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PRC LAWS AND REGULATIONS RELATING TO FOREIGN OWNERSHIP RESTRICTIONS

Foreign investment activities in the PRC are mainly governed by the Negative List and the Catalog of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》) (the “**Encouraging Catalog**”), which were promulgated and are amended from time to time jointly by the MOFCOM and the NDRC. The Negative List and the Encouraging Catalog divide industries into three categories in terms of foreign investment, namely, “encouraged”, “restricted” and “prohibited.” Industries not listed under the Negative List and the Encouraging Catalog are generally deemed as falling into a fourth category “permitted.” The currently effective Negative List is the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021 Version) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the “**2021 Negative List**”), which became effective on January 1, 2022.

As advised by our PRC Legal Advisors, a summary of the business operations of Shenzhen Futu and Hainan Caixuetang that are subject to foreign investment restriction or prohibition in accordance with the 2021 Negative List and other applicable PRC laws and regulations is set out below (the “**Relevant Businesses**”):

<u>Categories</u>	<u>Relevant Businesses</u>
Value-added telecommunication services	<p>The business operation of Shenzhen Futu and Hainan Caixuetang through our websites and apps falls within the scope of commercial internet information services under the Telecommunications Regulations of the PRC, for which each of them is required to hold, and has obtained, a Value-added Telecommunication Business Operation License (《增值電信業務經營許可證》) (the “ICP License”) under the applicable PRC laws and regulations.</p> <p>According to the 2021 Negative List and other applicable PRC laws and regulations, provision of value-added telecommunication services business (including commercial internet content provision services) is a “restricted” business, and foreign investors are not allowed to hold more than 50% of the equity interest in enterprise conducting such business (excluding electronic commerce, domestic multi-party communication, storage-forwarding and call center).</p>

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Categories	Relevant Businesses
Radio and television program production	<p>Shenzhen Futu and Hainan Caixuetang create certain video contents, including but not limited to stock information and live broadcasts of corporate events, pursuant to the Provisions on the Administration of Production and Operation of Radio and Television Programs (《廣播電視節目製作經營管理規定》), for which each of them is required to hold, and has obtained, a Radio and Television Program Production and Operation License (《廣播電視節目製作經營許可證》) under the applicable PRC laws and regulations.</p> <p>According to the 2021 Negative List and other applicable PRC laws and regulations, radio and television program production is a “prohibited” business, and foreign investors are prohibited from holding equity interest in any enterprise conducting such business.</p>
Internet culture activities . . .	<p>Shenzhen Futu and Hainan Caixuetang create certain video contents (requiring a Radio and Television Program Production and Operation License as discussed above) and publish such video contents on our websites and apps, which fall within the scope of “internet culture businesses” under the Interim Provisions for the Administration of Internet Culture (《互聯網文化管理暫行規定》). For publication of such video contents, each of them is required to hold, and has obtained, an Internet Culture Operation License (《網絡文化經營許可證》) under the applicable PRC laws and regulations.</p> <p>According to the 2021 Negative List and other applicable PRC laws and regulations, operation of internet culture activities (excluding music) is a “prohibited” business, and foreign investors are prohibited from holding equity interest in any enterprise conducting such business.</p>

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The Relevant Businesses

The revenue contribution of all of our Consolidated Affiliated Entities to our Group amounted to 0.2%, 0.3%, 0.3% and 0.4% of the total revenue of our Group for the years ended December 31, 2019, 2020, 2021 and the six months ended June 30, 2022, respectively, and the total assets of all of our Consolidated Affiliated Entities amounted to 0.1%, 0.1%, 0.1% and 0.1% of the total assets of our Group as at December 31, 2019, 2020, 2021 and the six months ended June 30, 2022, respectively.

Shenzhen Futu, one of our Consolidated Affiliated Entities, is principally engaged in providing comprehensive services to our users and clients on our *Futubull* platform, which generally involves provision of market data and information and production and publication of video contents for investor education and corporate introduction. Hainan Caixuetang, one of our Consolidated Affiliated Entities, is also engaged in creation and provision of video contents on investment knowledge for our users and clients. The services provided by Shenzhen Futu and Hainan Caixuetang involve a mix of radio and video program production business, internet culture business and value-added telecommunication service business under the applicable PRC laws and regulations. Further, given that the video content produced by Shenzhen Futu and Hainan Caixuetang are launched and displayed on our *Futubull* platform, the radio and video program production business and internet culture business (which are considered “prohibited” where foreign investment is strictly forbidden) carried out by each of Shenzhen Futu and Hainan Caixuetang and the value-added telecommunication service business (which is considered “restricted”) operated by them collectively form our integrated content offering through *Futubull* platform, and are therefore inseparable from each other and cannot be artificially segregated and operated through different entities within the Group.

