation. If no agreement can be reached through negotiation, either party may adopt the first of the following methods to resolve the dispute:

1. The case shall be submitted to Guangzhou Arbitration Commission for arbitration, which shall be conducted in Guangzhou, China (the place of arbitration) in accordance with the Commission's arbitration rules in effect at the time of submission of the application.

2. Bring a suit in accordance with law to the people's court of the place where the lender or any other institution of Bank of China Limited exercising its rights and obligations under this Contract or the individual Agreement has its domicile.

3. Bring a suit to the people's court having jurisdiction in accordance with law.

During the dispute settlement period, if the dispute does not affect the performance of other provisions of this Contract, such other provisions shall continue to be performed.

Article 16 Appendix

The following attachments and other attachments confirmed by both parties shall form an integral part of this contract and have the same legal effect as this Contract.

1. Application for withdrawal
2. IOU
3. Notification Letter of Annualized Loan Interest Rate

Article 17 Other agreements

1. Without the written consent of the Lender, the Lender shall not assign any rights and obligations hereunder to any third party.
2. If the Lender is required to entrust other institutions of Bank of China Limited to perform the rights and obligations hereunder due to business needs, or assign the loan business hereunder to other institutions of Bank of China Limited to undertake and manage the loan business hereunder, the Borrower agrees. The other institutions of Bank of China Limited authorized by the Lender or the other institutions of Bank of China Limited that undertake the loan business hereunder shall have the right to exercise all the rights hereunder, and shall have the right to file a lawsuit in the court in the name of the Lender, submit the decision to an arbitration institution or apply for enforcement of any dispute hereunder.
3. Without prejudice to other provisions hereof, this Contract shall be legally binding on both parties and their successors and assigns lawfully created by each party.

Unless otherwise agreed, the parties shall designate the domicile set forth herein as the correspondence and contact address and the delivery address confirmed by both parties to be valid. The address of service shall be applicable to the delivery of various notices, contracts and other documents during the performance of the contract by both parties, as well as relevant documents and legal documents in case of disputes arising from the Contract, as well as the first instance, second instance, retrial and execution procedures after the disputes enter into arbitration or civil proceedings.

If the above address is changed, the changing party shall notify the other party of the changed address in writing 10 working days in advance. In arbitration or civil proceedings, if either party changes its address, it shall fulfill the obligation of serving notice of the change of address to the arbitration institution or the court. If either party fails to perform the notification obligation in the foregoing manner, the address for service confirmed herein shall still be deemed to be the effective address for service.

If the address for service provided or confirmed by either party is inaccurate or the party fails to promptly notify the other party and the court after the change of the address for service,

If the designated recipient refuses to sign for or other reasons, resulting in the legal document not actually received by the party, if the legal document is served by post, the date on which the document is returned shall be deemed as the date of service; Where the documents are served directly, the date on which the sender indicates the circumstances on the return certificate of service on the spot shall be deemed as the date of service. 5. Transactions under this Contract shall be conducted on the basis of their respective independent interests. If required by relevant laws, regulations and supervision, other parties to the transaction shall constitute affiliates or related persons of the Lender; Neither party seeks to use such affiliate relationship to affect the fairness of the transaction.

6. The headings and business names in this Contract are for convenience only and shall not be used to interpret the contents of the terms and the rights and obligations of the parties.

7. The Lender shall have the right to provide the information related to this Contract and other relevant information of the Borrower to the Financial credit information Basic database and other credit information databases established by law in accordance with relevant laws, regulations and regulatory provisions for the inquiry and use of appropriately qualified institutions or individuals in accordance with law. The Lender also has the right to inquire the Borrower's relevant information through the Financial credit information Basic database and other credit information databases established by law for the purpose of the conclusion and performance of this Contract.

8. If the date of withdrawal or repayment falls on a legal holiday, it shall be postponed to the first working day after the holiday.

9. If the Lender fails to perform the Agreement or fails to perform the Agreement as agreed herein due to changes in laws, regulations, regulatory provisions or requirements of regulatory authorities, the Lender shall have the right to terminate or modify the performance of this Agreement and the individual agreements hereunder in accordance with changes in laws, regulations, regulatory provisions or requirements of regulatory authorities. If the Lender fails to perform this Agreement or fails to perform this Agreement in accordance with the provisions of this Agreement due to such termination or modification, the Lender shall be exempted from liability.

10. The Borrower may consult and complain about the Contract and the business and charges hereunder through the Lender's telephone number listed herein.

Article 18 Effectiveness of the contract

This Contract shall come into force upon being signed and affixed with the official seal or special contract seal by the legal representatives (responsible persons) or their authorized signatories of both parties.

This contract is made in two originals, with each party holding one copy and each copy having the same legal effect.

Borrower: Guangzhou Shuzhi Communication Culture Co., LTD

Authorized signatory: _____

Date: May 17, 2024

Lender: Panyu Branch, Guangzhou, Bank of China Limited

Authorized signatory: _____

Date: May 17, 2024

Annex 1:

Application for Withdrawal

(for “ZHONGYINJIELITONGBAO” products)

No: PDK476780120240487

To: Panyu Branch, Guangzhou, Bank of China Limited

To: Panyu Sub-branch, Guangzhou, Bank of China Limited

In accordance with the Working Capital Loan Contract (For “ZHONGYINJIELITONGBAO” Products) signed by us and your Bank no. PDK476780120240487 (the “Loan Contract”), we hereby make the following withdrawal application to your bank:

I. We apply for a lump sum withdrawal under the Loan Contract:

The total amount of withdrawal is: RMB (currency); Six million Two hundred thousand yuan (in uppercase);¥6,200,000.00.

II. According to the loan contract, the loan shall be paid as follows

We authorize and entrust your bank to pay the loan directly according to the purpose agreed in the loan contract. That is, the loan is used to repay the outstanding principal balance under the Working Capital Loan Contract No. PDK476780120230344 (applicable to ZHONGYINJIELITONGBAO product) and the Withdrawal Application No. PDK476780120230344 (applicable to ZHONGYINJIELITONGBAO product) signed between the Borrower and the lender Amount (the amount specified in Article 1).

III. We confirm to you that:

1. The loan will be used for the purposes agreed in the loan contract.
2. From the date of the application to the date of withdrawal, all representations, warranties and promises made by us in the loan contract remain true, accurate, complete and valid.
3. As of the date of issuance of this application, there has been no material adverse change in our production, operation and financial credit standing.
4. As of the date of this application, there is no default or expected default event under or in connection with the Loan Contract, and we further confirm that no default event will occur or exist on the date of withdrawal.
5. We need to provide you with a valid payment document in accordance with your requirements.
6. This withdrawal application is irrevocable. We guarantee that all withdrawal preconditions in the loan contract have been fully met; This withdrawal, once issued, constitutes our liability to you under the above loan contract.

Applicant (Seal): Guangzhou Shuzhi Communication Culture Co., LTD

Authorized signatory: _____

Date:

Attachment:

Letter of Advice on the Annualized Interest Rate of the Loan

No. : /

To: Guangzhou Shuzhi Communication Culture Co., LTD

1. Our bank and your company have signed the Working Capital Loan Contract No. PDK476780120240487 (applicable to “ZHONGYINJIELITONGBAO” product). Under the aforesaid contract, the annualized interest rate of the loan provided by BOC as the lender to your Company is:. The annualized interest rate (simple interest) includes:

(1) The loan interest calculated according to the loan interest rate stipulated in paragraph 1 of Article 4 of the aforementioned contract;

(2) All kinds of expenses directly related to the loan as agreed in the aforementioned contract;

(3) All kinds of fees directly related to the loan separately signed by your company and our bank. (none)

2. This notification letter shall be an appendix to the aforesaid contract and constitute an integral part of the aforesaid contract. It shall have the same legal effect as the aforesaid contract.

Lender: Panyu Branch, Guangzhou, Bank of China Limited

Authorized signatory: _____

Please note that these documents are English translations of the original Chinese versions prepared only for your convenience. In the case of any discrepancy between the translation and the Chinese original, the latter shall prevail.

Contract Number: **0360200111-2023 (Fangcun) No. 02845**

Business Fast Loan Contract

(2021 Legal person network signed version)

Special note: This contract is concluded by the borrower and the borrower through consultation on an equal and voluntary basis in accordance with law. All terms and conditions of the contract are the true expression of the intentions of both parties. In order to safeguard the legitimate rights and interests of the Borrower, the

Lender hereby requires the Borrower to pay full attention to all the clauses relating to the rights and obligations of both parties, especially the contents in bold.

Lender, the industrial and commercial bank of China co., LTD., guangzhou fangcun branch

domicile (address) : guangzhou fangcun flower avenue no. 254, 256, 258

Number of borrowers: guangzhou wisdom and culture co., LTD., the legal representative: Huang Zhuoqin

Residence (address) : zip code: fax: tel:

email: contact person: phone number:

pay treasure account: Ali wangwang account:

**【 please make sure that the borrower to fill in the information accurate, complete, to ensure that subsequent relevant and timely delivery of the legal document
】**

The first part of the basic agreement

Article 1 Purposes of Loan

The Borrower shall not use the loan hereunder for any of the following purposes without the Lender's written consent, and the lender shall have the right to supervise the use of the loan.

Purpose: directional to return the original balance of ious

Article 2 Amount and term of the loan

2.1 The amount of the loan hereunder shall be RMB 5,000,000.00 (in case of case

inconsistency, the capital case shall prevail). **The term of the loan hereunder shall be calculated from the date of withdrawal. The maturity date shall be August 30, 2024, and the date of withdrawal shall be subject to the withdrawal instruction.** The borrower shall withdraw the money in one lump sum.

2.2 The term of the loan under this Contract shall be from August 31, 2023 to August 30, 2024.

Article 3 Interest rate, interest and Fees

3.1 [RMB Loan Interest Rate Determination Method]

The interest rate of the loan hereunder shall be determined in the following ways:

The interest rate of each loan shall be determined by the pricing base plus floating points. If the term of the loan is within 60 months (inclusive), the pricing base shall be the 1-year loan market quoted rate (LPR) published by the National Interbank Lending Center one working day before the date of withdrawal. If the term of the loan is within 12 months (inclusive), The floating points are zero (plus/minus) 0.000000 basis points (a basis point is 0.01%, the same below); If the term of the loan is more than 12 months, within 60 months (inclusive), the floating point is zero (plus/minus) 0.000000 basis points. For loans with a term of more than 60 months, the pricing benchmark is the market quoted interest rate (LPR) for loans with a maturity of more than 5 years published by the National Interbank Lending Center one working day before the date of withdrawal, and the floating points are zero (plus/minus) 0.000000 basis points. If the national Inter-bank lending center does not publish the loan market quotation rate of the corresponding term one working day before the interest rate is determined, the loan market quotation rate published by the national Inter-bank lending center the next working day shall prevail, and so on.

After the loan is issued, the interest rate shall be adjusted in the following ways:

A. 12 (1/3/6/12) months as one period, one period of adjustment, and the interest shall be calculated in stages. The date of determining the interest rate of the second and subsequent tranches shall be the corresponding date after the completion of the withdrawal of each installment of the loan. The lender shall adjust the interest rate of the loan on that date according to the quoted loan market interest rate and floating points published by the National Inter-Bank Lending Center for the aforementioned term on the working day before. If no date corresponding to the withdrawal date exists in the month of adjustment, the last day of the month shall be taken as the corresponding date.

B. No adjustment for the entire term of the loan.

3.2 Interest on the loan hereunder shall be calculated daily from the date of withdrawal and shall be settled monthly. When the loan matures, the interest will be cleared with the principal. Where the daily interest rate = annual interest rate /360.

3.3 The overdue penalty interest rate under this contract shall be determined by adding 50.000000 % on the basis of the original loan interest rate, and the penalty interest rate of misappropriated loans shall be determined by adding 50.000000 % on the basis of the original loan interest rate.

3.4 Annualized Cost of Funds

The **Borrower's annualized cost of funds includes the annualized borrowing interest rate and the annualized cost of funds after/etc.** The charge of the foregoing/spending is not a lender, your specific charge as £.

The **specific interest rate and rate of the aforesaid expenditure are as follows (the following is for reference only, the specific interest rate and rate may be adjusted according to the terms of the contract and shall be subject to the relevant contract provisions)** : (1) The annualized loan interest rate calculated in accordance with the provisions of Clauses 3.1-3.3 hereof;

(2) £;

Article 4 Withdrawal

4.1 The borrower shall draw the loan in one lump sum. **If the borrower fails to make a lump sum withdrawal as agreed, the lender shall have the right to cancel the loan in whole or in part.** After the Lender has paid the loan funds to the Borrower's withdrawal account as agreed herein, the Lender shall be deemed to have issued the loan to the

Borrower in accordance with the provisions herein.

4.2 The Borrower may withdraw the loan hereunder in the following ways:

- (1) directly withdraw the loan from the business outlets designated by the Lender;
 - (2) self-service withdrawal of the loan through the electronic banking of ICBC.
-

Article 5 Repayment Methods

Borrower according to the following: (1) way to repay the loan under this contract:

(1) the loan expires one-time;

(2) Other:

Article 6 Account

The Borrower shall open or designate the following accounts with the Lender as special accounts for withdrawal and repayment: 3602225619000017151
payment account: 3602225619000017151

Article 7 Guarantee

The loan guarantee under this contract is a guarantee, and the corresponding guarantee contract information is as follows:

1. Guarantee Contract No. : 0360200111-2022 Fangcun (Guarantee) No. 0152 Guarantor: Guangzhou Finance Reguarantee Co., LTD.
2. Guarantee Contract No. 0360200111-2022 Fangcun (Guarantee) No. 0153 Guarantor: Xiamen Pupu Culture Co., LTD

For the avoidance of doubt, the parties confirm that in addition to the guarantee method and guarantee contract listed above, there may be other guarantee arrangements for the loan under this contract. **The guarantee arrangement and guarantee contents corresponding to the loan under this contract shall be subject to the specific provisions of the relevant guarantee legal documents.**

Article 8 Complaint/consultation channels

Party A's complaint/consultation channels for this financial service (product) areas follows:

8.1 Business outlets

Report problems to the customer service manager or person in charge of the business outlets of the Industrial and Commercial Bank of China or leave messages through the customer opinion book.

8.2 Customer Service Telephone Call the customer service hotline (95588) and choose manual service to contact the customer service representative.

8.3 Online Banking and Mobile Banking Log in to personal online banking through the portal website (<http://www.icbc.com.cn>) or log in to the mobile APP of "ICBC Corporate Mobile Banking" to contact ICBC online customer service.

8.4 Other channels /.

Article 9 Other matters agreed upon by both parties

Part 2 Specific Provisions

Article 1 Interest rate and interest

1.1 If the loan under this contract adopts floating interest rate, the interest rate adjustment rules shall remain in accordance with the original method after the loan becomes overdue.

1.2 If the loan is settled monthly, the date of interest settlement shall be the 20th day of each month; If interest is paid on a quarterly basis, the date of interest payment shall be the 20th of the month at the end of each quarter; If interest is payable on a semi-annual basis, the date of settlement shall be June 20 and December 20 of each year.

1.3 The first interest period shall be from the date of withdrawal by the borrower to the date of first interest settlement; The last interest period is from the day after the end of the previous interest period to the date of final repayment; The remaining interest period is from the day after the end of the previous interest period to the next payment date.

1.4 **Loan interest = loan principal x daily interest rate x actual days of use. If the same amount of principal and interest repayment method is adopted, the calculation formula of principal and interest should be returned as follows:**

Each principal and interest amount = (loan principal * period rates * (1 +))/((1 + the interest rate)还款期数 - 1 还款期数) 1.5 in case of methods for determination of the People's Bank of China to adjust lending rate, it shall be dealt with in accordance with the relevant regulations of the People's Bank of China, lenders no longer notice the borrower.

1.6 If the loan interest rate determined at the time of signing this Contract is reduced by a certain basis point in accordance with the loan market quoted interest rate (LPR) published by the National Inter-Bank Lending Center, the Lender has the right to re-evaluate the interest rate preference granted to the borrower every year, in accordance with national policies, the borrower's credit standing and changes in the loan guarantee, etc. The Lender shall, at its sole discretion, cancel all or part of the interest rate concessions granted to the Borrower and promptly notify the Borrower.

1.7 Unless otherwise specified, the loan interest rate in this Contract is the annualized interest rate calculated using the simple interest method.

Article 2 Issuance and payment of the loan

2.1 The borrower must meet the following preconditions to withdraw the loan,

otherwise the lender has no obligation to issue any money to the borrower, except where the lender agrees to lend money in advance:

(1) Except for the credit loan, the borrower has provided the corresponding guarantee as required by the lender and has completed the relevant guarantee procedures, and the guarantor has not violated the provisions of the guarantee contract;

(2) At the time of withdrawal, the representations and warranties made by the Borrower under this Contract remain true, accurate and complete, and no breach has occurred under this Contract or any other contract signed between the Borrower and the lender; **(3)** The documents provided to certify the purpose of the loan are in conformity with the agreed purpose;

And **(4)** submit other materials required by the lender.

(5) If the borrower withdraws the loan through ICBC e-Banking, the “ICBC E-Banking Enterprise Customer Service Agreement” signed between the borrower and the lender shall remain valid throughout the loan term.

2.2 If the borrower draws the loan through the business outlets designated by the Lender, the borrower shall submit the withdrawal notice to the lender at least 5 banking working days in advance. Once the withdrawal notice is submitted, it shall not be revoked without the written consent of the lender.

2.3 Where the borrower withdraws the loan through ICBC e-Banking, the borrower shall sign the “ICBC E-Banking Enterprise Customer Service Agreement” with the lender, commit to abide by the Articles of Association of ICBC E-Banking and relevant transaction rules, and conduct operations in accordance with relevant transaction rules. The withdrawal instructions submitted by the borrower through ICBC e-Banking and confirmed by the lender shall be deemed as IOU.

2.4 After the Borrower meets the preconditions for withdrawal or the Lender agrees to make the loan in advance, the lender shall transfer the loan to the Borrower’s withdrawal account as agreed herein, and the Lender shall be deemed to have issued the loan to the Borrower in accordance with the provisions herein.