As advised by our PRC Legal Advisors, we cannot hold or acquire any equity interest in our Consolidated Affiliated Entities as, under the 2021 Negative List and other applicable PRC laws and regulations, foreign investors are:

- (a) prohibited from holding any equity interest in a PRC enterprise engaging in radio and television program production business and internet culture business (excluding music); and
- (b) restricted from holding more than 50% of the equity interest in a PRC enterprise providing commercial internet information services, which are categorized as “value-added telecommunication service business.” In addition, as confirmed by the Company, the relevant Consolidated Affiliated Entities provide commercial internet information and operate “prohibited” businesses (i.e. radio and television program production business and internet culture business) on the same platform. All these Relevant Businesses form an integral part of the Group’s business and are operated on the same platform, which cannot be separated apart from one another.

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Based on the above, we believe that to maintain the business operations and the effectiveness of licenses held by our Consolidated Affiliated Entities, they must be controlled by our Company through the Contractual Arrangements. Furthermore, since the businesses operated by our Consolidated Affiliated Entities fall within both the “prohibited” and “restricted” business categories under the 2021 Negative List, we are unable to set up alternative corporate structure that allows us to hold all such businesses according to the applicable PRC laws and regulations. Further, as Shenzhen Futu and Hainan Caixuetang operate the “prohibited” businesses simultaneously, in the event that Shenzhen Futu and Hainan Caixuetang become sino-foreign joint-ventures, both Shenzhen Futu and Hainan Caixuetang are unlikely to obtain and maintain an ICP License due to the lack of guidance on specific requirement or regulatory procedures for foreign investment in the value-added telecommunications business in the PRC in view of the removal of the Qualification Requirements (as defined below). Please see “— Recent Update on the FITE Regulations” and “— Legality of our Contractual Arrangements” for details. Accordingly, we are of the view that our Contractual Arrangements are narrowly tailored, as they are used to enable us to achieve our business and operation purposes under the current PRC regulatory framework so as to minimize the potential conflict with relevant PRC laws and regulations.

Recent Update on the FITE Regulations

Foreign investment in a company providing value-added telecommunication services, including Internet content provision services, is subject to the Provisions on the Administration of Foreign-invested Telecommunications Enterprises (《外商投資電信企業管理規定》), or the FITE Regulations, which were promulgated by the State Council on December 11, 2001, and subsequently amended on September 10, 2008, February 6, 2016 and recently on April 7, 2022 by the State Council’s Decision to Amend and Abolish Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》, the “**Order No. 752**”). Following the issue of Order No. 752, the qualification requirements (the “**Qualification Requirements**”) previously set out in the FITE Regulations, for which the main foreign investor must satisfy for investing in a PRC value-added telecommunication business was removed with effect from May 1, 2022. Nevertheless, under the amended FITE Regulations, whilst foreign investors are able to invest in entities holding an ICP License (holding up to 50% equity interest and not more), whether an entity held by foreign shareholders may hold a value-added telecommunication license is still subject to the examination of substance and merits by relevant authority.

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According to the interviews conducted by our PRC Legal Advisors and the Joint Sponsors' PRC legal advisor with the Communication Administration Bureaus (“**CAB**”) of Guangdong Province (廣東省通信管理局) and of Hainan Province (海南省通信管理局) in September 2021, each CAB confirmed that there are no detailed rules and standards for the Qualification Requirements and the MIIT will decide whether an applicant meets the Qualification Requirements on a case-by-case basis and there will be significant uncertainty for the relevant entities to obtain or maintain the license for operating value-added telecommunication services if such entities are held directly or indirectly by foreign shareholders that do not have any substantial operation or business. Further, both of the CAB officers confirmed that a foreign-invested enterprise will not be granted with an ICP License if it also engages in foreign prohibited businesses such as radio and television program production and operation in addition to value-added telecommunication businesses. Both of the CAB officers work in the respective division of the relevant CAB responsible for accepting application from and supervising daily operation of value-added telecommunication enterprises located within the respective jurisdiction of the relevant CAB, including annual report submission and change of shareholder. Our PRC Legal Advisors are of the view that each of the CAB officers who attended the consultation was a competent person to provide the aforementioned confirmation.

In addition, as advised by our PRC Legal Advisors, as of the Latest Practicable Date, (i) no applicable PRC laws, regulations or rules have provided further clear guidance on specific requirement or regulatory procedures had been published for foreign investment in the value-added telecommunications business in the PRC in view of the removal of the Qualification Requirements. As such, whether an entity held by foreign shareholders may hold a value-added telecommunication license is still subject to the examination of substance and merits by relevant authority; and (ii) the removal of the Qualification Requirements would not invalidate our ICP License or require us to adjust the Contractual Arrangements under applicable PRC laws.

We will continue to monitor the regulatory developments following the Listing to keep abreast of any regulatory developments, and will adjust the Contractual Arrangements to satisfy the “narrowly tailored” principle as soon as practicable after further guidance from the relevant PRC authorities is published with respect to the specific requirements under the then PRC laws and regulations and the regulatory procedures that we need to follow to complete such adjustment.

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Overview

Our Consolidated Affiliated Entities are currently our VIEs and their respective subsidiaries, which were all established under the PRC laws. As described above, investment in certain areas of the industries in which Shenzhen Futu and Hainan Caixuetang currently operate are subject to restrictions under current PRC laws and regulations. After consultation with our PRC Legal Advisors, we determined that it was not viable for our Company to hold our Consolidated Affiliated Entities directly through equity ownership. Instead, we decided that, in line with common practice in the PRC for industries subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by our Consolidated Affiliated Entities through the Contractual Arrangements between the WFOE, on the one hand, and our Consolidated Affiliated Entities and the Registered Shareholders, on the other hand.

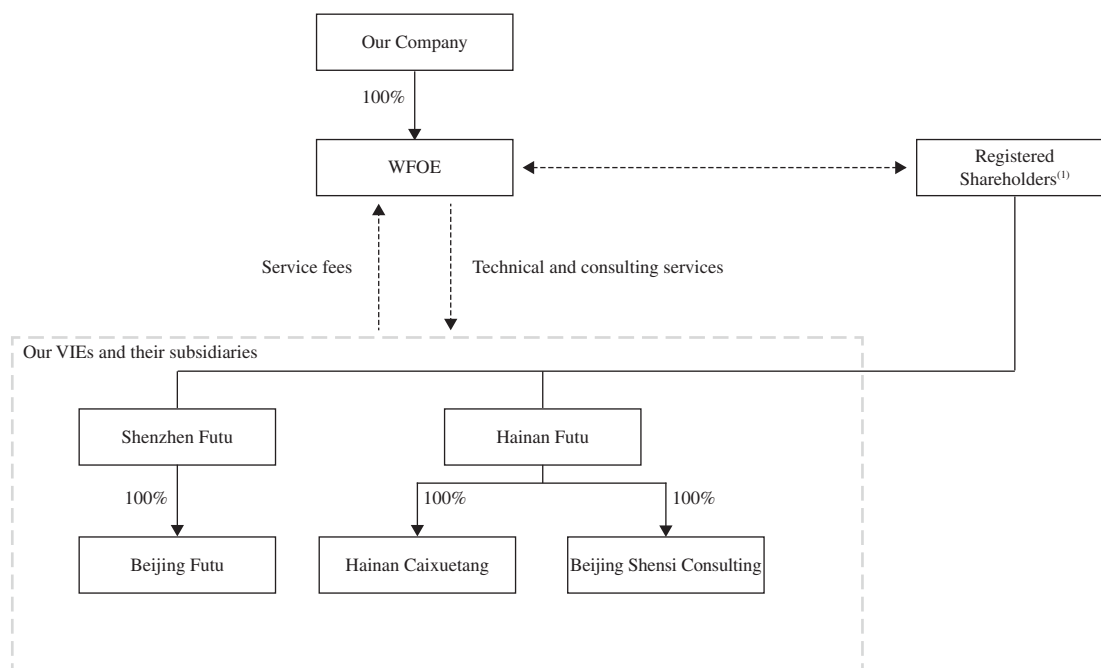
In order to comply with the relevant PRC laws and regulations described above, while maintaining effective control over all of our operations, our Company has control over our Consolidated Affiliated Entities by having entered into a series of contractual arrangements through the WFOE, our VIEs and their Registered Shareholders initially in October 2014 (which were amended and restated in May 2015 and September 2018) (the “**Original Contractual Arrangements**”). In connection with the Listing and in order to ensure that our Contractual Arrangements are, and will continue to remain, in compliance with the Stock Exchange’s requirements, we entered into the current set of Contractual Arrangements on September 30, 2021 and entered into the termination agreements among our VIEs, the WFOE and the Registered Shareholders on September 30, 2021 to terminate and replace the Original Contractual Arrangements. As a result, the WFOE has maintained effective control over the financial and operational policies of the Consolidated Affiliated Entities and have been entitled to all the economic benefits derived from their operations.

Certain of our Consolidated Affiliated Entities, namely Beijing Futu, Hainan Futu and Beijing Shensi Consulting, have not yet commenced substantive business operations and are not expected to have commenced any substantive business operations by the time of the Listing. Our Company has undertaken to the Stock Exchange that it will not conduct any businesses within their respective business segments that are not subject to foreign investment restrictions or prohibitions through these entities or, to the extent that it does, it will transfer such entities outside of the Contractual Arrangements prior to engaging in any substantive and unrestricted businesses.

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The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to WFOE and our Company under the Contractual Arrangements:



Notes:

- (1) Each of Shenzhen Futu and Hainan Futu is held as to 85% by Mr. Li and as to 15% by Ms. Lei Li (Mr. Li's spouse).
- (2) "——>" denotes direct legal and beneficial ownership in equity interest.
- (3) "----->" denotes contractual relationship.
- (4) "-----" denotes the control by the WFOE over our Consolidated Affiliated Entities through (i) the powers of attorney to exercise all shareholders' rights of the Registered Shareholders in our VIEs; (ii) exclusive options to acquire all or part of the equity interest in our VIEs; and (iii) equity pledges by the Registered Shareholders in favour of the WFOE over the equity interests in our VIEs.
- (5) As of the Latest Practicable Date, Shenzhen Futu held an ICP License, a Radio and Television Program Production and Operation License and an Internet Culture Operation License; and Hainan Caixuetang held an Internet Culture Operation License, a Radio and Television Program Production and Operation License, an ICP License and a publication operation license.
- (6) Beijing Futu, Hainan Futu and Beijing Shensi Consulting have not yet commenced substantive business operations and are not expected to have commenced any substantive business operations by the time of the Listing, and will only carry out businesses which are subject to foreign investment restrictions under the applicable PRC laws and regulations in the future.