2.5 According to relevant regulations and management requirements of the lender, if the loan exceeds a certain amount or meets other conditions, the lender shall adopt the payment method entrusted by the lender, and the lender shall pay the loan to the payer conforming to the purpose agreed herein according to the borrower’s withdrawal application and payment authorization.

2.6 When handling the entrusted payment, the Borrower shall provide the lender with the account information of the payment object and the supporting materials to prove that the withdrawal meets the agreed purpose when making the withdrawal. The Borrower shall ensure that all the information provided to the Lender is true, complete and valid.

2.7 When handling the entrusted payment, the Lender shall only conduct formal review of the information on the payment object, the materials proving the purpose of the loan and other relevant materials provided by the borrower. If the relevant materials provided by the borrower are untrue, inaccurate or incomplete, and the Lender fails to complete the entrusted payment in time, the Lender shall not bear any responsibility.

2.8 The Lender shall have the right to request the Borrower to supplement, replace, explain or resubmit the relevant materials if the Lender finds that the relevant materials such as the proof of use provided by the Borrower are inconsistent or have other defects after examination. The Lender shall have the right to refuse the release and payment of the relevant funds before the Borrower submits the materials that meet the management requirements of the Lender.

2.9 In accordance with the purpose of the loan agreed herein, the Lender shall have the right to require the Borrower, independent intermediaries and other relevant parties to issue joint visa certificates and other relevant supporting materials, and the Lender shall issue and make payment of the financing amount on the basis of such supporting materials.

2.10 If the Lender finds upon examination that the information provided by the Borrower is consistent with the agreed purpose of the loan and the withdrawal is in accordance with the provisions hereof, it shall first transfer the loan to the Borrower's withdrawal account as agreed herein, and then transfer the corresponding amount to the account designated by the Borrower for payment according to the needs and the relevant business vouchers submitted by the Borrower.

2.11 In any of the following circumstances, the Lender shall have the right to re-determine the terms and conditions of loan issuance and payment, or to stop the issuance and payment of loan:

- (1) The Borrower provides false or invalid information to the lender to obtain financing; (2) The Borrower experiences significant adverse changes in production and operation, declines in credit standing or defaults under this Contract;
- (3) The Borrower fails to withdraw and pay the financing funds as agreed herein, and the financing funds are used abnormally;
- (4) the Borrower violates this Contract or relevant regulatory provisions and evades the entrusted payment by breaking the whole into pieces;
- (5) the withdrawal account designated by the Borrower or the account of the payment object is frozen or stopped by the competent authority.

2.12 If the withdrawal account designated by the Borrower or the account of the payment object is frozen or stopped by the competent authority, resulting in the Lender failing to complete the entrusted payment in time as entrusted by the Borrower, the Lender shall not bear any responsibility and shall not affect the repayment obligations already incurred by the Borrower under this Contract.

2.13 Where the loan under this Contract is paid by the Borrower independently, the Borrower undertakes to accept and actively cooperate with the Lender's inspection and supervision of the use of the financing fund including the purpose by means of account analysis, voucher inspection and on-site investigation, and regularly aggregate and report the use of the loan as required by the Lender.

2.14 Where the information provided by the Borrower to the Lender is untrue, incomplete or invalid, resulting in the Lender's losses, the Borrower shall compensate the Lender.

2.15 If the Lender fails to timely issue and pay the loan in accordance with provisions hereof, it shall be held liable for breach of contract, except as otherwise agreed herein.

2.16 If the Lender fails to pay the loan on time due to unforeseeable, unavoidable and insurmountable force majeure events such as war, natural disaster, or unexpected events such as system failure or communication failure of the Lender, the Lender shall not assume any liability, provided that the Lender shall promptly notify the Borrower by telephone or in writing.

Article 3 Repayment

3.1 The Borrower shall repay the principal, interest and other payable amounts on time and in full as agreed herein. **On the repayment date and one bank working day prior to each interest settlement date, the Borrower shall deposit the current interest, principal and other amounts payable in full into the repayment account opened with the Lender, and the Lender shall have the right to take the initiative to transfer and collect the loan on such repayment date or interest settlement date, or require the Borrower to cooperate with the relevant transfer procedures. If the amount in the repayment account is insufficient to cover all the amounts due by the Borrower, the Lender shall have the right to determine the order of repayment.**

If the repayment account is reported lost, frozen, stopped payment or cancelled, or the borrower needs to change the repayment account, the borrower shall go through the procedures for the change of the repayment account at the lender.

Before the alteration procedures take effect, if the original repayment account can no longer be fully transferred, the borrower shall go to the lender for counter repayment. If the borrower fails to complete the procedures for changing the repayment account in time or fails to repay the loan at the lender's counter in time, resulting in failure to repay the principal, interest and other expenses of the loan due in full on time, the borrower shall be liable for breach of contract.

3.2 If the Borrower applies for early repayment of all or part of the loan, it shall submit a written application to the lender, or submit an early repayment order to the lender through the electronic banking of the Industrial and Commercial Bank of China.

Where the Lender agrees to repay the loan in advance, the Borrower shall simultaneously pay off the loan principal, interest and other amounts due and payable on the early repayment date according to this Contract.

3.4 The Lender shall have the right to withdraw the loan in advance according to the borrower's withdrawal of funds. If required by the Lender, the Borrower shall repay the loan in installments according to the repayment plan proposed by the Lender.

3.5 If the actual term of the loan is shortened due to the borrower's early repayment or the lender's early withdrawal of the loan as agreed herein, the original loan interest rate shall still be implemented without adjustment of the corresponding interest rate grade.

Article 4 Guarantee

4.1 In addition to the loan on credit, the Borrower shall provide legal and effective guarantee recognized by the lender for the performance of its obligations under this Contract.

4.2 If the collateral hereunder is damaged, devalued, disputed over property rights, sealed up or detained, or the guarantor violates the agreement of the guarantee contract, or the financial status of the guarantor of the guarantee changes unfavorably or the collateral or guarantor changes in other ways that are unfavorable to the creditor's rights of the Lender, the Borrower shall promptly notify the Lender and provide other guarantees recognized by the Lender.

4.3 The Lender has the right to periodically or irregularly reassess the value of the collateral and the guarantee ability of the guarantor. If the assessment finds that the value of the collateral has decreased, or the guarantee ability of the guarantor has decreased, or the guarantor has violated the agreement of the guarantee contract, the Borrowershall provide additional security equal to the value reduction or the guarantee ability reduction. **Alternatively, the Lender may provide other guarantees approved by the lender.**

4.4 If the loan under this Contract is pledged as guarantee by accounts receivable, the Lender shall have the right to declare the loan to be due early and require the Borrower to repay part or all of the principal and interest of the loan immediately under any of the following circumstances during the validity period of this Contract, or provide additional legal, effective and adequate guarantee recognized by the Lender: (1) The bad debt rate of accounts receivable by the pledgor to the payer has increased for two consecutive months; (2) the accounts receivable due and uncollected by the pledgor to the payer account for more than 5% of the balance of the accounts receivable to the payer; (3) trade disputes (including but not limited to disputes concerning quality, technology and service) or debt disputes arise between the pledgor of accounts receivable and the payer or other third parties, resulting in the possible failure of the accounts receivable to be paid on time.

Article 5 Representations and warranties

The **Borrower shall make the following representations and warranties to the Lender, which shall remain valid throughout the term of this Contract:**

5.1 The borrower shall be qualified as the principal entity in accordance with the law and shall have the qualifications and ability to sign and perform this Contract.

5.2 The Borrower has obtained all necessary authorization or approval for signing this Contract. The signing and performance of this Contract does not violate the articles of association of the Company and the provisions of relevant laws and regulations, and does not conflict with its obligations under other contracts.

5.3 Other debts due have been paid on time, and there is no malicious default on the principal and interest of bank loans.

There is a sound organizational structure and financial management system, no major violations of discipline have occurred in the production and operation process in the recent year, and the current senior management personnel have no major bad records.

5.5 All documents and materials provided to the lender are true, accurate, complete and effective, without any false records, material omissions or misleading statements.

5.6 The financial and accounting reports provided to the Lender are prepared in accordance with Chinese accounting standards and give a true, fair and complete picture of the Borrower's operating conditions and liabilities, and there has been no material adverse change in the Borrower's financial position since the date of the latest financial and accounting report.

5.7 The Borrower has not concealed from the Lender any litigation, arbitration or claim in which it is involved.

5.8 It has known and fully understood the transaction rules of ICBC Online Banking and other electronic banking systems related to this Contract.

Article 6 The Borrower's commitment

6.1 The loan shall be withdrawn and used in accordance with the term and purpose agreed herein, and shall not flow into the securities market or futures market in any form or be used for fixed assets, equity investment, real estate project development, and shall not be used to purchase stocks, bonds, financial products, investment account trading products, financial derivatives, and asset management products. It shall not be used for buying houses, repaying housing mortgage loans, borrowing money, or other projects that are not allowed to operate according to laws and regulations of other countries.

6.2 Repay the principal, interest and other payables of the loan in accordance with the provisions of this Contract.

6.3 Accept and actively cooperate with the lender in checking and supervising the use of the loan funds including the purpose by means of account analysis, voucher inspection, field investigation, etc., and regularly summarize and report the use of the loan funds as required by the lender.

6.4 Accept the lender's credit inspection, timely provide true, accurate and complete financial information and other information reflecting the borrower's solvency as required by the lender, including all opening banks, bank accounts, deposit balances, etc., and actively assist and cooperate with the lender in its investigation, understanding and supervision of its production, operation and financial situation.

6.5 Dividends and bonuses shall not be distributed in any form for the outstanding principal and interest of the loan and other payables due (including those declared to be due immediately) under this Contract.

6.6 Merger, division, capital reduction, equity change, equity pledge, transfer of major assets and creditor's rights, major foreign investment, substantial increase in debt financing and other actions that may adversely affect the Lender's rights and interests shall be carried out with the Lender's prior written consent or with arrangements for the realization of the Lender's creditor's rights that meet the Lender's management requirements.

6.7 Timely notify the lender under any of the following circumstances:

- (1) Change of name, official seal, articles of association, domicile, legal representative or person in charge, correspondence address, etc.;
- (2) closure of business, dissolution, liquidation, suspension of business for rectification, revocation of business license, revocation or application for (being applied for) bankruptcy;
- (3) being involved or likely to be involved in major economic disputes, litigation or arbitration, or having assets sealed up, seized or enforced, or being investigated and investigated by judicial, taxation, industry and commerce and other competent authorities according to law or taking punitive measures;
- (4) shareholders, directors and current senior managers or partners and investors are involved in major cases or economic disputes;
- (5) Merger, division, capital reduction, equity change, equity pledge, entry into partnership, withdrawal from partnership, transfer of major assets and creditor's rights, major foreign investment, substantial increase in debt financing and other matters that may adversely affect the interests of the lender.

6.8 Timely, comprehensive and accurate disclosure of related party relations and related transactions to the lender.

6.9 Timely sign and receive all kinds of notices sent or otherwise served by the Lender.

6.10 Not to dispose of its own assets in a manner that reduces its solvency; **The provision of guarantees to third parties does not prejudice the interests of the lender.**

6.11 If the loan under this contract is issued on credit, complete, true and accurate reports of the external guarantee to the lender **on a regular basis, and sign an account supervision agreement as required by the lender.** Where the provision of guaranty may affect the performance of its obligations under this Contract, it shall obtain the lender's written consent.

6.12 The Borrower's debts under this Contract shall be repaid in a priority order over those owed by the Borrower to its shareholders, legal representatives or responsible persons, partners, major investors or key management personnel, and shall be at least on an equal footing with similar debts owed by other creditors of the Borrower.

6.13 **The Borrower has known and fully understood the transaction rules of the Internet banking and other electronic banking systems of the Industrial and Commercial Bank of China in connection with the Contract; Keep the customer certificates and passwords properly. Any operation performed by using the Borrower's customer number (card number), password or customer certificate shall be deemed to be done by the Borrower, and the resulting electronic information records shall be used as evidence to prove and handle the lending relationship under this contract.**

6.14 If the repayment funds of the Borrower (including but not limited to the funds obtained by the Lender through the collection and disposal of the mortgaged items) are insufficient to repay all the debts owed by the Borrower to the Lender under this Contract or any other contract, the Lender shall have the right to determine the order of repayment.

6.15 Strengthen environmental and social risk management and accept the lender's supervision and inspection in this regard. **Submit environmental and social risk reports to the lender as required.**

Article 7 The Lender's Commitment

7.1 The Lender shall grant the loan to the Borrower in accordance with the provisions hereof.

7.2 The Borrower shall keep confidential the non-public materials and information provided by the Borrower, except as otherwise stipulated by laws and regulations, required by competent authorities or agreed herein.

Article 8 Breach of Contract

8.1 In any of the following circumstances, the Borrower shall be deemed to have breached the contract:

(1) The Borrower fails to repay the principal and interest of the loan and other amounts payable hereunder as agreed, fails to perform any other obligations hereunder, or breaches any representation, warranty or undertaking hereunder;

(2) The Borrower fails to provide other guarantees that meet the management requirements of the lender due to changes in the guarantee hereunder that are not conducive to the creditor's rights, or the guarantor breaches the guarantee contract;

(3) having bad records with the lender or other financial institutions;

(4) The Borrower fails to pay off any of its other debts after maturity (including being declared to be due early), or fails to perform or breach its obligations under other agreements, which has or may affect its performance of its obligations under this Contract;

(5) where the Borrower's financial indicators such as profitability, solvency, operating capacity and cash flow exceed the agreed standards, or deterioration has or may affect the performance of its obligations hereunder;

(6) Material adverse changes have occurred in the Borrower's equity structure, production and operation, foreign investment, etc., which have or may affect the Borrower's performance of its obligations hereunder;

(7) The Borrower has been involved or may be involved in major economic disputes, litigation or arbitration, or its assets have been sealed up, seized or enforced, or the Borrower has been investigated and investigated by judicial or administrative authorities or taken punitive measures according to law, or the Borrower has been exposed by the media for violating relevant regulations or policies of the State, which has or may affect the performance of its obligations hereunder;

(8) The Borrower's performance of its obligations under this Contract has been or may be affected by the abnormal change, disappearance, investigation or restriction of personal freedom of the Borrower's main investor or key management personnel according to law;

(9) The Borrower takes advantage of a false contract with a related party, uses transactions without actual transaction background to extort funds or credit from the lender, or intentionally evades the creditor's rights through affiliated transactions;

(10) the borrower has or may close its business, be dissolved, liquidated, suspend business for rectification, has its business license revoked, has been revoked or has applied for (been applied for) bankruptcy;

(11) The Borrower's violation of food safety, production safety, environmental protection and other environmental and social risk management laws and regulations, regulatory provisions or industry standards has caused liability accidents, major environmental and social risk events, which have or may affect the performance of its obligations under this Contract;

(12) If the loan under this Contract is granted on credit, and the Borrower's credit rating, profitability, asset-liability ratio, net cash flow from operating activities and other indicators do not meet the Lender's credit conditions; Or the Borrower, without the written consent of the Lender, sets a pledge (pledge) to others or provides a guarantee guarantee with its effective operating assets, which has or may affect the performance of its obligations hereunder;

(13) Other circumstances that may adversely affect the realization of the creditor's rights of the Lender under this Contract.

8.2 Where the Borrower breaches the Contract, the Lender shall have the right to take one or more of the following measures:

(1) require the Borrower to correct the breach within a time limit;

(2) to stop granting loans and other financing payments to the Borrower in accordance with this Contract and other contracts between the Lender and the Borrower, and to cancel in part or in whole the loans and other financing payments not withdrawn by the Borrower;

(3) declare the outstanding borrowings and other financing amounts under this Contract and other contracts between the Lender and the Borrower to be immediately due and immediately recover the outstanding amounts;

(4) require the Borrower to compensate the Lender for the losses caused by its breach of contract, including but not limited to the expenses incurred by the Lender in realizing the creditor's rights under this Agreement, such as attorney's fees, auction fees, and expenses incurred in applying for notarial organs to issue execution certificates;

(5) other measures prescribed by laws and regulations, agreed upon in this contract or deemed necessary by the Lender.

8.3 If the borrower fails to repay the loan when it is due (including when it is declared to be due immediately), the Lender shall have the right to charge penalty interest at the overdue penalty interest rate agreed in this Contract from the date of the overdue payment. **For the interest (including penalty interest) that the borrower fails to pay on time, compound interest shall be calculated at the overdue penalty interest rate. The penalty interest/compound interest settlement rules shall apply to the interest settlement rules agreed in this Contract.**

8.4 If the Borrower fails to use the loan according to the purpose agreed herein, the lender shall have the right to charge penalty interest on the misappropriated part of the loan according to the penalty interest rate agreed herein from the date the loan is misappropriated, and the interest (including penalty interest) which is not paid on time during the misappropriated period shall be charged compound interest according to the penalty interest rate of the misappropriated loan. The penalty interest/compound interest settlement rules shall apply to the interest settlement rules stipulated in this contract.

8.5 If the borrower simultaneously occurs under the circumstances mentioned in Paragraphs **8.3 and 8.4** above, the penalty interest rate shall be determined by whichever is more severe and shall not be concurrently imposed.

8.6 If the Borrower fails to repay the loan principal, interest (including penalty interest and compound interest) or other payable amounts on time, the lender shall have the right to make a public announcement through the media to call for collection.

8.7 Where the controlling or controlled relationship between the Borrower's affiliates and the Borrower changes, or any of the related parties of the Borrower occurs under any circumstance other than **(1) and (2)** mentioned in Article **8.1** above, which has or may affect the Borrower's performance of its obligations hereunder, the Lender shall have the right to take various measures agreed herein.

Article 9 Automatic cancellation of the Lender's commitment

9.1 If the credit standing of the borrower deteriorates, the lender may automatically cancel all undrawn loan commitments to the Borrower without prior notice.

9.2 If the Borrower's credit standing deteriorates under any of the circumstances set forth in Paragraphs 8.1 and 8.7 of Part II of this Contract, it shall constitute the deterioration of the Borrower's credit standing.

Article 10 Withholding

10.1 If the Borrower fails to repay the debts due hereunder (including those declared to be due immediately) as agreed, the Borrower agrees that the Lender shall deduct the corresponding amount from all the local and foreign currency accounts opened by the Borrower in Industrial and Commercial Bank of China for repayment until all the debts of the Borrower under the Contract are fully repaid.

If the amount of debit and collection is not in accordance with the currency of the Contract, it shall be converted according to the Lender's applicable exchange rate on the date of debit and collection. The interest and other expenses incurred between the date of withholding and the date of repayment (the date on which the Lender converts the deducted amount into the currency of the contract in accordance with the State foreign exchange control policy and actually pays off the debts hereunder), as well as the difference arising from exchange rate fluctuations during this period, shall be borne by the Borrower.

Article 11 Assignment of rights and obligations

11.1 The Lender has the right to transfer its rights under this contract, in whole or in part, to a third party without the consent of the Borrower. **Without the Lender's written consent, the Borrower shall not assign any of its rights and obligations under this Contract.**

11.2 The Lender or the Industrial and Commercial Bank of China Limited ("ICBC") may, as required by its operation and management, authorize or entrust other branches of ICBC to perform the rights and obligations hereunder, or assign the loan claims hereunder to other branches of ICBC to undertake and manage, and the Borrower agrees to this. The Lender does not need to obtain the consent of the Borrower for any of the above acts. Other branches of ICBC that undertake the rights and obligations of the Lender shall have the right to exercise all the rights and obligations under this contract, and shall have the right to file a lawsuit in the court, apply for arbitration or apply for enforcement in the name of such branches in respect of disputes under this Contract.

Article 12 Entry into force, modification and termination

12.1 This Contract shall come into force after the following conditions are met and shall remain in force until the Borrower completes all its obligations hereunder:

(1) It is electronically signed by the Borrower and confirmed by the Lender;

(2) The loan application submitted by the Borrower meets the management requirements of the lender and has been approved by the Lender.

The Lender may confirm this Contract by displaying the validity status of the Contract in the electronic banking system, etc.

12.2 If the loan amount, term and other contract elements are incorrectly displayed in the electronic banking system of ICBC due to system failure or force majeure, the Lender shall have the right to make corrections and inform the Borrower in a timely manner.

12.3 The Borrower has known and fully understood the transaction rules of the online banking and other electronic banking systems of ICBC in connection with this Contract; The Borrower shall properly keep the client's certificate and password. Any operation performed by the Borrower using the Borrower's client number (card number), password or client's certificate shall be deemed to be done by the Borrower itself, and the resulting electronic information records shall be used as evidence to prove and handle the financing relationship hereunder. Any electronic signature signed by the Borrower on this Contract through the e-banking certificate of Industrial and Commercial Bank of China shall be deemed to be signed by the Borrower himself or authorized by the Borrower.

12.4 Any changes to this Contract shall be made in writing (including electronic data form) upon mutual agreement of the parties. The modification terms or agreement shall form part of this Contract and have the same legal effect as this Contract. Except the modified part, the remaining parts of this contract shall remain valid, and the original clauses shall remain valid before the modified part becomes effective.

12.5 In case of changes in national laws, regulations or policies, all or part of the provisions of this Contract no longer meet the requirements of national laws, regulations or policies, both parties shall timely negotiate and amend the relevant provisions as soon as possible.

The invalidity or unenforceability of any provision hereof shall not affect the validity and enforceability of other provisions nor the validity of the Contract as a whole.

12.7 The modification and termination of this Contract shall not affect the rights of each Contracting party to claim compensation for losses. The termination of this Contract shall not affect the validity of the relevant dispute resolution provisions of this Contract.

Article 13 Application of law and dispute resolution

The conclusion, validity, interpretation, performance and dispute resolution of this Contract shall be governed by the laws of the People's Republic of China. **During the performance of this Contract, all disputes and disputes arising out of or in connection with this Contract shall be settled by the parties through consultation. If negotiation fails, the dispute shall be submitted to the court at the place where the Lender is located or the court at the place where the contract is signed for settlement through litigation.**

The parties agree that when the dispute arising under this contract is submitted to the court for litigation, the court may use audio-visual transmission technology, asynchronous trial and other means to open the court, and neither party has any objection to this.

Article 14 The address of service of judgment/award documents shall be confirmed

14.1 The Borrower confirms that the address recorded on the first page of this Contract shall be the address for service of the legal documents involved in the dispute under this Contract. **The Borrower agrees that the judicial authorities may use the fax, mobile phone number, email, wechat account, Alipay account, Aliwangwang account and other electronic contact information recorded on the first page of this Contract to serve various legal documents electronically. The above legal documents include but are not limited to summons, notice of hearing, judgment, ruling, mediation, notice of performance within a time limit, etc.**

14.2 The Borrower agrees that the judicial organ may serve legal documents on the Borrower by one or more of the above modes of service. If the judicial organ serves legal documents on the Borrower by more than one mode of service, the time of service shall be the first of the above modes of service.

14.3 The above service agreement shall apply to all stages of litigation, arbitration and other judicial procedures, including but not limited to the first instance, second instance, retrial, execution and supervision procedures.

14.4 The Borrower shall ensure the authenticity and validity of the address, fax, mobile phone number, E-mail and other information recorded on the first page of this Contract. The Borrower shall promptly notify the Lender in writing of any change of the relevant information; otherwise, the service made according to the original information (including electronic service) shall remain valid and the Borrower shall bear the legal consequences arising therefrom.

Article 15 The Entire Contract

The first part of this contract, "Basic Agreement" and the second part, "Specific terms", together form a complete Business loan Contract. The same words in the two parts have the same meaning. The Borrower shall be bound by the above two parts.

Article 16 Notice

16.1 Promise that the address and relevant electronic contact information reserved for the lender are accurate and correct. The Lender shall be deemed to have fulfilled its notification obligation to the Borrower by sending the relevant documents to the address reserved by the Borrower or to the address otherwise notified in writing by the Borrower.

16.2 In addition to letters, the Borrower agrees to accept telephone, E-mail, short message, wechat and other electronic means as the means of notification and collection by the Lender. The Borrower shall be obliged to promptly notify the Lender in writing of any change in the address or relevant electronic contact information provided by the Lender. If the Borrower fails to notify the Lender in time and the notice or collection document sent by the Lender at the original reserved address or relevant electronic contact information is still valid, the Borrower shall bear the legal consequences arising therefrom.

16.3 If the Lender sends the relevant notice to the Borrower, the notice shall be deemed to have been served on all the Borrowers when it has been served on any of the Borrowers.

Article 17 VAT Special Provisions

17.1 The interest and fees paid by the Borrower to the Lender under this Contract (as determined by the specific contract) shall be tax inclusive.

17.2 Where the Borrower requires the Lender to issue a VAT invoice, it shall first register the Borrower's information with the Lender, which shall include the borrower's full name, taxpayer identification number or social credit code, address, telephone number, bank of deposit and account number. The Borrower shall ensure that the relevant information provided to the Lender is true, accurate and complete, and shall provide relevant supporting materials as required by the Lender, the specific requirements of which shall be published by the Lender through notices at its outlets or announcements on its website.

17.3 If the borrower obtains the VAT invoice on its own, it shall provide the lender with a power of attorney stamped with seal, designate the recipient, specify the recipient's ID number and other information, and the designated recipient shall obtain the VAT invoice with the original ID card; Where the designated recipient is changed, the borrower shall issue to the lender a new power of attorney with seal affixed. If the borrower chooses to receive the VAT invoice by post, the borrower shall also provide accurate and deliverable mailing information; If the mailing information is changed, the Borrower shall promptly notify the lender in writing.

17.4 If the Lender fails to issue the VAT invoice in time due to force majeure such as natural disasters, government acts, social anomalies or reasons caused by tax authorities, the Lender shall have the right to delay the issuance of the invoice without any liability.

17.5 If the VAT invoice is lost, damaged or overdue due to reasons other than the Lender after it has been collected by the Borrower or after the Lender has sent it to a third party for postal delivery, resulting in the Borrower failing to receive the corresponding joint VAT invoice or failing to offset the VAT invoice after the time limit, the Lender shall not be liable to compensate the Borrower for relevant economic losses.

17.6 Where a special VAT red letter invoice needs to be issued due to sales return, suspension of taxable service, incorrect invoicing, failure to certify the deduction copy and invoice copy, the borrower shall submit the Information Form for Issuing Special VAT Red Letter Invoice to the tax authorities in accordance with relevant laws, regulations and policy documents. The Borrower shall submit the Information Form for Issuing Special VAT Invoice in Red Letter to the tax authority. After the tax authority has examined and notified the lender, the lender shall issue a special VAT invoice in red letter.

17.7 During the performance of the Contract, if the national tax rate is adjusted, the Lender shall have the right to adjust the contract price according to the change of the national tax rate.

Article 18 Others

18.1 The Lender's failure or partial exercise or delay in exercising any right under this Agreement shall not constitute a waiver or variation of such right or other right, nor shall it affect its further exercise of such right or other right.

18.2 The invalidity or unenforceability of any provision of this Contract shall not affect the validity and enforceability of any other provision or the validity of the Contract as a whole.

18.3 Any annexes and any supplements, amendments or alterations thereto shall form an integral part of this contract and have the same legal effect as the body of this Contract.

18.4 The terms "related party", "related party relationship", "related party transaction", "major investor individual" and "key management personnel" mentioned herein have the same meaning as the same terms in Accounting Standard for Business Enterprises No. 36 -- Related Party Disclosure (Finance and Accounting [2006] No. 3) promulgated by the Ministry of Finance and subsequent amendments to this standard.

18.5 The environmental and social risks mentioned herein refer to the environmental and social hazards and related risks that the Borrower and its important affiliates may bring to the environment and society in the construction, production and business activities, including environmental and social problems related to energy consumption, pollution, land, health, safety, resettlement, ecological protection and climate change.

18.6 The documents and certificates relating to the loan hereunder prepared and retained by the Lender in accordance with its business rules shall constitute effective evidence to prove the creditor's and creditor's relationship and shall be binding on the Borrower.

18.7 In this Contract, (1) any reference to this Contract shall include any amendment or supplement to this Contract; (2) The headings of the articles are for reference only and shall not constitute any interpretation of the Contract, nor shall they constitute any limitation on the contents and scope of the headings; (3) If the date of withdrawal or repayment falls on a non-bank working day, it will be postponed to the next bank working day.

Both parties confirm that the lender and the borrower have fully negotiated all terms and conditions of this contract. The Lender has drawn the Borrower's special attention to all provisions relating to the rights and obligations of both parties, made a comprehensive and accurate understanding of them, and has explained and explained the relevant provisions at the request of the Borrower. The Borrower has carefully read and fully understood all the terms and conditions of this contract (including the first part of the Basic Agreement and the second part of the Specific Terms), and the Lender and the Lender have the same understanding of the terms of this contract and have no objection to the contents of this contract.

The Lender:



Number of borrowers: Guangzhou Shuzhi Culture Communication Co., Ltd.,

to the contract signing: guangzhou city, guangdong province

signed date: August 31, 2023

Customer Certification Type: U Shield

Authentication time stamp: 20230831120922563324

Please note that these documents are English translations of the original Chinese versions prepared only for your convenience. In the case of any discrepancy between the translation and the Chinese original, the latter shall prevail.

Contract Number: 0360200111-2022 Fangcun (Baozi) No. 0153

Maximum Amount Guarantee Contract

Important note: This contract is concluded by the parties through consultation on an equal and voluntary basis in accordance with law. All terms and conditions of this contract are true representations of the will of both parties. In order to protect the legitimate rights and interests of the surety, the creditor hereby requests the surety to pay full attention to the contents in bold in the contract terms.

Creditor: Guangzhou Fangcun Branch of Industrial and Commercial Bank of China Limited (hereinafter referred to as "Party A")

Person in charge: Zhao Yong

Business Address: No. 256 Huadi Avenue North, Liwan District, Guangzhou

Tel and fax: 020-81590818

Guarantor: Xiamen Pop Culture Co., LTD. (hereinafter referred to as "Party B")

Legal representative: Huang Zhuoqin

Business address or address: Unit 836, No. 5, Mu Cuo Road, Huli District, Xiamen City

Zip Code: 361006

Fax: / Tel: 13599518650

Email:

Contact: Huang Zhuoqin

Mobile number: 13599518650

[Party B must fill in the above information accurately and completely to ensure the timely delivery of subsequent relevant notices and legal documents]

In order to guarantee the realization of Party A's creditor's rights, Party B voluntarily provides Party A with a guarantee guarantee (counter-guarantee). In order to clarify the rights and obligations of both parties, Party A and Party B have entered into this contract through equal consultation in accordance with relevant laws and regulations.

Article 1 The secured principal creditor's right

Article 1.1 The main creditor's rights guaranteed by Party B are, In accordance with the domestic and foreign currency loan contract, foreign exchange transfer loan contract, bank acceptance agreement, letter of credit issuance agreement/contract, guarantee issuance agreement, international and domestic trade financing agreement, forward foreign exchange settlement and sale agreement and other financial derivative product agreements, precious metals (including gold, silver, platinum and other precious metals, the same below) signed with Guangzhou Shuzhi Communication Culture Co., LTD. (hereinafter referred to as the debtor), Party A has the claim against the debtor under the lease contract and other documents (hereinafter referred to as the master contract), whether or not the claim has expired at the end of the said period.

Period of occurrence of claims: from September 20, 2022 to October 31, 2027 (including the beginning date and expiration date of such period).

Maximum guarantee amount: RMB 5,000,000.00 (in words: five million yuan only)

Article 1.2 The maximum balance mentioned in the above article refers to the sum of the principal balance of the creditor's right expressed in RMB on the date of determination of the principal creditor's right under Party B's guarantee liability.

Where the currency of the main claim is a foreign currency, it shall be converted into RMB according to the central rate of foreign exchange published by Party A; Where the precious metal lease is involved, the conversion formula whereby the principal of the precious metal lease claim is converted into RMB funds as stipulated in the precious metal lease contract (if the conversion method stipulated in the precious metal lease contract is not applicable on the date of determination of the main claim, for the purpose of this Article, The principal of precious metal lease claims shall be converted into RMB funds according to the closing price of the corresponding precious metal variety on the trading day of Shanghai Gold Exchange prior to the date on which the main claims are determined.

Article 2 Guaranty Method

Party B shall undertake the joint and several liability guarantee.

Article 3 Scope of Guaranty

Where it is agreed in Articles 1.1 and 1.2 that the principal creditor's right is guaranteed under this contract, the scope of guarantee by Party B shall include the principal of the main creditor's right (including the principal of the precious metal lease and the amount of RMB converted into the precious metal lease as agreed in the precious metal lease contract), interest, precious metal lease fee, compound interest, penalty interest, liquidated damages, excess or deficiency of precious metal lease weight, exchange rate losses (related losses caused by changes in exchange rates) and related losses caused by changes in precious metal prices Losses, transaction fees and other expenses incurred by the lessor under the precious metal lease contract for exercising the corresponding rights as stipulated in the master contract, and expenses for realizing the claims (including but not limited to litigation costs, attorneys' fees, etc.).

Article 4 Guaranty Period

Article 4.1 If the main contract is a loan contract or precious metal lease contract, the guarantee period under this contract shall be three years from the next day after the expiration of the loan term or precious metal lease term under the independent contract; If Party A announces the early expiration of the loan or precious metal lease in accordance with the provisions of the master Contract, the guarantee period shall be three years from the next day after the early expiration date of the loan or precious metal lease.

Article 4.2 If the Master contract is a banker's acceptance agreement, the guarantee period shall be three years from the date of Party A's acceptance to the outside party.

Article 4.3 If the main contract is a guarantee agreement, the guarantee period shall be three years from the day after Party A performs the guarantee obligation.

Article 4.4 If the main contract is a letter of credit issuing agreement/contract, the guarantee period shall be three years from the day after Party A makes payment under the letter of credit.

Article 4.5 If the master contract is any other financing document, the guarantee period shall be three years from the day on which the credit determined in the contract becomes due or becomes due earlier.

Article 5 Representations and warranties of Party B

Party B makes the following representations and warranties to Party A:

Article 5.1 Party B shall be qualified as the principal guarantor according to law and shall provide Party A with the guarantee that it has obtained all necessary authorization or approval according to the procedures and powers stipulated in the articles of Association of the Company and shall not violate laws, regulations and other relevant provisions.

Article 5.2 If Party A is a listed company or a holding subsidiary of a listed company, Party A shall fulfill the obligation of information disclosure regarding the guarantee matters in a timely manner in accordance with the requirements of the Securities Law, the Rules on Listing of Stocks on the Stock Exchange and other laws, regulations and rules.

Article 5.3 The company shall have sufficient ability to undertake the guarantee liability and shall not be relieved or exempted from the guarantee liability due to any directive, change of financial status or any agreement signed with any third party.

Article 5.4 Fully understand the purpose of the debt under the master contract, provide the debtor with the guarantee guarantee is entirely voluntary, and the intention expressed under this contract is completely genuine. For international and domestic trade financing, Party B acknowledges that the underlying transactions on which the financing is based are true and free from fraud.

Article 5.5 The materials or information provided to Party A are true, accurate and complete in all respects without any false records, material omissions or misleading statements.

Article 5.6 If the principal creditor's right guaranteed herein is the international trade financing provided by Party A to the debtor, Party B accepts and accepts the relevant international practice of the relevant business.

Article 5.7 If Party B is a natural person, it also represents and warrants as follows:

- A. has full capacity for civil rights and full capacity for civil conduct;
- B) having a legal source of income and sufficient capacity for compensation;
- C, no malicious default on the principal and interest of bank loans, credit card malicious overdraft and other behaviors;
- D, no gambling, drug abuse and other bad behavior or criminal record;
- E, to provide guarantee to Party A has obtained the consent of the spouse.

Article 6 Party B's promises

Party B undertakes to Party A as follows:

Article 6.1 Under any of the following circumstances, Party B shall unconditionally perform the warranty obligations under this contract as required by Party A's notice:

(A) The debtor fails to pay off the main claim when it is due (including when it is due early);

B, Party B or the debtor is applied for bankruptcy or business closure, dissolution, liquidation, business suspension for rectification, business license revoked, revoked.

C. Party B's main assets are sealed up, seized or frozen;

D) Party B, as a debtor or guarantor, defaults under other debts.