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Circumstances under which we will unwind our Contractual Arrangements

If the Relevant Businesses are no longer prohibited or restricted under the applicable PRC laws and regulations and it is practical for us to apply for and maintain the applicable licenses for the Relevant Business, we will unwind and terminate the Contractual Arrangements as soon as practicable in respect of such Relevant Businesses. In that case, the WFOE will exercise the call option under the Exclusive Option Agreements (as defined below) to acquire the equity interest and/or assets of our VIEs and unwind the Contractual Arrangements, and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations.

Summary of the material terms of our Contractual Arrangements

A description of each of the specific agreements that comprise our Contractual Arrangements entered into by WFOE and each of our VIEs and the Registered Shareholders is set out below:

Exclusive Business Cooperation Agreements

Under the exclusive business cooperation agreements dated September 30, 2021 between our VIEs and the WFOE (the “**Exclusive Business Cooperation Agreements**”), in exchange for a service fee, payable monthly, our VIEs agreed to engage the WFOE as its exclusive provider of certain technical and consulting services, including but not limited to (i) licensing of the relevant software, trademarks and technologies for use by our VIEs, (ii) providing development, maintenance and update of relevant application software required by our VIEs’ business, (iii) providing design, installation, daily management and maintenance, and update of VIEs’ computers, network software, hardware equipment and databases, (iv) providing technical support and training to personnel of our VIEs, (v) providing technical consultation and research for our VIEs, and (vi) other relevant services required by our VIEs’ business needs and in consideration of WFOE’s capacity as agreed between the parties.

Under the Exclusive Business Cooperation Agreements, the service fee shall consist of 100% of the total consolidated profit of our VIEs, after the deduction of any accumulated deficit of the VIEs in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions. Notwithstanding the foregoing, the WFOE may adjust the amount of the services fee in accordance with PRC tax law principles and tax practices and with reference to the operational needs of our VIEs, and our VIEs will accept such adjustment. The WFOE shall calculate the service fee on a monthly basis and issue a corresponding invoice to our VIEs. Our VIEs must make the payment to the WFOE within ten business days of receiving such invoice.

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In addition, without the prior written consent of the WFOE, during the term of the Exclusive Business Cooperation Agreements, with respect to the services subject to the Exclusive Business Cooperation Agreements and other matters, our VIEs shall not accept the same or any similar services provided by any third party. In addition, without the prior consent of the WFOE, our VIEs shall not enter into any business cooperation with any third party, and the WFOE shall have the exclusive right of first refusal in respect of such business cooperation with our VIEs under the same terms.

The Exclusive Business Cooperation Agreements also provide that the WFOE has the exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by our VIEs during the performance of the Exclusive Business Cooperation Agreements.

The Exclusive Business Cooperation Agreements shall remain effective unless otherwise terminated by the WFOE in writing or in accordance with the provisions of the Exclusive Business Cooperation Agreements. If, during the term of the Exclusive Business Cooperation Agreement, the operation period under the business license of either the WFOE or our VIEs expires and the renewal of which is declined or rejected by the relevant government authorities, the Exclusive Business Cooperation Agreements shall be terminated at the expiry of such operation period.

Exclusive Option Agreements

As part of the Contractual Arrangements, each of the Registered Shareholders respectively entered into an exclusive option agreement (the “**Exclusive Option Agreements**”) on September 30, 2021 with our VIEs and the WFOE, each of which contains similar terms and conditions. Pursuant to the Exclusive Option Agreements, the WFOE has the exclusive and irrevocable right to require the Registered Shareholders to transfer any or all their equity interests in our VIEs to the WFOE and/or any third party/parties designated by it, in whole or in part at any time and from time to time, at the lower of the amount of the Registered Shareholders’ respective paid-in capital in our VIEs and the lowest price permitted under applicable PRC laws at the time.