Article 6.2 Party A shall have the right to require Party B to assume the guarantee liability in the event of the guarantee of the principal creditor's depository, regardless of whether the guarantee is provided by the debtor or by a third party, and Party B undertakes not to raise any defense accordingly. If Party A abandons, changes or loses other security interests, Party B undertakes to continue to provide Party A with joint and several liability guarantee as agreed herein. Party B's guarantee liability shall remain valid and shall not be void or reduced due to changes in other security interests.

Article 6.3 At the request of Party A, Party B shall provide Party A with financial information, tax payment vouchers and other relevant information reflecting its financial status in a timely manner.

Article 6.4 Under any of the following circumstances, Party B shall continue to perform its warranty obligations under this Contract without Party B's consent:

A. Party A changes the main contract through negotiation with the debtor without aggravating Party B's debts or extending the time limit for the performance of debts;

B. Under international and domestic trade financing, Party A and the debtor modify the letter of credit related to the master contract without aggravating the debtor's payment obligation under the letter of credit or extending the payment period;

C. Party A transfers the master creditor's right to a third party.

Article 6.5 Party A's interests shall not be harmed if any form of guarantee is provided to a third party.

Article 6.6 In case of merger, division, capital reduction, equity change, equity pledge, transfer of major assets and creditor's rights, major foreign investment, substantial increase of debt financing and other actions that may adversely affect Party A's rights and interests, Party A shall obtain prior written consent of Party A or make satisfactory arrangements regarding its guarantee obligations under this contract. Otherwise, Party A shall not engage in any of the above activities.

Article 6.7 Party A shall be promptly notified under any of the following circumstances:

A. Changes in articles of association, business scope, registered capital, legal representative, or changes in equity;

B) closure of business, dissolution, liquidation, suspension of business for rectification, revocation of business license, revocation or application for bankruptcy;

C, involved or likely to be involved in major economic disputes, lawsuits, arbitration, or property is sealed up, seized or supervised according to law;

D. If Party B is a natural person, the domicile, work unit, contact information, etc., has been changed.

E. Issue corporate bonds, corporate bonds, short-term financing bonds or use other direct financing methods to increase the debt level;

F, other large borrowings or external guarantees.

Article 6.8 Sign and receive the written notice sent by Party A in time.

Article 6.9 In case of any of the following circumstances, Party B shall have an undefensible warranty obligation under domestic L/C, Buyer's financing under domestic L/C, import L/C and import negotiation/payment on behalf of Party A. Party B shall not be exempt from liability or defense due to any judicial or administrative authority issuing a stop payment order, prohibition order, or taking measures to seal up, seize or freeze the property related to the letter of credit or similar measures:

- A. Party A's designees or authorizers have made payment in good faith in accordance with Party A's instructions;
- B. Party A or its designee or authorizer has issued a confirmation of payment due in good faith for the purchase price under the domestic L/C or has accepted the documents under the import L/C in good faith;
- C. The confirming bank of the letter of credit has fulfilled the payment obligation in good faith;
- D. The negotiating bank of the credit negotiated in good faith.

Article 6.10 Under the terms of delivery guarantee, endorsement of bill of lading and authorization for delivery, Party B shall not give credit to the debtor in respect thereof

Party B shall be exempt from liability or defense for non-payment of the credit.

Article 7 Party A's Promises

Party A undertakes to keep confidential the non-public information in the relevant documents, financial information and other relevant information submitted by Party B when performing its obligations hereunder, except as otherwise stipulated by relevant laws and regulations and agreed herein.

Article 8 Determination of the principal claim

The creditor's right guaranteed by the maximum amount guarantee shall be determined under any of the following circumstances:

- A. Expiration of the period stipulated in Article 1.1;
- (B) New claims are unlikely to occur again;
- C) the debtor or Party B is declared bankrupt or dissolved;
- D. Other circumstances in which the creditor's right is determined according to the law.

Article 9 Breach of Contract

Article 9.1 After this Contract comes into force, either party shall be deemed to be in breach of contract if it fails to perform any of its obligations hereunder or breaches any of its representations, warranties and commitments hereunder. If any loss is caused to the other party, the party shall be compensated.

Article 9.2 If Party B fails to perform its warranty obligations under this contract, Party B agrees that Party A shall deduct all the accounts opened by Party B in Industrial and Commercial Bank of China to settle the debts under the main contract. If the amount deducted is not in accordance with the currency of the main Contract, the amount to be deducted shall be calculated according to the applicable exchange rate of the corresponding currency published by Party A on the date of deduction. Party B shall bear part of the interest and other expenses incurred between the deduction date and the repayment date (when Party A will convert the deduction amount into the currency of the main contract and actually repay the debts under the Main Contract according to the national foreign exchange management policy) and the difference caused by exchange rate fluctuations during this period.

Article 9.3 Unless otherwise provided herein, if either party breaches the contract, the other party shall have the right to take any other measures prescribed by laws, regulations and rules of the People's Republic of China.

Article 10 Effective, modified and rescinded

Article 10.1 This Contract shall come into force upon Party A's official seal or special contract seal and Party B's signature (applicable to natural persons) or seal (applicable to units).

Article 10.2 Any modification to this Contract shall be made in writing by the parties through consultation. The modification clause or agreement shall form part of this Contract and have the same legal effect as this Contract. Except for the modified part, the remaining parts of this contract shall remain valid. The original terms and conditions of this Contract shall remain valid before the modification becomes effective.

Article 10.3 The invalidity or unenforceability of any provision hereof shall not affect the validity and enforceability of other provisions nor the validity of the Contract as a whole.

Article 10.4 The modification or termination of this Contract shall not affect the rights of each Contracting party to claim compensation for losses. The termination of this Contract shall not affect the validity of the dispute resolution provisions of this Contract.

Article 11 Dispute Resolution

The conclusion, validity, interpretation, performance and dispute resolution of this Contract shall be governed by the laws of the People's Republic of China. All disputes and disputes arising out of or in connection with this Contract shall be settled by the parties through negotiation. If no agreement can be reached through negotiation, such disputes shall be settled by means of B(A/B) as follows:

A. The dispute shall be submitted to Arbitration Commission for arbitration at L(Place of arbitration) in accordance with the Commission's arbitration rules in force at the time of submission of the application for arbitration. The award of the arbitration shall be final and binding upon both parties.

B. The arbitration shall be settled by litigation in the local court of Party A.

Article 12 Confirmation of address for service of litigation/arbitration documents

Article 12.1 Party B confirms that the address recorded on the first page of this Contract shall be the address for service of litigation/arbitration documents related to disputes under this contract. Litigation/arbitration documents shall include but not limited to summons, notice of hearing, judgment, ruling, conciliation statement, notice of performance within a time limit, etc.

Article 12.2 Party B agrees that the arbitration institution or the court may use the fax and email mentioned on the first page of this Contract to serve arbitration/litigation documents, with the exception of the written judgment, decision and mediation.

Article 12.3 The above service agreement shall apply to all stages of the first instance, second instance, retrial and execution of the arbitration and litigation proceedings. At the above address, the arbitral institution or court may make service by direct mail.

Article 12.4 Party B shall ensure the authenticity and validity of the address, contact person, fax, E-mail and other information provided herein. In case of any change of the relevant information, Party B shall promptly notify Party A in writing; otherwise, the service made according to the original address information shall remain valid and Party B shall bear the legal consequences arising therefrom.

Article 13 Other Items

Article 13.1 Without written consent of Party A, Party B shall not assign all or part of its rights or obligations under this Contract.

Article 13.2 Party A's failure or partial exercise or delay in exercising any right hereunder shall not constitute a waiver or modification of such right or any other right, nor shall it affect its further exercise of such right or any other right.

Article 13.3 Party A shall have the right to provide the information related to this Contract and other relevant information to the Credit Information Basic database of the People's Bank of China or other credit databases established according to law for the inquiry and use of appropriately qualified institutions or individuals in accordance with the provisions of relevant laws and regulations or other normative documents or the requirements of financial regulators. Party A shall also have the right to inquire Party B's relevant information through the credit Basic database of the People's Bank of China and other credit databases established according to law for the purpose of conclusion and performance of the Contract.

Article 13.4 This contract is made in two originals, with one held by each party and each copy having the same legal effect.

Article 14 Other matters agreed upon by both parties

(There is no text below)

Party A: Industrial and Commercial Bank of China Service Company Limited
(Seal)

Party B: Xiamen Pop Culture Co., LTD
Signature (applicable to natural person)
Seal (applicable to unit)
Date: September 21, 2022

As the legal representative/authorized representative of the Guarantor, I hereby confirm that the Guarantor has provided the creditor with security as agreed herein and that the seal used in this Contract is true and valid, and that all procedures required for providing security have been completed.

Legal Representative/Authorized Representative of the Guarantor (Signature)

Please note that these documents are English translations of the original Chinese versions prepared only for your convenience. In the case of any discrepancy between the translation and the Chinese original, the latter shall prevail.

**Xiame Software Park Housing
Lease Contract**

Party A (lessor): Xiamen Information Group Co., LTD

Party B (lessee): Xiamen Pop Network Technology Co., LTD

In accordance with relevant laws and regulations, party A and Party B reach an agreement through friendly negotiation and hereby conclude this Contract for mutual compliance.

Article 1 Location, area, function and use of the lease

1.1 Party A leases Unit 304 (hereinafter referred to as the Lease), Floor 3,168, Fengqi Road, Software Park, Torch High-tech Zone, Xiamen to Party B. The building area of the leased property is jointly confirmed by both parties to be 500.91 square meters, and agrees to take this as the basis for calculating and collecting the lease fees. If it is found that the actual building area is different from the agreed building area after the signing of this Contract, the monthly rent standard agreed herein and the fees hereunder shall not be adjusted.

1.2 Functions and uses of the leased property: Office building, to be used by Party B as an office. Without the written permission of Party A, Party B shall not change the purpose of the lease.

1.3 Party B confirms that it has investigated the current situation of the leased property and its surrounding environment before the signing of this Contract, and will voluntarily lease the premises based on its independent judgment.

Article 2 Lease term

2.1 The lease term is one year, from March 21,2024 to March 20,2025.

Article 3 Lease fee and payment method

3.1 Rent standard

The unit price of the lease item is RMB two hundred and five yuan / square meter • month (RMB 25 yuan / square meter • month), and ☒ will not increase during the contract period.

The specific rent standard is as follows:

Year of lease	Unit Price (Yuan / m² • month)	Monthly rent (RMB)	Quarterly rent Gold (yuan)	Current rent (RMB)	Pricing time
the first year	25	12522.75	37568.25	150273	21 March 2024 to 20 March 2025
amount to	150273				

The contract price is RMB one hundred and fifty-two hundred and seventy-three only (¥: RMB 150,273), excluding tax amount of RMB one hundred and forty-three thousand one hundred and seventeen four (¥: RMB 143117.14), RMB seven one hundred and fifty-six (¥: RMB 7 155.86), and VAT tax rate of 5%. This contract is calculated at the price including tax. During the term of this contract, in case of any change in the national tax policy, the tax price and VAT excluding tax shall be recalculated by the applicable national tax policy when the invoice is issued.

3.2 Payment method

3.2.1 Rent is one payment period for every three months. Within 5 working days from the date of signing this Contract, Party B shall pay the first rent to Party A, and after which Party B shall pay the current rent to Party A to the following account designated by Party A (or the account confirmed by Party A in writing) before the 15th of the first month of each period:

Account: Xiamen
Information Group Co., Ltd.
Bank: Xiamen
Branch, China
Construction Bank
Account No.: 35101535001059595959

3.2.2 During the lease term, Party B shall bear the property management fee, public maintenance fee, water and electricity fee, and the payment standards are as follows:

3.2.2.1 The property management fee shall be paid at the fee standard published by the property management company designated by Party A;

3.2.2.2 Housing public maintenance gold to Xiamen City price Bureau announced the fee standard payment;

3.2.2.3 The water and electricity charges generated by Party B in renting the leased property and the shared water and electricity charges generated during the lease term shall be paid according to the fee standard published by Xiamen Municipal Water Bureau and Electric Power Bureau.

The above property management fee, public maintenance fee and water and electricity fee shall be paid by Party B to the property company designated by Party A on time according to the payment time notified by the property company designated by Party A.

3.2.3 During the lease term, Party A shall pay the relevant operation tax according to law, and Party B shall specify the type of VAT invoice issued by Party A:

☐ 1. VAT general invoice Company / individual name:
identification number of the taxpayer:

☒ **2. Special VAT invoice**

When issuing the VAT special invoice,
Party B shall provide the following
information: Company name: Xiamen Pupu
Network Technology Co., LTD
Taxpayer identification number: 91350200MA2YAA5R62

Address: Unit 208, No.168, Fengqi Road,
Phase III, Xiamen Software Park
Tel: 0592-5968189

Bank: China Merchants Bank Co., Ltd.
Xiamen Software Park Sub-branch
Account number: 592904705310701

3.2.4 Tax: Party B shall pay the taxes and administrative fees due by itself in strict accordance with the government regulations. If Party B fails to perform the tax obligations according to the provisions, all responsibilities shall be borne by Party B.

Article 4 Performance security deposit

4.1 Party B shall pay the performance security of RMB 30,8008 (¥: RMB 38,000) to Party A within 5 working days from the date of signing of this Contract. If Party B breaches the contract during the performance of this Contract, Party A shall have the right to directly deduct the compensation and related expenses from the performance deposit. If the deposit is insufficient to deduct, Party A shall have the right to recover from Party B.

4.2 After Party A deducts the performance bond to Party A, and the performance bond paid by Party B to Party A is insufficient for the amount of the performance bond agreed in the contract, Party B shall make up the amount within 3 days after receiving the notice from Party A. Otherwise, Party B shall be deemed to breach the contract and Party A shall have the right to hold Party B liable for breach of contract according to Party B's overdue payment of rent.

4.3 at the termination of this contract (including early termination), if Party B pays all the rent, and settles the property management fees and the lease of all expenses, and returns the lease to Party A according to this contract and there is no other default, Party A, after the termination of this contract, and the handover formalities within 20 working days, the performance deposit without interest. In case of breach of contract, Party A shall refund the balance of the performance bond without interest after Party B assumes the full liability for breach of contract.

4.4 If the contract is terminated in advance or within 3 days after the expiration of this Contract, Party B shall go to the commercial registration authority for the cancellation of the registration of the business site of the leased property, otherwise Party A has the right not to return the performance deposit.

Article 5 Delivery of the lease item

5.1 Party A shall deliver the leased property to Party B for use according to the current situation, and Party B agrees to lease the leased property according to the current situation of the leased property and facilities.

5.2 Water and electricity supply facilities shall be delivered to Party B according to the current situation. If Party B needs to install self-use water and electricity facilities or expand the capacity (there shall be independent metering facilities), it shall apply to the property company designated by Party A in advance. After written approval, it shall be responsible for the installation and bear the relevant expenses, which shall be put into use after on-site review by the property company.

Article 6 Requirements for the use of the lease item

6.1 Party B shall use the leased item in strict accordance with the purpose and scope agreed herein and shall not be used for assembly and processing. For other production purposes, there shall be no production assembly workshop and warehouse, shall not change the use without authorization, and shall not occupy public parts.

6.2 party b shall strictly implement the provisions of the Xiamen fire management regulations, safety with fire, electricity, gas, set up fire control facilities, shall not use, blocking safe evacuation channel, safety exit, and strictly implement the corresponding management system, if the fire safety accident occurred during the lease term, party b shall bear all responsibility.

6.3 If Party B needs to set up billboards, signs, light boxes and other outdoor advertisements outside the leased property, it shall abide by the relevant management system of the park.

6.4 In case of destructive accidents of the premises and ancillary facilities caused by improper use or management of Party B, resulting in property loss or personal injury, Party B shall bear all legal liabilities, and Party A shall not bear any liabilities.

6.5 Party B shall be responsible for the interior decoration of the leased item and shall bear all costs.

6.6 During the lease term, without the written consent of Party A, Party B shall not sublet all or any part of the leased property or in the form of cooperative operation. If Party B really needs to sublease, it shall submit the written sublease application, the secondary lessee subject information / identity information and the sublease contract to Party A one month in advance. The sublease shall be made only after Party B meets the following conditions and obtains the written approval of Party A:

6.6.1 The sublease term shall not exceed the lease term agreed herein;

6.6.2 The lessee shall meet the following conditions: 1. There is no malicious breach of contract, a large amount of rent or the liability for breach of contract determined by the judicial organ; 2. in line with the industrial development direction of the park; 3. There is no bad operation record or other matters that may affect the performance of the lease contract.

6.6.3 The sublease use shall not violate the use of the leased premises agreed herein;

6.6.4 Party B shall not sublet the price difference by simply earning the price difference.

Party a to party b sublease requirements and examination and approval of the lessee (including sublease contract) review or approval, as not agree to party b to sublet the rights and obligations of the transfer, more not as party a directly with the lessee lease (or direct management) relationship, party b still for the rights and obligations, shall not be the lessee did not pay (or delay payment) rent or not return the leased premises, refused to pay (or delay payment) lease fees or refuse to return (or delay teng return) rental premises. Party B shall ensure that the provisions of this Contract on the use requirements of the lease property are also applicable to the sub-lessee (including natural persons, legal persons, other organizations, etc.). Party B shall be responsible for handling and assuming any disputes and responsibilities caused by the illegal sublease. Party B shall bear any claims and debts arising during the lease term and handle the relevant disputes. Party B shall deal with any loss or disputes caused by Party B or the sub-lessee.follow If Party B violates the contract and causes losses to Party A or Party A pays reasonable fees for handling such disputes, including but not limited to, litigation (arbitration) fees, investigation fees, attorney fees, travel expenses, Party A shall have the right to claim compensation from Party B.

6.7 Party B shall submit the internal decoration plan (including but not limited to the general level design drawing, strong and weak electricity layout drawing, etc.) to Party A for review, and shall enter the site for decoration only after Party A's written confirmation. The main structure of the leased property shall not be changed during the decoration process.

6.8 Party B shall abide by the Xiamen Software Park Enterprise Management Regulations and other park management systems and relevant property management regulations, as well as the newly issued park management system and property management regulations promulgated after the signing of this Contract.