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Each of our VIEs and the respective Registered Shareholders of our VIEs, among other things, has covenanted that:

- (i) without the prior written consent of the WFOE, they shall not in any manner supplement, change or amend the constitutional documents of our VIEs, increase or decrease their registered capital, or change the structure of their registered capital in other manner;
- (ii) they shall maintain our VIEs' corporate existence in accordance with good financial and business standards and practices, and prudently and effectively operate their business and handle their affairs, and shall obtain the prior written consent of the WFOE for the annual budget and final accounts of our VIEs;
- (iii) without the prior written consent of the WFOE, they shall not at any time from the signing of the Exclusive Option Agreements sell, transfer, pledge or dispose of in any manner any equity interest of our VIEs and their subsidiaries, or allow the encumbrance thereon of any security interest;
- (iv) without the prior written consent of the WFOE, they shall not at any time from the signing of the Exclusive Option Agreements sell, transfer, pledge or dispose of in any manner any material asset, business or revenue of our VIEs and their subsidiaries or the legal or beneficial interest therein, or allow the encumbrance thereon of any security interest;
- (v) without the prior written consent of the WFOE, our VIEs shall not incur, inherit, guarantee or assume any debt, except for (i) debts incurred in the ordinary course of business other than payables incurred by way of a loan, and (ii) intra-group debts between our VIEs and their respective subsidiaries;
- (vi) our VIEs shall always operate all of their and their respective subsidiaries' businesses during the ordinary course of business to maintain their asset value and refrain from any action or omission that may adversely affect our VIEs' and their respective subsidiaries operating status and asset value;
- (vii) without the prior written consent of the WFOE, our VIEs and their respective subsidiaries shall not execute any material contracts, except the contracts executed in the ordinary course of business;
- (viii) without the prior written consent of the WFOE, our VIEs and their respective subsidiaries shall not provide any person with any loan or credit, except for the provision of loan or credit by our VIEs to their respective wholly-owned subsidiaries;
- (ix) they shall provide the WFOE with information on the business operations and financial conditions of our VIEs and their respective subsidiaries at the request of WFOE;

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- (x) if so requested by the WFOE, they shall procure and maintain insurance in respect of the assets and businesses of our VIEs and their respective subsidiaries from an insurance carrier acceptable to the WFOE, at an amount and type of coverage typical for companies that operate similar businesses or hold similar properties or assets in the same region;
- (xi) without the prior written consent of the WFOE, our VIEs and their respective subsidiaries shall not merge, consolidate with, acquire or invest in any person;
- (xii) they shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the assets, businesses or revenues of our VIEs and their respective subsidiaries;
- (xiii) for the purpose of maintaining the ownership by our VIEs and their respective subsidiaries of all of their assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, or raise necessary or appropriate defences against all claims;
- (xiv) without the prior written consent of the WFOE, our VIEs shall not in any manner distribute dividends, provided that upon the request of the WFOE, our VIEs shall immediately distribute all distributable profits to their shareholders;
- (xv) at the request of WFOE, they shall appoint any persons designated or approved by WFOE as the directors, supervisors (if applicable) and senior management of our VIEs and their respective subsidiaries, and/or remove the office of any director, supervisor or senior management of our VIEs and their respective subsidiaries, and they shall pass all relevant resolution and make all relevant filings;
- (xvi) without the prior written consent of the WFOE, our VIEs and their respective subsidiaries shall not engage in any business that competes with that of the WFOE or its affiliates; and
- (xvii) without the prior written consent of the WFOE, our VIEs and their respective subsidiaries shall not be liquidated or dissolved unless otherwise required by the PRC laws.

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In addition, each of the Registered Shareholders of our VIEs, among other things, has covenanted that:

- (i) without the written consent of the WFOE, they shall not at any time from the signing of the Exclusive Option Agreements sell, transfer, pledge or dispose of in any other manner the legal or beneficial interest in our VIEs, or allow the encumbrance thereon of any security interest, except for encumbrances under the Equity Pledge Agreements (as defined below) and the Power of Attorney (as defined below);
- (ii) they shall procure our VIEs' shareholders' meeting and/or the board of directors not to approve, without the written consent of WFOE, at any time from the signing of the Exclusive Option Agreements any sale, transfer, pledge or disposal of in any other manner the relevant Registered Shareholder's legal or beneficial interest in our VIEs, or allow the encumbrance thereon of any security interest, except for the approval of the Registered Shareholder's encumbrances under the Equity Pledge Agreements (as defined below) and the Power of Attorney (as defined below);
- (iii) they shall procure our VIEs' shareholders' meeting and/or the board of directors not to approve, without the written consent of the WFOE, our VIEs to merge, consolidate with, acquire or invest in any person;
- (iv) they shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to their equity interest in our VIEs;
- (v) they shall procure our VIEs' shareholders' meeting and/or the board of directors to vote in favour or any transfer of equity interest pursuant to the Exclusive Option Agreements and take any other action at the request of the WFOE;
- (vi) for the purpose of maintaining the ownership of equity interest in our VIEs, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, or raise necessary or appropriate defences against all claims;
- (vii) at the request of WFOE, they shall appoint any persons designated or approved by WFOE as the directors, supervisors (if applicable) and senior management of our VIEs and their respective subsidiaries;