6.9 Party B shall not use the leased property for illegal activities, and shall not endanger Party A's interests or damage the public interests. Otherwise, Party B shall bear all legal liabilities, and Party A shall have the right to terminate this Contract and confiscate the performance security.

6.10 Upon expiration of the lease term or other termination of the contract, Party A shall have the option of the ownership of the decoration and expansion part of the leased property. If Party A requires that the decoration and extension parts of the leased property attached to the leased property be owned by Party A, Party B shall not dismantle the leased property by itself and maintain the current use status of the leased property. If Party A requests Party B in writing to restore the original state of the leased property, Party B shall dismantle the attached part of the decoration, decoration and expansion of the premises and bear the corresponding expenses. If the decoration, decoration and expansion of Party B are not the supplementary part of the premises, Party B shall have the right to dismantle the premises. Party A shall not compensate and Party B shall not damage the structure of the premises. If the leased property is damaged caused by the demolition of Party B, Party A shall have the right to ask Party B to compensate for the corresponding losses.

6.11 If Party B violates the relevant provisions of this clause, Party A shall have the right to supervise its correction.

6.12 Party B shall handle the property insurance and third-party liability insurance in the leased property. If Party B is not insured and the property stored by Party B in the leased item suffers from water leakage, theft, fire, flood and other accidents or disasters, Party B shall be liable therefor.

Article 7 Repair and maintenance of the leased property and ancillary facilities and sites

7.1 Party B shall have the exclusive right to use the leased property and its attached facilities during the lease term. Party B shall be responsible for the maintenance, maintenance and annual review of the leased property and special facilities, and guarantee that upon termination of this Contract, the special facilities shall be returned to Party A along with the leased property except for natural losses during the lease term. Party A has the right to inspect this matter.

7.2 Party B shall be responsible for the proper use and maintenance of the leased property and its affiliated facilities, and shall eliminate all possible faults and dangers in time to remove all possible hidden dangers. For any destructive accident, property loss or personal injury caused by party Bs failure to repair it in time, Party B shall be liable liability to pay compensation.

7.3 Party B shall take good care of the lease item during the lease term. If the lease item is damaged caused by non-natural losses, Party B shall be responsible for maintenance and expenses. If it is difficult to repair, Party B shall compensate for the corresponding losses.

Article 8. Return of the lease property

8.1 Upon the expiration of the lease term or the early termination of the contract, Party B shall empty the items in the leased property, clean up the site and return them to Party A. When Party B returns the leased property, both parties shall jointly participate in the acceptance inspection.

8.2 If Party B fails to move out the leased item within the time limit, Party A shall have the right not to provide or guarantee the water, electricity, gas, communication of the leased item and other conditions that affect the applicability of the leased item.

Party A shall also have the right to take back the leased property by itself from the overdue date, and all the articles within the leased scope shall be deemed to be abandoned by Party B. Party A shall have the right to dispose of all the articles within the leased scope at party B, and all losses caused thereby shall be borne by Party B. At the same time, Party A shall have the right to charge Party B the house use fee during the period of calculating twice the monthly rent of the current month upon the termination of the contract.

Article 9 Modification and termination of the contract

9.1 If Party B has any of the following circumstances, Party A shall have the right to issue a notice requiring Party B to correct the breach of contract immediately. If the rectification is not completed within the time limit required by Party A, Party A shall have the right not to provide or guarantee the water, electricity, gas, communication of the leased property and other conditions that affect the applicability of the leased property. Party A shall also have the right to confiscate the performance security deposit, terminate the contract, take back the lease item by itself, and hold Party B liable for breach of contract. This Contract shall be terminated on the date when Party A notifies Party B in writing by fax or letter. Party B shall return the leased property to Party A according to this Contract; If Party A causes losses due to the termination of this Contract, it shall compensate Party A for such losses:

9.1.1 Failing to pay the rent payable by Party B or the relevant expenses incurred during the lease term for more than 15 days.

9.1.2 During the lease term, change the structure or purpose of the lease item without authorization.

9.1.3 During the lease term, without written approval or consent of Party A, sell, transfer, mortgage or take any other ownership of Party A.

9.1.4 Party B shall, during the lease term, use the leased property to store dangerous goods or engage in illegal business operations or illegal and criminal activities or damage the public interest.

9.1.5 Party B shall sublet or close all or any part of the leased property without the written consent of Party A

Make management and other means of disguised sublease.

9.1.6 Damage to the lease item, or other acts of breach hereof.

9.1.7 Party B has major violations, violations or other events, which cause adverse effects to Party A and the software park.

This Contract shall be terminated on the date when Party A notifies Party B in writing by fax or letter.

9.2 If Party A has any of the following circumstances, Party B shall have the right to unilaterally terminate the Contract and hold Party A liable for breach of contract:

9.2.1 Party A fails to deliver or delays delivery of the leased item for more than 15 days, and Party B does not receive the leased item.

9.2.2 The main structure of the leased property is defective, which endangers the safety.

9.3 During the lease term, both parties may modify or terminate the Contract under any of the following circumstances:

9.3.1 Party A and Party B agree to modify or terminate this Contract in writing.

9.3.2 The leased property and its ancillary facilities are seriously damaged due to force majeure, and the contract cannot be further performed further.

Article 10 Liability for breach of contract

10.1 Both parties shall abide by the contract during the lease term. If either party breaches this Contract and causes losses to the other party, it shall be liable for compensation.

10.2 During the lease term, if Party B delays to pay the rent incurred by Party B and the lease process, Party A has the right to require Party B to pay the penalty; if the delay exceeds 15 days, Party A shall have the right to terminate the Contract in advance.

10.3 If Party B breaches this Contract and causes the early termination of the Contract (except as stipulated in Article 12.2), Party A shall have the right to confiscate the performance deposit and require Party B to pay the liquidated damages for the previous months rent upon the early termination of this contract. If the contract is terminated in advance due to Party Bs breach of contract or other reasons, Party A shall not compensate Party B for the decoration expenses.

10.4 During the lease term, if either party breaches the contract and causes losses to the other party or is investigated by a third party or subject to administrative punishment, the breaching party shall, in addition to making compensation according to this clause, compensate the reasonable expenses paid to the non-breaching party, including but not limited to:

10.4.1 Litigation costs, preservation costs, execution fees, arbitration fees, and other taxes and fees paid to the relevant government departments;

10.4.2 Lawyers fee, notary fee and evaluation fee;

10.4.3 Evidence preservation fee and other reasonable expenses incurred in the process of investigation and evidence collection;

10.4.4 Travel expenses and business trip allowance.

10.5 If Party B fails to go through the cancellation registration procedures of the leased property with the commercial registration authority as agreed herein, party B shall pay party A liquidated damages of 0.5% of the total contract amount for each day overdue.

Article 11 Conditions of exemption

11.1 Party A and Party B shall not be liable for the failure to perform this Contract due to force majeure. Force majeure means the unforeseeable, unavoidable and insurmountable objective circumstances resulting in the uncontinued performance of this Contract, including but not limited to earthquake and war.

11.2 In any of the following circumstances, Party A shall have the right to unilaterally terminate the Contract:

11.2.1 Demolition, reconstruction, requisition and expropriation;

11.2.2 Land allocation and transfer;

11.2.3 Planning adjustment, design change or change of the specific use of the land;

11.2.4 Party A is restructured or no longer assumes operation and management responsibilities due to other reasons;

11.2.5 party committees at all levels, government, general office, the relevant administrative departments, government temporary coordination agencies, office, headquarters and head (including deputy), party as holdings with special documents, resolutions, meeting minutes, instructions, instructions or instructions form of land, building for other purposes or require party a to recover the land, building decision;

11.2.6 Party A decides to dismantle and rebuild, permanently dismantle and structural transform the leased property or make major changes to its use;

11.2.7 Changes, modifications or other changes in laws, regulations and normative documents shall lead to the unsuitability of leasing of the leased property;

11.2.8 The administrative Committee of the Municipal Software Park, the institutions undertaking its functions and powers, or its superior authorities, and the subject qualification requirements of the leased property have changed.

Party B has no objection to Party A's exercise of the termination right specified in this Agreement; Party B has fully recognized and is willing to accept the losses caused by signing this Contract. Party B irrevocably waives its defense that,

The right to stop

Party B shall return the leased item within three months after receiving the notice from Party A without any conditions and waive the first performance or simultaneous performance of the defense. Both parties agree that Party A has the right to terminate the Contract without assuming any liability.

11.3 If either party is unable to perform this Contract due to force majeure, the party with the above force majeure shall immediately notify the other party by mail or fax, and shall provide the details of the force majeure within 30 days. Failure to perform the contract, or in part, or the reasons for delay of performance.

11.4 During the lease period of Party B, Party A shall not be liable for the temporary interruption of water, electricity and public facilities due to the normal maintenance or other reasons not attributable to Party A. However, Party A shall notify Party B in advance before the normal maintenance.

Article 12 Termination of the contract in advance

12.1 During the lease term, neither party shall terminate this Contract in advance without authorization, except for force majeure factors.

12.2 If Party B is really necessary to terminate the Contract in advance, it shall notify Party A in writing 60 days in advance with the written consent of Party A, and Party B shall complete the following procedures:

12.2.1 Return the leased property to Party A;

12.2.2 Pay the rent of the real lease term and other expenses incurred by this Contract;

12.2.3 Party B shall pay liquidated damages to Party A before the early termination of this Contract, which shall be the monthly rent of the current month upon the early termination of the contract;

12.2.4 Go through the registration procedures for the cancellation of the leased property with the commercial registration authority.

12.3 If Party B fails to terminate the contract in advance and cancel the lease as mentioned in the preceding paragraph, Party A shall have the right to confiscate all the performance deposit and recover all losses caused to Party A by the early lease cancellation from Party B.

12.4 If Party B terminates the contract in advance due to breach of contract or other reasons, Party A shall not compensate Party B for the decoration, decoration and other expenses.

12.5 If Party A really needs to terminate the Contract in advance, it shall notify Party B in writing 30 days in advance. Party A shall pay party B liquidated damages, which is the monthly rent of the current month when the contract is terminated in advance, as compensation for the losses caused by the early termination. In addition, Party A shall not bear any liability and expenses.

Article 13 Termination of the contract

13.1 If the Contract is terminated in advance or upon expiration, Party B shall move out of the leased property on the date of early termination or expiration of the lease term and perform the contract in accordance with the provisions hereof.

13.2 Prior to the early termination of the Contract or the expiration of the term of validity, Party A shall determine the new rent standard and issue a new rental announcement according to the public lease. In the case of public leasing, Party B shall participate in the competition and exercise the legal rights in accordance with the rules formulated or implemented by Party A. If Party B does not participate, it shall be deemed to have waived the relevant rights.

Article 14 Supplementary Provisions

14.1 Dispute settlement measures

14.1.1 Any dispute arising from or in connection with this Contract shall be settled by both parties through friendly negotiation; If no agreement can be reached, either party shall submit to Xiamen Arbitration Commission for arbitration in accordance with the Arbitration Rules (2020) (unless otherwise agreed in this Contract 2020). The arbitral award is final and binding on both parties. However, the parties agree to make the following changes to the arbitration rules:

14.1.1.1 Arbitration in accordance with Chapter VIII of the Rules shall not be subject to the limitation that the amount of dispute in Article 60 (1) of the Rules shall not exceed RMB 2 million yuan (RMB, the same below), and the right to apply for such change shall be waived.

14.1.1.2 Both parties agree that the Xiamen Arbitration Commission shall appoint an arbitrator as the sole arbitrator to arbitrate any dispute arising from or in connection with this Contract.

14.1.1.3 The time limit for submitting the defense and identity documents and filing a counterclaim (if any) shall be three days; the time limit for presenting evidence shall be five days.

14.1.1.4 Both parties agree that no arbitration shall be held. The arbitration tribunal may hear and make a ruling in writing according to the arbitration application, defense letter and other materials submitted by both parties.

14.1.1.5 Documents related to arbitration may be delivered by express delivery. The service addresses confirmed by both parties are as follows:

The address of service is: 5th floor, No.33, Guanri Road, Phase II, Xiamen Software Park

The address of Party B is: Unit 304,3, Floor, No.168 Fengqi Road, Software Park, Phase III, Jimei District

In the event of any change in the service address of service, it shall notify the other party in writing, and the changed address shall be the valid service address from the date when the other party receives the notice of change.

Express delivery shall be deemed on the second day from the date of delivery; the relocation, rejection or no receipt shall not affect the effect of delivery. Neither party shall claim under the above pretext that it has not received the documents, notices or materials.

14.1.2 In case of any dispute and settlement by the above means, the parties shall continue to perform their other obligations under this Agreement except for the matters in dispute.

14.2 Other

14.2.1 Party B shall cooperate with Party A's management personnel when inspecting the work. In case of emergency, party A shall timely notify Party A.

14.2.2 Xiamen innovation software park management co., LTD. Is a subsidiary of party a, according to the asset entrusted management agreement signed by party a and Xiamen innovation software park management co., LTD., the second and third phase assets leasing business and daily management maintenance entrust Xiamen innovation software park management co., LTD During the lease term, Party B agrees and accepts the management of the lease by Xiamen Innovation Software Park Management Co., Ltd., knowing that the company has the right to exercise the rights of the lessor and perform the obligations of the lessor without objection.



14.2.3 The annexes hereto shall be an integral part of this Contract.

14.2.4. Upon signing this Contract, Party B shall submit a valid copy of the business license, a copy of the ID card of the legal representative, or a copy of the ID card of the lessee.

14.2.5 Service of relevant legal documents including, but not limited to, notices, collection and relevant legal documents under this Contract may be made as per 14.1.1.5 Service by treaty.

14.2.6 This Contract is made in two originals, with Party A holding one copy each; this Contract shall come into force after being signed by both parties.

14.2.7 For matters not covered herein, both parties may sign a supplementary agreement separately.

Party A: Xiamen Information Group Co., LTD	Party B: Xiamen Pupu Network Technology Co., LTD
 Address: No.33, Guanri Road, Phase II, Software Park, Xiamen a storied building Tax registration No.: 913502005750305265	 representative; Address: Fengqi Road, Phase III, Software Park, Torch High-tech Zone, Xiamen 168 N. C. 3rd Floor Tax registration No.: 91350200MA2YAA5R62
On March 21,2024	On March 21,2024
Signing place: Xiamen	



Please note that these documents are English translations of the original Chinese versions prepared only for your convenience. In the case of any discrepancy between the translation and the Chinese original, the latter shall prevail.

No.: Z2437LN15655480

Working capital loan contract

Bank of Communications Co., LTD., Xiamen Branch

Working capital loan contract

Important tips

The borrower and the co-borrower, please read the full text of this contract carefully, especially the terms marked with ▲ ▲. If there is any doubt, please request the lender for explanation.

Whereas the Borrower and the co-borrower apply for the working capital loan amount from the Lender, in order to clarify the rights and obligations of both parties, the borrower, the co-borrower and the Lender hereby enter into this Contract through negotiation.

The first definition

“Co-Borrower” means the natural person who assumes the joint repayment responsibility with the contract borrower.

“Limit” means the maximum amount of the loan balance (under the revolving amount) that the lender may extend to the Borrower as agreed herein.

“Circular amount” means that the borrower may apply for the loan amount for several times to obtain the loan as agreed herein, but the loan balance shall not exceed the agreed amount.

“Loan Balance” means the sum of the principal amount of the Loan obtained under this Contract.

“Limit Balance” means the amount after the limit of the loan balance.

“Credit Term” means the application of the Lender under the Borrower and the Contract The term of the loan issued by the directed borrower belongs to the occurrence period of the loan rather than the term of the loan.

“Loan Term” means the term of each loan determined by both parties in the corresponding Application for Use of Loan Limit of Bank of Communications (hereinafter referred to as “Application for Use of Loan Limit”).

“Loan Market Quote Rate (LPR)” refers to the loan market quoted rate applicable to RMB loans issued by the National Interbank Lending Center on the 20th day of each month (postponed in case of holidays).

“Enterprise online banking online self-help withdrawals”, refers to the opening of the borrower bank of communications co., LTD. (hereinafter referred to as the “enterprise online banking”) online bank online self-help withdrawal channels open, the borrower submit the relevant amount using the application materials, the relevant conditions approved by the lender and the borrower through enterprise online banking signed the line use application approved by the lender, the function of the corresponding loan withdrawal application, hereinafter referred to as the “online self-help withdrawals”.

“Bank receipt” means the valid vouchers provided by the lender to the borrower as the basis for accounting treatment after issuing the loan.

“Bank working days” and “working days” refer to the opening day of the banks corporate business where the lender is located, excluding statutory holidays and rest days (except for business adjustments due to holidays). If the loan date, repayment date, coupon payment date and maturity date meet the non-bank working day, it shall be postponed to the following bank working day accordingly.

“Related person” refers to the authorized agent, agent, legal representative, responsible person, controlling shareholder or actual controller, and the beneficial owner of the borrower Receiving or indirectly with related persons.

“Business stakeholders” means the parties to the transaction and other than the parties and the parties related to the transaction Body, as well as the parties to the transaction, the authorized agent, the agent, the legal representative, the responsible person, the controlling shareholder or the actual controller, the beneficial owner, etc.

The words of related parties, related party transactions and individual major investors have the same meaning as the accounting Standards for Business Enterprises No.36-Related Party Disclosure (Accounting [2006] No.3) and the same words in the subsequent revision of the standards.

Article 2. Use of the quota

▲ ▲ 2.1 When applying, the borrower shall fill in the Application form for the Use of the Limit, which can be used after the examination and approval of the lender. If the borrower uses the online self-service withdrawal function, the Application Form for Limit Use shall be signed through the enterprise online bank. For the relevant matters of signing the Application Form for Limit Use through the enterprise online bank, the borrower and the co-borrower promise as follows:

(1) the borrower shall, according to the requirements of the lender opened the bank of communications enterprise online banking, and submit the application of enterprise online banking signing application and enterprise signed the agreement signing business authorization and specify the borrower authorized personnel (hereinafter referred to as the “authorized person”) on behalf of the borrower and at the same time, and the application signed, the borrower enterprise online silver display online self-help withdrawal channels open.

(2) The authorized person shall log in the enterprise e-banking with the customer number and user number stipulated in Article 21.1 as stipulated in the Letter of Authorization for Business Agreement, and fill in the relevant information according to the requirements of the lender to complete the quota use application Request for signing operation. The borrower agrees to and confirm that all use this contract 21.1 of the enterprise net silver customer number, user number login enterprise net silver to complete the operation, are regarded as the authorized person himself, the financing business and documents signed are regarded as the borrower, the line use application of the borrower and the borrower signed column will load the borrower and common borrower electronic seal. The Borrower and the co-borrower shall bear all legal consequences arising therefrom and indemnify the Lender for all losses incurred thereby.

(3) due to force majeure and/or national policy changes, IT system failure, communication system failure, power system failure, loss of the borrower or its services or obstruction or delay (including but not limited to the borrower cannot log in enterprise online banking or login temporarily unable to handle the relevant business), the lender shall not take responsibility for this, the parties except otherwise agreed in the supplementary agreement. The foregoing agreement does not exempt the liability caused by the fault of the lender.

▲ ▲ 2.2 Each use of the quota is subject to meeting all of the following conditions:

(1) The loan balance does not exceed the amount;

(2) The loan amount applied for shall not exceed the balance of the amount;

(3) The application date and the loan date are within the credit extension period;

(4) The loan term and the maturity date of the loan are in accordance with the provisions herein;

(5) The security contract (if any) under this Contract has come into force and remained valid. If the security contract is a mortgage contract and/or pledge contract, the real right of security has been established and continuously valid;

(6) When the borrower has completed the government permission, approval and registration procedures required by the lender when applying for the loan, and such permission, approval or registration shall be valid;

(7) After this Contract comes into force, there is no material adverse changes in the borrowers operating and financial conditions, and the credit of the joint borrower has not deteriorated or any major changes or other events that have or may have a significant adverse impact on the repayment ability;

(8) The borrowers application meets the requirements of the relevant rules and regulations of the lender;

(9) The borrower and the co-borrower have not violated the provisions hereof;

(10) If the payment method of the loan is in accordance with the provisions of this contract and the lender is entrusted with the payment, the lender agrees to pay;

▲ ▲ 2.3 If the lender agrees to issue the loan, the final loan information shall be subject to the bank receipt. “Application for the use of the quota” as the “loan certificate”.

▲ ▲ 2.4 If the currency of the Application for the Use of the Limit is inconsistent with the currency of the quota, only for the purpose of determining the balance, the quota shall be converted according to the daily exchange rate published by the Bank of Communications Co., Ltd. If there is no directly applicable exchange rate, it shall be converted at the exchange rate determined in a reasonable manner.

▲ ▲ 2.5 After the Borrower becomes the shareholder of the Guarantor or the “actual controller” as defined in the Company Law, the Lender has the right to suspend or cancel the unused loan amount of the Borrower before the guarantor provides the resolution of the shareholders meeting (shareholders meeting) accepted by the Lender on the agreement to provide guarantee for the Borrower.

Article 3 Planning and payment of interest rate and interest

3.1 Basic rules for determining interest rates

3.1.1 The annual interest rate (single interest) of the loan under this Contract shall be agreed by both parties in the Application form for the Use of the Limit after each negotiation of the quota. If the annual interest rate is determined according to the pricing benchmark, the annual interest rate shall be based on the Application form The agreed pricing benchmark plus (minus) points (1 basis point is 0.01 percent, 1 percentage point is 100 basis points) is calculated.

3.1.2 both parties in the quota use application agreement applicable fixed rate, the fixed rate value bar recorded specific value, each loan specific rate to the amount of the fixed rate value of recorded value, the specific value in the quota use application agreed pricing benchmark applicable date applicable loan market quotation rate (LPR) specific value (hereinafter referred to as: "LPR value"), according to the quota use application of the plus (minus) point value. If the column of the fixed interest rate value does not record the specific value, the specific interest rate of each loan shall be determined according to the value of addition (minus) points agreed in the Application for Limit Use on the basis of the LPR value applicable to the pricing benchmark agreed in the Application for Use of Limit.

Both parties in the quota use application agreement applicable floating interest rate, the specific interest rate of each loan in the quota using the application form agreed pricing benchmark applicable date on the basis of LPR value, according to the quota use application agreement plus (minus) point value, interest rate floating rules, interest rate floating cycle, interest rate floating cycle unit and specific date floating starting date (if necessary).

3.1.3 day interest rate = monthly interest rate/30, monthly interest rate = annual interest rate/12.

▲ ▲ 3.2 Lending interest rate

The loan interest rate at the time of each loan shall be determined on the basis of the LPR value applicable to the Application Date of the Pricing Benchmark as stipulated in the Application for Limit Use. The "applicable date of the pricing benchmark" is taken as the T day, and the applicable LPR value on the T date is the loan market quoted rate (LPR) value most recently released by the date of T.

3.3 Adjustment of interest rates

3.3.1 If the Application form for the Use of the Limit is recorded as a fixed interest rate, the loan shall implement the recorded interest rate during the loan term.

▲▲ 3.3.2 the line use application records for floating interest rate, the loan according to the line use application of the interest rate floating rules, interest rate floating cycle, interest rate floating cycle unit and specific date floating starting date (if necessary) and the contract to determine the loan interest rate adjustment date, since the loan interest rate adjustment from the date of the adjusted interest rate.

3.3.2.1 During the loan period, the period of loan rate adjustment shall be calculated from the “loan entry date” or “specific start date” according to the “selected at the” interest rate floating rule “. Interest rate floating cycle Fill in the number of interest rate floating cycles, the unit of interest rate floating cycle can choose on a daily or monthly basis. If the floating cycle number of the interest rate is filled in “1”, Floating cycle unit select “daily”, From the “loan entry date” or “specific date floating start date”, Daily is the loan interest rate adjustment day; If the floating cycle number of the interest rate is filled in “3”, Floating cycle unit select “daily”, From the “loan entry date” or “specific date floating start date”, Every 3 days is the loan interest rate adjustment date; If the floating cycle number of the interest rate is filled in “1”, Floating cycle unit selects month by month, From the “loan entry date” or “specific date floating start date”, Each full 1 month day is the loan interest rate adjustment date; If the floating cycle number of the interest rate is filled in “3”, Floating cycle unit selects month by month, From the “loan entry date” or “specific date floating start date”, Every 3 months is the loan interest rate adjustment date, the rest may be deduced by analogy.

3.3.2.2 loan interest rate adjustment date of the loan interest rate adjustment day on the basis of the applicable LPR value, unless otherwise agreed in this contract or both parties agree to adjust the interest rate plus (minus) point value, interest rate plus (minus) points still according to the loan corresponding line use application in the agreed rate plus (minus) point value. Taking the “loan rate adjustment date ” as T and T, the applicable LPR value is the loan market quoted rate (LPR) value recently released by T.

▲ ▲ 3.3.3 If the Loan Market Rate Rate (LPR) is cancelled according to the regulatory requirements or the corresponding issuing agency stops issuing according to the regulatory requirements, the parties shall adjust the loan interest rate, but the adjusted interest rate shall not be lower than the applicable interest rate at the time; however, the lender has the right to announce the early maturity of the loan.

▲ ▲ 3.3.4 Both parties may adjust the value of the plus (minus) point of the corresponding loan rate after the adjustment of each loan rate.

3.4 The penalty interest rate of overdue loans shall be increased by 50% according to the interest rate agreed herein, and the penalty interest rate of misappropriated loans shall be increased by 100% according to the interest rate agreed herein. If the floating rate loan is adjusted in the loan market quoted interest rate (LPR), the lender shall have the right to adjust the penalty interest rate applicable to each loan accordingly, and the new penalty interest rate shall be applied from the date of adjustment of the loan interest rate agreed in the corresponding Application for the Use of the Limit.

3.5 The calculation of the interest

3.5.1 Normal interest = the number of days occupied by the interest rate loan amount agreed herein.

The number of days of occupation shall be calculated from the loan date (including) to the maturity date (excluding), and the maturity date shall be extended on non-working days. The extension period shall be included in the number of days, and the interest shall still be calculated as agreed herein.

3.5.2 The penalty interest for overdue loans and misappropriated loans shall be calculated according to the overdue or misappropriated amount and the actual number of days (from the date of overdue or misappropriation (including) to the date of repayment of principal and interest (excluding)).

3.5.3 In case of the calculated interest/penalty decimal point, the lender will keep the two decimal places according to the rounding method.

▲ ▲ 3.6 If the borrower pays the loan in advance or the lender recovers the loan in advance according to the contract, the corresponding interest rate shall not be adjusted and the interest rate agreed herein shall still be implemented.

Article 4 Payment of the loan

4.1 The loan account designated by the borrower shall be subject to the provisions in the Application for Limit Use. If the loan account designated by the borrower is opened in a special loan issuance account of the lender, the issuance and payment of the loan shall be handled through the account. The account is only used for the issuance of loan funds and external payment, and only sells the “settlement business application” voucher. It may not handle checks, draft, bank acceptance bill and other businesses, and shall not be used for other settlement. When the borrower pays the loan funds independently, it must handle them at the counter of the account opening outlet. The deposit interest of this account is credited to the borrowers repayment account.

4.2 When the borrower draws the loan in accordance with the provisions hereof, it shall specify the payment method (the lender makes entrusted payment or the borrower pays independently), and only one payment method can be used for each withdrawal.

4.3 Entrusted payment by the Lender means the lenders entrusted payment according to the borrower Power of attorney, after issuing the loan as agreed herein, the loan funds shall be directly paid through the borrowers account to the borrowers counterparties in accordance with the purpose agreed herein.

If the amount of a single payment exceeds the limit of independent payment or meets one of the conditions stipulated in Article 18.3, the loan entrusted payment method shall be adopted.

Using the lender entrusted payment, the borrower shall submit to the lender using the amount of application, the corresponding entrusted to pay the power of attorney and the lender required by other information (including but not limited to business contracts, invoices and receiving documents such as transaction data), clear the use of the loan amount and payment object and amount, the loan amount should be equal to the total amount of payment.

▲ ▲ If the payment proposed by the Borrower is not in conformity with this Contract or the corresponding business contract or has other defects, the Lender shall have the right to refuse to pay and return the power of attorney for entrusted payment submitted by the Borrower.

▲ ▲ If the Lender agrees to pay, if the Lender fails to pay the refund due to the incorrect information provided by the borrower, the Borrower shall resubmit the relevant documents and materials containing the correct information within the time limit specified by the Lender, and the Lender shall not be liable for the delay or failure of the payment.

4.4 Independent payment by the borrower means that after the lender issues the loan funds to the borrowers account according to the contract, the borrower shall independently pay the counterparty to the borrower conforming to the purposes agreed herein.

If the borrower makes independent payment, the borrower shall submit to the lender an application for the use of the amount, instructions for the use of funds and other materials required by the lender. The borrower shall summarize and report the payment of the loan funds to the lender on time. The lender has the right to check whether the loan payment conforms to the agreed purpose by means of account analysis, voucher inspection, on- site investigation, etc. The borrower and the co- borrower shall cooperate with the lender in the verification.

Article 5 Repayment of loans

5.1 The repayment account of the borrower shall be subject to the provisions in the Application form for The Use of the Limit. If multiple repayment accounts are agreed, the lender may use the funds in any account for the repayment of the loan. The borrower and the co-borrower shall make the repayment according to the repayment date and amount recorded in the corresponding Application for the Use of the Limit.

▲ ▲ 5.2 The repayment arrangements of the principal and interest agreed by the borrower, the co-borrower and the lender in the Application for the Use of the Limit are the true intention reached by the three parties on a voluntary basis after negotiation. Under the repayment arrangement chosen by the three parties, whether the principal has been repaid before the interest shall not affect the repayment liability of the borrower and the co-borrower for the interest payable, and the borrower and the co-borrower shall not defend against the repayment of the interest payable. Under any repayment arrangement, both the borrower and the joint borrower shall bear the repayment responsibility for all the principal and interest payable.

▲ ▲ 5.3 If the borrower and the joint borrower repay the amount (including the active repayment of the borrower and the joint borrower and the deduction of the lender in accordance with this contract) and fail to fully repay all the debts:

(1) It shall be used to pay off the expenses due and unpaid. If the principal and interest are less than 90 days overdue, the balance after the offset fee shall be used to offset the unpaid interest or penalty interest or compound interest and then to offset the unpaid principal; if the principal or interest is more than 90 days overdue, the balance after the offset fee shall be used to offset the unpaid principal and then to offset the unpaid interest or penalty interest or compound interest;

(2) If the borrower has multiple debts (including the debts of the borrower to the Lender under other contracts), the lender shall have the right to decide the repayment order of the borrower, as long as the repayment order does not violate the applicable laws, regulations, rules and regulations of the Lender and relevant regulatory requirements. The lender shall Notify the borrower of the result of the debt payment. Unless otherwise agreed by the parties on this paragraph.

Article 6 Representations and warranties of the borrower and the co-borrower

6.1 The Borrower is established and legally existing according to law. Both the Borrower and the co-borrower have all the necessary rights and capabilities, and are able to perform the obligations under this Contract and bear civil liabilities in their own name.

6.2 The signing and performance of this Contract is the true expression of the intention of the borrower and the co-borrower, and through all necessary consent, approval and authorization, without any legal defects.

6.3 The production and operation of the borrower and the co-borrower are legal and compliant, have the ability to continue the operation, have legal sources of repayment, involve no major environmental and social risks, and have no major bad credit record. The borrowers senior management staff has no bad record.

6.4 All the documents, statements, materials and information provided by the Borrower and the joint Borrower in the process of signing and performance of this Contract are true, accurate, complete and effective, do not conceal any information from the lender that may affect its financial position and repayment ability, and the financial condition of the Borrower has not had significant adverse changes since the latest financial statements.

▲ ▲ 6.5 The Borrower and the co-borrower, their related persons and business parties are not included in the sanctions list issued by the United Nations and the corresponding countries, organizations and institutions and in the list of fear-related and anti-money laundering related risks issued by the Chinese government departments or competent authorities; they are not located in the countries or regions sanctioned by the United Nations and the corresponding countries, organizations and institutions.

▲ ▲ 6.6 The Borrower and the co-Borrower guarantee to comply with the national Anti- money laundering law Law, laws and regulations and related policy requirements, not engaged in assisting others in money laundering, terrorist financing, tax evasion, cash evasion of bank debt, cash, telecom fraud, illegal fund raising and other illegal activities, actively cooperate with the lender to carry out customer identity, transaction record keeping, customer identity and transaction background due diligence, large and suspicious transaction report the anti-money laundering work, and provide the relevant documents according to the lender.

Article 7 The Rights and Obligations of the Lender

7.1 The Lender shall have the right to recover the principal and interest of the loan (including compound interest, overdue interest and misappropriation of the loan, etc.) as agreed herein, collect the fees payable by the borrower and the co-borrower, have the right to recover the loan in advance according to the withdrawal of the borrower, and exercise other rights stipulated by law or agreed herein.

▲ ▲ 7.2 During the performance of this Contract, the Lender shall only conduct a formal review of the information provided by the borrower and the co-borrower. The Lender shall not be liable for the failure to complete the entrusted payment in time due to the untrue, inaccurate or incomplete materials provided by the borrower and the co-borrower or the payment by the borrower in violation of this Contract.

▲ ▲ 7.3 The Lender shall issue the loan and make the payment as agreed herein. If the Lender fails to issue the loan or handle the payment on time due to any of the following reasons, the Lender shall not be liable, but shall promptly notify the borrower that the loan account designated by the borrower has been frozen, the account of the payment object has been frozen, force majeure, communication or network failure, the lenders system failure, etc. Unless otherwise agreed upon in this contract.

▲ ▲ 7.4 According to the regulatory requirements that the lender needs to follow, the lender will conduct dynamic assessment of money laundering, terrorist financing, tax evasion and other risks of the borrower, and believe that the borrower and the borrowers transaction instructions involved in money laundering, terrorist financing, When the risk of tax evasion is high, they have the right to adopt one or all of the measures set out in Treaty 9.2.

Article 8 Obligations of the borrower and the co-borrower

8.1 The Borrower and the co-borrower shall repay the principal of the loan and pay the interest according to the time, amount, currency and interest rate specified in this Contract and the corresponding Application for the Use of the Limit.

If the fund withdrawal account designated by the borrower is used to collect the corresponding sales revenue or planned repayment funds, and the corresponding sales income is settled in a non-cash way, the borrower shall ensure that the amount is transferred to the fund withdrawal account in time after receiving the funds. The Borrower shall provide the in flow and exit of the funds withdrawal account as required by the Lender.

8.2 The borrower shall use the loan according to the purposes specified in the corresponding Application for Use of quota, and shall not use the loan for other purposes, and shall not transfer the loan for fixed assets investment, equity investment, purchase of other financial products arbitrage and the fields and purposes prohibited by the state.

The borrower shall use the loan funds in the agreed manner and shall not avoid the entrusted payment by the lender. If the borrower pays the loan independently, the borrower shall use the loan within a reasonable time as required by the lenders regulatory authority, and the payment of the loan funds shall comply with the provisions hereof.

▲ ▲ 8.3 The Borrower and the co-borrower shall bear the settlement fees (if any) of the loan funds payment (including the entrusted payment of the Lender and the independent payment of the borrower). The specific fees shall be implemented in accordance with the laws, regulations, rules, regulatory regulations and the List of BOCOM Service Fees published by the lender at the time.

The loan account is a special loan issuance account. When the loan fund payment (including the entrusted payment by the lender and the independent payment by the borrower), the collection account does not belong to the account opened in the Bank of Communications, and the fund payment may be paid through the Peoples Bank of China Unified or same-city exchange system handling.

If the loan account is not a special loan issuance account, when the loan funds are paid (including the entrusted payment of the lender and the independent payment of the borrower), if the collection account is an account of another bank in other places, the fund payment shall be handled through the payment system of the Peoples Bank of China.

▲ ▲ 8.4 The Borrower and the joint Borrower shall cooperate with the Lender in loan payment management and supervise and inspect the use of the loan and the operation situation of the borrower, timely provide the financial statements, records and data of the loan funds, related parties, environmental and social risk reports, and other materials and information, and ensure the authenticity, completeness and accuracy of the documents, materials and information provided.