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- (viii) they shall waive the pre-emptive right (if any) he/she/it is entitled to with respect to the transfer of equity interest to the WFOE or any party/parties designated by the WFOE by other existing shareholder(s) of our VIEs, agree the other existing shareholder(s) of our VIEs may enter into the Exclusive Option Agreements, the Equity Pledge Agreements (as defined below) and the Power of Attorney (as defined below) with the WFOE or the party/parties designated by the WFOE and our VIEs, and undertake not to take any action that conflicts with such other documents entered into by the other existing shareholder(s);
- (ix) each of them will immediately gift any profits, dividends, distributions or liquidation proceeds received from our VIEs to the WFOE or a person designated by the WFOE to the extent permitted by the PRC laws; and
- (x) each of them will strictly abide by the provisions of the Exclusive Option Agreements and any other agreement(s) collectively or separately entered into among the Registered Shareholders, our VIEs and the WFOE, perform the obligations under these agreements in a practical manner, and refrain from any action or omission which would affect the validity of such agreements. If any the Registered Shareholders has any right under the Exclusive Option Agreements, the Equity Pledge Agreements (as defined below), unless with the written instruction of the WFOE, the Registered Shareholders shall not exercise such rights.

The Exclusive Option Agreements shall remain effective unless otherwise terminated in the event that the entire equity interest in our VIEs held by the Registered Shareholders or their respective successors or transferees have been transferred to the WFOE or its appointee(s) or in accordance with the provisions of the Exclusive Option Agreements.

Equity Pledge Agreements

As part of the Contractual Arrangements, each of the Registered Shareholders respectively entered into the equity pledge agreements (the “**Equity Pledge Agreements**”) on September 30, 2021 with our VIEs and the WFOE, each of which contains similar terms and conditions. Pursuant to the Equity Pledge Agreements, the Registered Shareholders have agreed to pledge all their respective equity interests in our VIEs that they own, including any dividend or distribution derived from the shares, to WFOE as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts.

The pledges under the Equity Pledge Agreements have been effective upon completion of registration with the relevant administration for market regulation under the Original Contractual Arrangements and shall remain valid until after all the contractual obligations of the Registered Shareholders of our VIEs and our VIEs under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the Registered Shareholders of our VIEs and our VIEs under the relevant Contractual Arrangements have been paid.

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Upon the occurrence and during the continuance of an event of default (as defined in the Equity Pledge Agreements), the WFOE shall have the right to exercise all such rights as a secured party under the Equity Pledge Agreements and any applicable PRC law, including without limitations, being paid in priority with the equity interests based on the monetary valuation that such equity interests are converted into or from the proceeds from auction or sale of the equity interest upon written notice to the Registered Shareholders of our VIEs.

As of the Latest Practicable Date, the registrations of the Equity Pledge Agreements in relation to our VIEs had been completed.

Powers of Attorney

The Registered Shareholders have executed the powers of attorney dated September 30, 2021 (the “**Powers of Attorney**”). Under the Powers of Attorney, the Registered Shareholders irrevocably appointed the WFOE and its designated person(s) (including but not limited to the Directors of our Company and their successors and the liquidators replacing such Directors or successors, but excluding those non-independent or who may give rise to conflict of interests) as their exclusive attorneys-in-fact to exercise on their behalf, any and all rights that they have in respect of their equity interests in our VIEs, including without limitation:

- (i) to convene and attend shareholders’ meetings of our VIEs and execute the relevant resolutions and meeting minutes;
- (ii) to file documents with the relevant companies registry;
- (iii) to exercise the voting rights and any power they are entitled to as shareholders of our VIEs under the applicable laws and the articles of association of our VIEs, including but not limited to the sale, transfer, pledge or disposal of all or part of his/her equity interest; and
- (iv) to nominate and appoint the legal representatives, directors, supervisors, general manager and other members of senior management of our VIEs.

Further, the Powers of Attorney are irrevocable and shall remain effective for so long as each Registered Shareholder holds equity interests in our VIEs.

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Confirmations from the Registered Shareholders

Each of the Registered Shareholders has confirmed to the effect that (i) his/her equity interests (together with any other interests therein) do not fall within the scope of communal properties, and his/her spouse does not have the right to claim such interests in the respective VIEs; (ii) his/her spouse does not exert influence, whether directly or indirectly, on the day-to-day management and voting matters of the respective VIEs; (iii) in the event of divorce with his/her spouse, the Registered Shareholder will take all actions that the WFOE deems necessary to ensure the performance of the Contractual Arrangements; and (iv) in the event of his/her death, disappearance, incapacity, divorce or marriage or any other event that causes his/her inability to exercise his/her rights as a shareholder of the respective VIEs, his/her successors (including his/her spouse) will not take any actions that would affect his/her obligations under the Contractual Arrangements.

Spouse undertakings

The spouse of each of the relevant Registered Shareholders, where applicable, has signed undertakings to the effect that, among other things, (i) he/she has no right to or control over the equity interests in our VIEs (together with any other interests therein) presently or in the future held by the respective Registered Shareholder and will not have any claim on such interests; (ii) the Registered Shareholder's equity interests in our VIEs (together with any other interests therein) do not fall within the scope of communal properties; (iii) he/she has not participated, and does to plan to participate in, the day-to-day management and voting matters of the respective VIEs; (iv) he/she confirms that the respective Registered Shareholder may further amend or terminate the Contractual Arrangements without the need for authorization or consent by him/her; and (v) if he/she is being transferred any shares held by their spouse for any reason, he/she will be bound by the Contractual Arrangements and will observe obligations as a shareholder of our VIEs, and will sign all necessary documents and to take all necessary actions to ensure the Contractual Arrangements are properly preformed.