▲ ▲ 8.5 The Borrower or co-Borrower shall notify the Lender in writing of any of the following matters and shall not take any action until paying off all the principal and interest of the Loan under this Contract or providing the repayment scheme and guarantee approved by the Lender:

- (1) Sell, gift, lease, lend, transfer, mortgage, pledge or otherwise dispose of all or most of the assets or important assets;
- (2) Major changes have taken place in the management system or property rights organization form, including but not limited to the implementation of contracting, leasing, joint venture, company system transformation, stock cooperative system transformation, enterprise sale, merger (merger), joint venture (cooperation), division, establishment of subsidiaries, equity transfer, property right transfer, capital reduction, etc.
- (3) Foreign investment or increased debt financing exceeds the agreed limit.

▲ ▲ 8.6 The Borrower shall notify the Lender in writing within 7 days from the date of occurrence or possibility of the following matters and submit relevant certificates in accordance with laws and regulations, regulatory provisions and requirements of the Lender:

(1) The borrower or its affiliated party shall amend the articles of association, change the name of the enterprise, legal representative (responsible person), domicile, mailing address, business scope and other industrial and commercial registration items, or make a decision that has a significant impact on the financial and personnel affairs;

(2) The borrower, its affiliates or guarantor intends to apply for bankruptcy or may or has been filed for bankruptcy by the creditor;

(3) the borrower or its affiliates involved in major litigation, arbitration, administrative measures, or the main assets or collateral under the contract is taken property preservation or other compulsory measures, or the main assets or the security under the security of this contract or may be affected or value reduced or may decrease;

(4) The Borrower or its affiliated party provides security for a third party and thus has a material adverse impact on its economic condition, financial position or its ability to perform its obligations hereunder;

(5) A contract signed by the borrower or its affiliates that has a material impact on its operation and financial condition;

(6) The Borrower shall pay off outstanding debts in advance or other maturing debts, add collateral for other existing debts, or make any similar arrangement or sign relevant documents;

(7) The borrower, its affiliated party or the guarantor stops production, closes business, disbanded, stops business for rectification, is revoked or its business license is revoked;

(8) The borrower or its affiliates, the main investor of the borrower or its affiliated parties, the legal representative (responsible person), director or principal managers of the borrower or its affiliates are missing, involved in violation of laws and regulations or violation of the applicable exchange rules or have abnormal changes;

(9) The borrower or its affiliated parties have serious difficulties in business operation, or deterioration of financial condition, or other events that have a negative impact on the operation, financial position or solvency or economic situation of the borrower or its affiliated parties;

(10) Related party transactions occur, and the transaction amount reaches or exceeds 10% of the recently audited net assets;

(11) Where the Borrower becomes or may become a guarantor shareholder or an “actual controller” as defined in the Company Act before paying off all debts under this Contract;

(12) The borrower or its affiliated parties cause liability accidents or are exposed by the media for violation of laws and regulations, regulatory regulations, national policies or industry standards;

(13) Safety or environmental accidents occur to the borrower or its related parties;

(14) The control or controlled relationship between the borrower and the borrower changes;

(15) Major equity change of the borrower or its related party;

(16) The audit opinion of the borrowers external auditor on its financial statements is not standard unqualified;

(17) The Borrower is or may be investigated, punished or take other similar measures by competent authorities for violation of laws, regulations and/or regulatory requirements;

(18) The Borrower or its related persons and business related parties are included in the sanctions list issued by the United Nations and corresponding countries, organizations, and institutions, and the risk list related to terrorism and anti-money laundering issued by Chinese government departments or competent authorities; or the Borrower or its related parties or the business related parties are included in the list of sanctions countries and regions issued by the United Nations and corresponding countries, organizations and institutions;

(19) other material adverse events affecting the solvency of the borrower or its related parties.

▲ ▲ 8.7 In case the guarantee under this Contract is not conducive to the creditors rights of the Lender, the Borrower shall timely provide other guarantees approved by the Lender as required by the Lender.

The “change” mentioned in this paragraph includes but is not limited to: merger, division, suspension, suspension of business, dissolution, suspension of business for rectification, cancellation, revocation of business license, application or application for bankruptcy; Significant changes in the operating or financial position of the guarantor; The guarantor is involved in major litigation, arbitration, administrative measures, Or the main assets are taken for property preservation or other compulsory measures; The safe and sound condition of the collateral is affected or may be affected; The value of the security is reduced or may be reduced or compulsory measures such as property preservation are taken; The guarantor or its legal representative (responsible person) or the main management personnel is involved in the violation or the violation of the applicable exchange rules; Where the guarantor is an individual, Missing or death of the guarantor (declared death); The guarantor violates the contract under the guarantee contract; A dispute arises between the guarantor and the borrower; The guarantor requests the termination of the guarantee contract; The guarantee contract is not effective or invalid or revoked; The security real right is not established or invalid; Or other events affecting the security of the lenders creditors rights.

▲ ▲ 8.8 The Borrower undertakes that from the date of signing this Contract and up to the completion of all loan principal, interest and related expenses under this Contract, the borrowers financial indicators, rating of external agencies and production and operation qualification/license shall always conform to the contract. If the production and operation qualification/license needs annual examination, it shall pass the annual examination on time.

8.9 the borrower and the borrower guarantee that the borrower, the borrower and the borrower staff and agent does not provide, give, claim, or accept any kind of material benefits (including but not limited to cash, physical card, travel, etc.) or other intangible benefits Benefit; do not use the funds or services provided by the Lender directly or indirectly for activities related to corruption or bribery; if the Borrower and the co-borrower are aware of any violation of this Treaty, they shall provide the lender with clues and relevant information, truthfully, completely and accurately, in accordance with the Lender.

8.10 The co-borrower and the Borrower bear the same repayment liability. Once the Lender makes the loan in accordance herein, the Lender may claim all the creditors rights to the Borrower or either party of the co-borrower. Neither the borrower or the joint borrower shall refuse to perform the repayment obligation to the lender with any internal agreement or any other objection to the debt undertaking. The borrower shall not refuse to perform the repayment obligation on the grounds that the loan is used or misappropriated by the joint borrower, and the joint borrower shall not refuse to perform the repayment obligation on the grounds that the loan is used or misappropriated by the borrower.

8.11 The Joint Borrower shall notify the Lender in writing within 7 days from the occurrence or possible occurrence of the following events:

(1) Litigation, arbitration, administrative measures, property preservation measures, enforcement measures or other major adverse events that have or may have significant adverse effects on the repayment ability of the joint borrower;

(2) Major changes in the work and income of the co-borrower or his/her family members;

(3) The name/name, residence, contact information, business scope and mode of the joint borrower are changed;

(4) The residence, amount of investment, and investment method of the trade account and other investors are changed;

- (5) The co-borrower sells, leases, transfers or otherwise dispose of all or most of the firms assets;
- (6) The transaction of the loan is negative or the transaction progress is abnormal.
- (7) other circumstances of loss or possible loss of the ability to repay.

▲ ▲ Article 9 Adjustment of quota, early maturity of loans and repricing of risks

9.1 Any of the following events shall be considered as “early expiration events” of the Contract:

- (1) The borrower and the co-borrower fail to repay the loan principal or pay the interest as agreed in the Application for Limit Use herein;
- (2) The representations and warranties made by the borrower and the co-borrower under this Contract are not true;
- (3) Any one of the matters listed in Article 8.6 and Article 8.11 actually occurs and affects or may affect the security of the lenders claims;
- (4) The loan made by the lender in this Contract constitutes or may constitute violations or regulations due to changes in laws, regulations and regulatory policies;

(5) The borrower and the co-borrower have defaulted or have debts that may or have been declared due early when performing other contracts concluded with the lender or contracts concluded with a third party;

(6) The borrower and the co-borrower violate any other provisions of this Contract.

9.2 In case of any “early maturity event”, the Lender has the right to take any one, multiple or all of the following measures:

(1) Reduce, suspend or cancel the amount under this contract;

(2) Stop issuing the loans that have not yet been used by the borrower;

- (3) Stop the payment of the loans that have been used by the borrower but that have not yet been used;
- (4) Require the borrower to negotiate with the lender on supplementary loan issuance and payment conditions within a limited time limit;
- (5) Require the borrower to change the payment method as required by the lender;
- (6) The risk repricing of the loan is executed according to Article 9.3;

(7) Unilaterally declare that all the principal of the loan issued under the contract is due in advance and require the borrower and the co-borrower to immediately repay all the due loan principal and settle the interest.

9.3 According to the production and operation situation of the borrower at the time of signing this Contract, both parties determine the agreed interest rate and its adjustment after mutual agreement through negotiation. The Borrower and the Co-Borrower agree that in the event of the Lender shall have the right to reprice the risk of the Loan as defined in this Agreement.

9.3.1 Risk repricing includes two ways: negotiating repricing and directly raising the loan interest rate. The risk repricing method adopted in this contract shall be agreed upon by both parties in Article 19.

9.3.2 “Negotiated Repricing” means that the Lender has the right to require the borrower and the co-borrower to negotiate with the lender to raise the loan interest rate within a limited time limit, and both parties shall determine the “Repricing date” and the relevant interest rate in the form of supplementary agreement.

9.3.3 “Direct increase in the Loan interest rate” means that the Lender has the right to directly raise the loan interest rate in accordance with this Article and Article 19.

9.3.3.1 As of the “Repricing Date” on which the lender in writing notifies the Borrower and the co- borrower, the increased loan interest rate shall be implemented to the borrower and the co-borrower as of the Repricing Date.

9.3.3.2 If the loan currency is RMB, the increased loan interest rate of each loan shall be determined on the basis of the LPR value applicable to the “Repricing Date” according to the addition (minus) value stipulated in Article 19.2. Taking the “repricing date” as day T and day T, the applicable LPR value is the loan market quoted rate (LPR) value recently released by day T.

9.3.4 After the lender implements the risk repricing according to the aforementioned agreement, the new interest rate shall be implemented starting from the “repricing date”. On the basis of this interest rate, the fluctuation shall be adjusted in accordance with Article 3 of this Contract. If both parties agree to change the relevant agreement through negotiation, the agreed agreement shall be followed. If the loan is overdue (including the borrower and the co-borrower fail to repay on time or the lender announces the early maturity) or misappropriated, the overdue and misappropriated penalty interest rate shall be determined on the basis of the new interest rate (including the floating adjusted interest rate agreed herein), and the interest rate calculated compound interest shall be adjusted accordingly.

9.3.5 The execution of “risk repricing” shall not be deemed or construed as a waiver of other rights stipulated by laws and regulations and agreed herein. The Lender shall have the right to take other protective measures for creditors rights, including, but not limited to, any according to the measures specified in Article 9.2.

▲ ▲ Article 10 for breach of contract

10.1 the borrower or common borrower did not timely repay the loan principal, pay interest or not according to the contract and the quota use application purpose use the loan, the lender according to the overdue loan penalty rate or misappropriate loan penalty interest rate, penalty interest rate adjustment in accordance with the contract, calculate the compound interest rate also adjust accordingly.

10.2 If the borrower or the co-borrower fails to repay the loan principal and pay the interest in full and on time, it shall jointly bear the collection paid by the lender to realize the creditors rights Fees, legal costs (or arbitration fees), preservation fees, announcement fees, execution fees, attorney fees, travel expenses and other expenses.

▲ ▲ Article 11 The deduction agreement

11.1 If the Borrower and the co-borrower authorize the loan principal, interest, penalty interest, compound interest or other expenses due and payable, the Lender has the right to deduct the funds from any account opened by the Borrower or the co-borrower in all branches of Bank of Communications Co., Ltd. for repayment.

11.2 After the deduction, the lender shall notify the borrower of the account number, the contract number, the number of the Application for the Use of the Limit, the amount deducted and the remaining debt amount.

11.3 If the deducted proceeds are insufficient to pay off all the debts of the borrower, the debts to be repaid shall be determined as agreed in accordance with this contract.

11.4 If the currency of the deducted proceeds is inconsistent with the debt to be repaid, it shall be converted into the amount to offset the debt according to the exchange rate announced by Bank of Communications Co., Ltd. at the time of deduction. If it is necessary to go through the procedures of foreign exchange settlement, sale or foreign exchange exchange, the borrower and the co-borrower shall be obliged to assist the lender in handling the procedures as required by the lender, and the exchange rate risk shall be borne by the borrower and the co-borrower.

▲ ▲ Article 12 Notice

12.1 The contact information (including mailing address, contact telephone number, fax number, etc.) filled in by the borrower and the co-borrower in this Contract is all true and valid. Ren 1 In case of any change of contact information, the borrower or the co-borrower shall immediately send/send the change information in writing to the mailing address of the lender for filling in this Contract. Such change in information shall take effect after the Lender receives a notice of the change.

12.2 Unless otherwise expressly agreed herein, the Lender applies to the borrower or jointly Any notice of the Borrower that the Lender has the right to proceed by any of the following. The Lender has the right to choose the form of notification it thinks fit and shall not be liable for error, omissions or delay in mail, fax, telephone or any other communications system. If the lender chooses a variety of notification methods at the same time, the faster arrival of the borrower or the co-borrower shall prevail. In the same event, the lender issues more than one notice to the borrower or the joint borrower, unless otherwise specified in the notice, only after the time of the notice is given.

(1) Announcement, the date on which the lender issues the announcement on its website, online banking, telephone banking or business outlets shall be regarded as the date of service;

(2) Delivery by special person, and the earlier date of receipt by the borrower or the co-borrower shall be deemed as the date of delivery;

(3) Mail (including express mail, express mail, express mail, registered mail) to the mailing address of the borrower or co-borrower recently known to the lender, and the third day (in the city)/5th day (in other places) shall be deemed as the date of delivery;

(4) If fax, mobile phone SMS or other electronic communication means shall be delivered to the fax number of the borrower or the borrower or the mobile phone number or email address designated by the borrower or the borrower, the date of delivery shall be deemed as the date of delivery. The aforementioned service means that the relevant information enters the server terminal of the service provider without the actual display of the relevant information on the customer terminal.

12.3 The Borrower and the co-Borrower agree that unless the Lender receives a written notice from the Borrower and the co-Borrower regarding the change of mailing address, the mailing address that the Borrower and the co-Borrower fill in this Contract is the address where the court serves judicial documents and other written documents to the Borrower and the co-Borrower. The scope of application of the above service address includes but is not limited to the first instance of civil action, objection to jurisdiction and reply to it Discussion, second instance, retrial, rehearing and execution procedures, etc. If the borrower and the co-borrower respond to the lawsuit and directly submit the confirmation of service address to the court, and the confirmation address is inconsistent with the correspondence address known by the lender, the court has the right to serve the address on the confirmation of service address.

During the dispute settlement of this Contract, the court may serve the written judgment, order and conciliation statement to the borrower and the co-borrower by any of the following means:

(1) By mail delivery (including express mail, plain mail, registered mail), the date of receipt of the borrower or the co-borrower on the service return certificate;

(2) It shall be delivered by special person on the date of the receipt of the receipt shall be regarded as the date of service.

Court by mail service (including express mail, ordinary mail, registered mail), such as the borrower or the borrower in receipt or the borrower and the mailing address or the actual mailing address change but the lender has not received the borrower or the borrower changing the address about the written notice, judgment, orders, conciliation statement is returned, to the date of the document is returned as the date of service.

If the court adopts the method of special service, if the borrower or the co-borrower fails to sign on the receipt, the date of the delivery of the record of the receipt on the spot shall be the date of service.

In addition to the judgment, order, conciliation statement, any notice of the court to the borrower or the co-borrower, the court has the power to proceed through any means of communication as stipulated in Article 12.2. The court shall have the power to choose the mode of communication that it thinks fit and shall not be liable for any error, omission or delay in mail, fax, telephone, telex or any other communication system. The court simultaneously chooses multiple modes of communication, The faster arrival of the borrower or the co- borrower shall prevail.

12.4 This Treaty is an independent dispute resolution clause in the Contract. The invalidity, cancellation or termination of this Contract shall not affect the validity of this clause.

▲ ▲ Article 13 Information disclosure and Confidentiality

13.1 For acquisition and knowledge of the borrower and the undisclosed information and information, the borrower to the use of relevant information and data (including but not limited to collection, storage, use, processing, transmission, provide, open, etc.) shall not violate the laws, regulations and regulatory requirements, and shall be the confidentiality responsibility according to law, do not disclose such information and information to a third party, except the following circumstances:

(1) Disclosure is required by applicable laws and regulations;

(2) Disclosure required by judicial departments or regulatory authorities according to law;

(3) If the borrower and the co-borrower fail to repay the loan principal and/or pay the interest in full and on time, the lender needs to disclose to the external professional consultant of the lender and allow the use of the lender on the basis of confidentiality to realize the claims under this Contract;

(4) reasonably performing other acts in order to safeguard the public interests or the legitimate rights and interests of the borrower and the co-borrower;

(5) The Borrower or the co-borrower agrees to or authorizes the lender to make the disclosure.

13.2 The Borrower and the co-borrower confirm that they have signed the credit information inquiry and provision letter of authorization. The lender shall inquire, use and keep the credit information of the borrower and the co-borrower within the scope specified in the authorization letter.

13.3 Under the circumstances specified in Articles

13.1 and 13.2 of this Contract Money and the borrower further agreed to the bank of communications co., LTD. In the following circumstances can use or disclose the borrower and the common borrower information and information, including but not limited to the basic information of the borrower and the borrower, credit transaction information, bad information and other relevant information and information, willing to bear all the resulting consequences:

To the business outsourcing institutions, third-party service providers, other financial institutions and other institutions or individuals deemed necessary by the lender for the following purposes, Including but not limited to other branches of Bank of Communications Limited, Or subsidiaries wholly or partially owned by Bank of Communications Limited, Disclosure and permission to use such information and materials on the basis of confidentiality: ① For the purpose of conducting the bank credit business or related to the bank credit business, For example, promote the credit business of Bank of Communications Co., Ltd., the collection of borrowers and co-borrowers, and the transfer of bank credit business claims; ② Provide or may provide new products or services or further services to the Lender to the Borrower and co-borrowers.

Whether this Article 13.3 applies is subject to the parties stipulated in Article 21.2 hereof.