Other key terms under our Contractual Arrangements

Dispute Resolution

Each of the agreements under our Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to our Contractual Arrangements, any party has the right to submit the relevant dispute to the China International Economic and Trade Arbitration Commission (“CIETAC”) for arbitration, in accordance with the then effective arbitration rules. The arbitral tribunal shall consist of three arbitrators appointed in accordance with the arbitration rules, with the claimant and respondent each appointing one arbitrator and the third arbitrator being agreed and appointed by the first two arbitrators or by CIETAC. The seat of arbitration shall be in Beijing, and the arbitration award shall be final and binding on all parties. The dispute resolution provisions also provide that to the extent permitted by PRC law, the arbitral tribunal may award remedies over the shares or assets of our VIEs and its subsidiaries or injunctive relief (for

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example, limiting the conduct of business, limiting or restricting transfer or sale of shares or assets) or order the winding up of our VIEs. The WFOE may apply to the courts of the PRC, Hong Kong, the Cayman Islands (being the place of incorporation of our Company) and the places where the principal assets of the WFOE or our VIEs are located for interim remedies or injunctive relief in support of arbitration proceedings. During the arbitration, except for the disputed areas which are subject to arbitration, the parties shall continue to perform their other obligations under the Contractual Arrangements.

In connection with the dispute resolution method as set out in our Contractual Arrangements and the practical consequences, we are advised by our PRC Legal Advisors that: (a) under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order for the purpose of protecting assets of or equity interest in our Consolidated Affiliated Entities in case of disputes. As such, these remedies may not be available to our Group under PRC laws; (b) further, under the PRC laws, courts or judicial authorities in the PRC generally would not award remedies over the shares and/or assets of our Consolidated Affiliated Entities, injunctive relief or winding-up of each of our Consolidated Affiliated Entities as interim remedies, before there is any final outcome of arbitration; (c) however, the PRC laws do not disallow the arbitral body to give award of transfer of assets of or an equity interest in each of our VIEs at the request of arbitration applicant. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support such award of the arbitral body when deciding whether to take enforcement measures; (d) in addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; therefore, in the event we are unable to enforce the Contractual Arrangements, we may not be able to exert effective control over each of our Consolidated Affiliated Entities, and our ability to conduct our business may be negatively affected; and (e) even if the aforementioned provisions may not be enforceable under PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the Contractual Arrangements.

As a result of the above, in the event that our VIEs or their respective Registered Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected. See “Risk Factors — Risks Related to our Corporate Structure” for further details.

Loss sharing

Under the relevant PRC laws and regulations, none of our Company and the WFOE is legally required to share the losses of, or provide financial support to, our Consolidated Affiliated Entities. Further, our Consolidated Affiliated Entities are limited liability companies and shall be solely liable for their own debts and losses with assets and properties owned by them. The WFOE intends to continuously provide to or assist our Consolidated Affiliated Entities in obtaining financial support when deemed necessary. In addition, given that our Group conducts a substantial portion of its business operations in the PRC through our

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Consolidated Affiliated Entities, which hold the requisite the PRC operational licenses and approvals, and that their financial position and results of operations are consolidated into our Group's financial statements under the applicable accounting principles, our Company's business, financial position and results of operations would be adversely affected if our Consolidated Affiliated Entities suffer losses.

However, as provided in the Exclusive Option Agreements, without the prior written consent of WFOE, our VIEs shall not, among others, (i) sell, transfer, pledge or dispose of in any manner any material asset, business or revenue of our VIEs and their subsidiaries or the legal or beneficial interest therein, or allow the encumbrance thereon of any security interest; (ii) incur, inherit, guarantee or assume any debt, except for (a) debts incurred in the ordinary course of business other than payables incurred by way of a loan, and (b) intra-group debts between our VIEs and their respective subsidiaries; (iii) execute any material contracts, except the contracts executed in the ordinary course of business; (iv) provide any person with any loan or credit, except for the provision of loan or credit by our VIEs to their respective wholly-owned subsidiaries; and (v) enter into any consolidation or merger with any third party, or being acquired by or invest in any third party. Therefore, due to the relevant restrictive provisions in the agreements, the potential adverse effect on the WFOE and our Company in the event of any loss suffered from our VIEs can be limited to a certain extent.

Conflict of interests

Each of the Registered Shareholders of our VIEs has given their irrevocable undertakings in the Powers of Attorney which address potential conflicts of interests that may arise in connection with the Contractual Arrangements. For further details, see the sub-paragraph headed “— Powers of Attorney” above.