Article 14 Application of law and dispute resolution

This Contract shall be governed by the laws of the Peoples Republic of China (excluding the laws of Hong Kong, Macao and Taiwan for the purposes of this Contract). The dispute hereunder shall be brought to the court of jurisdiction where the lender is located, except as otherwise agreed herein. During the dispute period, the parties shall continue to perform the provisions without the dispute.

Article 15 The effectiveness and composition of the contract

15.1 This Contract shall come into force upon being signed by the Borrower, the co-borrower and the Lender. It means that the Borrower appoints the authorized person to represent the Borrower and also act as a party Fill in and confirm the relevant information according to the prompts of the enterprise e-banking interface, sign and submit with the electronic signature successfully, and the lender completes the verification and confirmation of the contract submitted by the borrower and the co-borrower, and sign with the electronic signature. Borrower and common borrower know, the lender to the borrowers enterprise name, certificate type, certificate number and the joint of the borrowers name, identity document type, identity document number sent to have legal electronic signature authentication service qualification of third party institutions, used to make digital certificate, to generate legal and valid electronic signature. The foregoing digital certificate is limited to the use of this time, but the third party will store the relevant information of the borrower and the co-borrower sent by the Lender for subsequent authentication. Borrower and the borrower has known and agree to sign the contract in the electronic signature way and the loan contract under the green credit supplementary agreement the line use application and the entrusted payment power of attorney, the corresponding electronic signature is the borrower and the borrower know this contract content and agree to sign the true meaning of this contract. The Borrower and the co-borrower shall bear all legal consequences arising therefrom and indemnify the Lender for all losses incurred thereby.

15.2 The Application Form for the Use of the Limit and other relevant documents and materials signed when using the limit under this Contract shall be an integral part of this Contract.

15.3 The Application form for the Use of the Limit is a supplement to this Contract. Unless otherwise agreed in the Application for the Use of quota, the rights and obligations and related matters between the borrower and the co-borrower and the lender shall still be subject to the provisions hereof of this Contract.

Article 16 Specific contents of the quota

16.1 Currency: RMB; in words: three million only; only for RMB loans; this line is a revolving line.

16.2 The credit term is from September 09,2024 solstice September 09,2027.

Article 17 Interest rate agreement

If the currency of the loan is foreign currency, the determination of interest rate, the adjustment of interest rate and the relevant agreements of the penalty interest rate for overdue and misappropriated loan are as follows:

 /

Article 18 Specific agreements on the issuance, payment and repayment of loans

18.1 The term of each loan used under this contract shall not be longer than December months ☒

☐ Days, and the maturity date of all loans is no later than 2027-12-09.

18.2 The limit of independent payment under this contract is RMB 3,00.00 million.

18.3 If one of the following conditions is met, the entrusted payment method of the lender shall be adopted:

 /

18.4 If the borrower makes an independent payment, the borrower shall summarize and report the payment situation of the loan funds to the lender within 15 days after the issuance of the loan.

▲ ▲ Article 19 Specific provisions on risk repricing

19.1 This contract adopts the following (1) risk repricing method: (1) negotiate repricing; (2) directly raise the loan interest rate.

19.2 In the way of “directly raising the loan interest rate”: the plus (minus) point value of the raised interest rate is: ☐ no plus or minus point ☐ plus percentage point ☐ minus percentage point. If a loan is otherwise agreed, the interest rate after the loan is increased (minus) The point value shall be subject to the records in the applicable application.

Article 20 Contact information

Contact between the borrower and the co- borrower to receiving the notice agreed in Article 12

The methods include:

Address: Room 2,304, No.168, Fengqi Road, Phase III,
Software Park, Torch High-tech

Zone,
Jimei District, Xiamen, Xiamen, Fujian, China

To: Huang Zhuoqin

Postal code: 361000

Tel.: 13599518650

Mobile phone number: 13599518650

Fax:

e mail address:

Article 21 Other agreed matters

21.1 The customer number of enterprise online banking stipulated in Article 2.1 (2) hereof is 0020290021 and the user number is 00001.

21.2 The parties agree that the applicable contract ☐ shall not apply to clause 13.3.☒

21.3 The clause of "Limit Balance" in Article 1 is amended to read: (reversed by the system according to the actual business situation of the borrower)

"Limit Balance" means the amount after the following amount:

☒ Loan balance under this Contract.

☐ The loan balance under this Contract and the loan balance under the Working Capital Loan Contract signed by both parties at No.

Borrower: Xiamen Pupu Digital Technology Co., LTD Legal representative (responsible person): Huang Zhuoqin Legal address: Room 2,304, No.168, Fengqi Road, Phase III, Software Park, Torch High-tech Zone, Jimei District, Xiamen City, Fujian Province, China

Co-borrower: Huang Zhuoqin

Certificate name: the second-generation of resident identity card

Certificate No.: 362201197808210813

Address: No.99, Jinhu Road, Huli District, Xiamen City, Fujian Province

Lender: Xiamen Branch of Bank of Communications Person in charge: Gao Gan

Address: No.9, Hubin Middle Road, Siming District, Xiamen City

The Borrower and the co-borrower have read through all the terms of the contract, and the Lender has made a detailed explanation at the request of the Borrower and the co-borrower. The Borrower and the co-borrower will undoubtedly ask and disagree with all the contents when signing this Contract, and understand the meaning of the contract terms, especially the ▲ ▲ marked clause, and its legal consequences.

(No text below on this page)

Borrower and Lender (Special Seal for Contract)



coborrower:

Signature Date: September 09,2024 Signature Date: September 09,2024

Subsidiaries	Place of Incorporation
Pop Culture (HK) Holding Limited	Hong Kong
Heliheng Culture Co., Ltd.	PRC
Pop Culture Global Operations Inc.	California
CPHF Holding Limited	Hong Kong
Fujian Hualiu Culture & Sports Industry Development Co., Ltd. (formerly known as “Fujian Pupu Shuzhi Sports Industry Development Co., Ltd.”)	PRC
VIE	
Xiamen Pop Culture Co., Ltd.	PRC
VIE’s subsidiaries	
Shanghai Pupu Sibo Sports Technology Development Co., Ltd.	PRC
Jiangxi Hualiu Culture Technology Co., Ltd. (formerly known as “Xiamen Pupu Network Technology Co., Ltd.”)	PRC
Guangzhou Shuzhi Culture Communication Co., Ltd.	PRC
Shenzhen Pop Digital Industry Development Co., Ltd.	PRC
Xiamen Pupu Digital Technology Co., Ltd.	PRC
Hualiu Digital Entertainment (Beijing) International Culture Media Co., Ltd.	PRC
Zhongpu Shuyuan (Xiamen) Digital Technology Co., Ltd.	PRC
Xiamen Qiqin Technology Co., Ltd.	PRC
Xiamen Pop Shuzhi Culture Communication Co., Ltd.	PRC

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Zhuoqin Huang, certify that:

1. I have reviewed this annual report on Form 20-F of Pop Culture Group Co., Ltd (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: November 15, 2024

By: /s/ Zhuoqin Huang
Name: Zhuoqin Huang
Title: Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Yunzhu Chen, certify that:

1. I have reviewed this annual report on Form 20-F of Pop Culture Group Co., Ltd (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: November 15, 2024

By: /s/ Yunzhu Chen

Name: Yunzhu Chen

Title: Chief Financial Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Pop Culture Group Co., Ltd (the “Company”) on Form 20-F for the year ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Zhuoqin Huang, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 15, 2024

By: /s/ Zhuoqin Huang
Name: Zhuoqin Huang
Title: Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Pop Culture Group Co., Ltd (the “Company”) on Form 20-F for the year ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Yunzhu Chen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 15, 2024

By: /s/ Yunzhu Chen

Name: Yunzhu Chen

Title: Chief Financial Officer



Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statement on Form F-3 (File No. 333-266130), as amended, of our report dated November 15, 2024 with respect to the consolidated balance sheets of Pop Culture Group Co., Ltd, its subsidiaries, and its variable interest entity as of June 30, 2024, and the related consolidated statements of operation and comprehensive income (loss), changes in shareholders' equity, and cash flows for the fiscal year ended June 30, 2024, and the related notes included in the Annual Report on Form 20-F for the fiscal year ended June 30, 2024.

We also consent to the reference to our firm under the heading "Experts" in such Registration Statement.

San Mateo, California
November 15, 2024

/s/ WWC, P.C.
WWC, P.C.
Certified Public Accountants
PCAOB ID: 1171

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November 15, 2024

Pop Culture Group Co., Ltd
3rd Floor, No. 168 Fengqi Road
Jimei District, Xiamen City, Fujian Province
The People's Republic of China

RE: Consent of the People's Republic of China Counsel

Dear Sirs/Madams,

We consent to the references to our name under the captions “Item 3. Key Information—Risks Associated with being based in the PRC”, “Item 3. Key Information—Permissions Required from PRC Authorities”, “Item 3. Key Information—D. Risk Factors”, “Item 4. Information on the Company—B. Business Overview—Regulations”, and “Item 10. Additional Information—E. Taxation— People’s Republic of China Enterprise Taxation” in the annual report of Pop Culture Group Co., Ltd on Form 20-F for the year ended June 30, 2024 (the “Annual Report”), which is filed with the U.S. Securities and Exchange Commission (the “SEC”) on the date hereof. We also consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report. In giving such consent, we do not thereby admit that we fall within the category of the person whose consent is required under Section 7 of the U.S. Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully,

/s/ AllBright Law Offices (Xiamen)

AllBright Law Offices (Xiamen)

POP CULTURE GROUP CO., LTD
COMPENSATION RECOVERY POLICY

Effective November 29, 2023

In accordance with Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Exchange Act Rule 10D-1, and the listing standards of the national securities exchange (the “**Exchange**”) on which the securities of Pop Culture Group Co., Ltd (the “**Company**”) are listed, the Company’s Board of Directors (the “**Board**”) has adopted this Compensation Recovery Policy (the “**Policy**”).

Capitalized terms used in the Policy are defined in Section I below. The application of the Policy to Executive Officers is not discretionary, except to the limited extent provided in Section G below, and applies without regard to whether an Executive Officer was at fault.

A. Persons Covered by the Policy

The Policy is binding and enforceable against all Executive Officers. Each Executive Officer will be required to sign and return to the Company an acknowledgement that such Executive Officer will be bound by the terms and comply with the Policy. The failure to obtain such acknowledgement will have no impact on the applicability or enforceability of the Policy.

B. Administration of the Policy

The Compensation Committee of the Board (the “**Committee**”) has full-delegated authority to administer the Policy. The Committee is authorized to interpret and construe the Policy and to make all determinations necessary, appropriate, or advisable for the administration of the Policy. In addition, if determined in the discretion of the Board, the Policy may be administered by the independent members of the Board or another committee of the Board made up of independent members of the Board, in which case all references to the Committee will be deemed to refer to such independent members of the Board or such other Board committee. All determinations of the Committee will be final and binding and will be given the maximum deference permitted by law.

C. Accounting Restatements Requiring Application of the Policy

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (an “**Accounting Restatement**”), then the Committee must determine the excess compensation, if any, that must be recovered (the “**Excess Compensation**”). The Company’s obligation to recover Excess Compensation is not dependent on if or when the restated financial statements are filed.

D. Compensation Covered by the Policy

The Policy applies to all Incentive-Based Compensation Received by an Executive Officer:

- (a) after beginning service as an Executive Officer;
- (b) who served as an Executive Officer at any time during the performance period for that Incentive-Based Compensation;
- (c) while the Company has a class of securities listed on the Exchange;
- (d) during the three completed fiscal years immediately preceding the Accounting Restatement Determination Date. In addition to these last three completed fiscal years, the Policy must apply to any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years. However, a transition period between the last day of the Company's previous fiscal year end and the first day of the Company's new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year; and
- (e) on or after October 2, 2023.

E. Excess Compensation Subject to Recovery of the Policy

Excess Compensation is the amount of Incentive-Based Compensation Received that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had such Incentive-Based Compensation been determined based on the restated amounts (this is referred to in the listings standards as "erroneously awarded incentive-based compensation") and must be computed without regard to any taxes paid.

To determine the amount of Excess Compensation for Incentive-Based Compensation based on stock price or total shareholder return, where it is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received and the Company must maintain documentation of the determination of that reasonable estimate and provide the documentation to the Exchange.

F. Repayment of Excess Compensation

The Company must recover Excess Compensation reasonably promptly and Executive Officers are required to repay Excess Compensation to the Company. Subject to applicable law, the Company may recover Excess Compensation by requiring the Executive Officer to repay such amount to the Company by direct payment to the Company or such other means or combination of means as the Committee determines to be appropriate (these determinations do not need to be identical as to each Executive Officer). These means may include:

- (a) requiring reimbursement of cash Incentive-Based Compensation previously paid;
- (b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- (c) offsetting the amount to be recovered from any unpaid or future compensation to be paid by the Company or any affiliate of the Company to the Executive Officer;
- (d) cancelling outstanding vested or unvested equity awards; and/or
- (e) taking any other remedial and recovery action permitted by law, as determined by the Committee.

The repayment of Excess Compensation must be made by an Executive Officer notwithstanding any Executive Officer's belief (whether or not legitimate) that the Excess Compensation had been previously earned under applicable law and therefore is not subject to recovery.

In addition to its rights to recovery under the Policy, the Company or any affiliate of the Company may take any legal actions it determines appropriate to enforce an Executive Officer's obligations to the Company or its affiliate or to discipline an Executive Officer, including (without limitation) termination of employment, institution of civil proceedings, reporting of misconduct to appropriate governmental authorities, reduction of future compensation opportunities, or change in role. The decision to take any actions described in the preceding sentence will not be subject to the approval of the Committee and can be made by the Board, any committee of the Board, or any duly authorized officer of the Company or of any applicable affiliate of the Company.

G. Limited Exceptions to the Policy

The Company must recover Excess Compensation in accordance with the Policy except to the limited extent that any of the conditions set forth below are met, and the Committee determines that recovery of the Excess Compensation would be impracticable:

- (a) The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before reaching this conclusion, the Company must make a reasonable attempt to recover the Excess Compensation, document the reasonable attempt(s) taken to so recover, and provide that documentation to the Exchange;
- (b) Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before reaching this conclusion, the Company must obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange; or
- (c) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the legal requirements as such.

H. Other Important Information in the Policy

Notwithstanding the terms of any of the Company's organizational documents (including, but not limited to, the Company's bylaws), any corporate policy or any contract (including, but not limited to, any indemnification agreement), neither the Company nor any affiliate of the Company will indemnify or provide advancement for any Executive Officer against any loss of Excess Compensation, or any claims relating to the Company's enforcement of its rights under the Policy. Neither the Company nor any affiliate of the Company will pay for or reimburse insurance premiums for an insurance policy that covers potential recovery obligations. In the event that pursuant to the Policy the Company is required to recover Excess Compensation from an Executive Officer who is no longer an employee, the Company will be entitled to seek recovery in order to comply with applicable law, regardless of the terms of any release of claims or separation agreement such individual may have signed. Neither the Company nor any affiliate of the Company will enter into any agreement that exempts any Incentive-Based Compensation that is granted, paid, or awarded to an Executive Officer from the application of the Policy or that waives the Company's right to recovery of any Excess Compensation, and the Policy shall supersede any such agreement (whether entered into before, on, or after the adoption of the Policy).

The Committee or Board may review and modify the Policy from time to time.

If any provision of the Policy or the application of any such provision to any Executive Officer is adjudicated to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provisions of the Policy or the application of such provision to another Executive Officer, and the invalid, illegal or unenforceable provisions will be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

The Policy will terminate and no longer be enforceable when the Company ceases to be a listed issuer within the meaning of Section 10D of the Exchange Act.

I. Definitions

“Accounting Restatement Determination Date” means the earlier to occur of: (a) the date the Board, a committee of the Board, or one or more of the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; and (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

“Executive Officer” means each individual who is or was ever designated as an “officer” by the Board in accordance with Exchange Act Rule 16a-1(f).

“Financial Reporting Measures” means measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission.

“Incentive-Based Compensation” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure (for the avoidance of doubt, no compensation that is potentially subject to recovery under the Policy will be earned until the Company’s right to recover under the Policy has lapsed) and excludes the following: salaries, bonuses paid solely at the discretion of the Committee or Board that are not paid from a bonus pool that is determined by satisfying a Financial Reporting Measure, bonuses paid solely upon satisfying one or more subjective standards and/or completion of a specified employment period, non-equity incentive plan awards earned solely upon satisfying one or more strategic measures or operational measures, and equity awards for which the grant is not contingent upon achieving any Financial Reporting Measure performance goal and vesting is contingent solely upon completion of a specified employment period (e.g., time-based vesting equity awards) and/or attaining one or more non-Financial Reporting Measures.

“Received” means, with respect to any Incentive-based Compensation, actual or deemed receipt, and Incentive-Based Compensation is “Received” under the Policy in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period. For the avoidance of doubt, the Policy does not apply to Incentive-Based Compensation for which the Financial Reporting Measure is attained prior to October 2, 2023.

ACKNOWLEDGEMENT

I acknowledge that I have received and read the Compensation Recovery Policy (the “**Policy**”) of Pop Culture Group Co., Ltd (the “**Company**”).

I understand and acknowledge that the Policy applies to me, and all of my beneficiaries, heirs, executors, administrators, or other legal representatives and that the Company’s right to recovery in order to comply with applicable law will apply, regardless of the terms of any release of claims or separation agreement I have signed or will sign in the future.

I agree to be bound by and to comply with the Policy and understand that determinations of the Committee (as such term is used in the Policy) will be final and binding and will be given the maximum deference permitted by law.

I understand and agree that my current indemnification rights, whether in an individual agreement or the Company’s organizational documents, exclude the right to be indemnified for amounts required to be recovered under the Policy.

I understand that my failure to comply in all respects with the Policy is a basis for termination of my employment with the Company and any affiliate of the Company, as well as any other appropriate discipline.

I understand that neither the Policy, nor the application of the Policy to me, gives rise to a resignation for good reason (or similar concept) by me under any applicable employment agreement or arrangement.

I acknowledge that if I have questions concerning the meaning or application of the Policy, it is my responsibility to seek guidance from the Company’s legal department or my own personal advisers.

I acknowledge that neither this Acknowledgement nor the Policy is meant to constitute an employment contract.

Please review, sign, and return this form to the Company.

[*], 2023

(print name and title)

(signature)