Liquidation

Pursuant to the Equity Pledge Agreements, in the event of a mandatory liquidation required by the PRC laws upon the request of the WFOE, the Registered Shareholders of our VIEs shall transfer the proceeds they received from liquidation to the account designated by the WFOE under the management of the WFOE, or give such proceeds as a gift to the WFOE or the party/parties designated by the WFOE to the extent permitted by the PRC laws.

Insurance

There are certain risks involved in our operations, in particular, those relating to our corporate structure and Contractual Arrangements. See “Risk Factors — Risks Related to Our Business and Industry” and “Risk Factors — Risks Related to Our Corporate Structure” for further details. We have determined that the costs of insurance for the risks associated with business liability or disruption and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Accordingly, as of the Latest Practicable Date, our Company had not purchased any insurance to cover the risks relating to our Contractual Arrangements.

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Our confirmation

Our Directors confirm that, as of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating our businesses through our Consolidated Affiliated Entities under the Contractual Arrangements.

LEGALITY OF OUR CONTRACTUAL ARRANGEMENTS

Based on the above, our PRC Legal Advisors are of the opinion that our Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations to the maximum extent and that:

- (i) each of the WFOE and our VIEs is a duly incorporated and validly existing company and their respective establishment is valid, effective and complies with the relevant PRC laws;
- (ii) as confirmed by the parties to each of the agreements under the Contractual Arrangements, each of them has obtained all necessary approvals and authorizations to execute the agreements and perform their respective obligations thereunder. Each of such agreements is binding on the parties thereto and none of them is void or may become invalid pursuant to the Civil Code of the PRC (《中華人民共和國民法典》);
- (iii) none of the agreement under the Contractual Arrangements violates any provisions of the respective articles of association of our VIEs or the WFOE;
- (iv) no approvals or authorizations from the PRC governmental authorities are required for the execution and performance of our Contractual Arrangements, except that:
 - a. the exercise of the option by the WFOE or its designee of its rights under the Exclusive Option Agreements to acquire all or part of the equity interests in our VIEs is subject to the approvals of, consent of, filing with and/or registrations with the PRC governmental authorities;
 - b. the equity pledges contemplated under the Equity Pledge Agreements are subject to the registration with the relevant state or local administration bureau for market regulation;
 - c. the arbitration awards/interim remedies provided under the dispute resolution provision of our Contractual Arrangements shall be recognized by the PRC courts before compulsory enforcement; and

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- (v) each of the agreements under our Contractual Arrangements is valid, legal and binding under the PRC laws, except that our Contractual Arrangements provide that the arbitral body may award interim remedies over the shares and/or assets of our VIEs, injunctive relief (such as for the conduct of business or to compel the transfer of assets) and/or order the winding up of our VIEs, and that courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company) and the PRC (being the place of incorporation of our VIEs) also have jurisdiction for the grant and/or enforcement of arbitral award and interim remedies against the shares and/or assets of our VIEs, while under PRC laws, an arbitral body has no power to grant injunctive relief and may not directly issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in our VIEs in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in China.

However, our PRC Legal Advisors also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations over the validity of our Contractual Arrangements. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the above opinion. See “Risk Factors — Risks Related to Our Corporate Structure.”

During the interviews with the Culture, Radio, Television, Tourism and Sports Bureaus (“**CRTTSB**”) of Nanshan District, Shenzhen (深圳市南山區文化廣播電視旅遊體育局) and of Haikou (海口市旅遊和文化廣電體育局) conducted by our PRC Legal Advisors and the Joint Sponsors’ PRC legal advisor on September 3, 2021 and September 16, 2021, respectively, the officers of the CRTTSB, who work in the division of their respective CRTTSB responsible for the law enforcement of Internet cultural market, radio and television production and operation activities and Internet audio-visual programs, confirmed that foreign investors are prohibited from engaging in the radio and television program production and internet culture activities conducted by Shenzhen Futu and Hainan Caixuetang. In addition, during the interviews with the CAB conducted by our PRC Legal Advisors and the Joint Sponsors’ PRC legal advisor on September 27 and September 28, 2021, respectively, the officers of the CAB respectively confirmed that as Shenzhen Futu and Hainan Caixuetang operates the “prohibited” businesses, i.e., the radio and television program production and operation of internet culture activities (excluding music), and the “restricted” businesses simultaneously on the same *Futubull* Platform, they are unlikely to obtain and maintain an ICP License.

Notwithstanding the foregoing, during the interviews with CRTTSB and CAB conducted by our PRC Legal Advisors and the Joint Sponsors’ PRC legal advisor on September 9, September 16, September 27 and September 28, 2021, the officers of CRTTSB and CAB confirmed that our Contractual Arrangements would not be challenged by them or subject to penalty imposed by them due to violation of any relevant PRC laws or regulations.

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Our PRC Legal Advisors are of the view that (a) the CRTTSB and CAB are the competent regulatory authorities for business activities of Shenzhen Futu and Hainan Caixuetang and taking into account the positions held by the interviewees with CRTTSB and CAB and their respective responsibilities, the officers interviewed have competent authorities to give the confirmations above; (b) based on these interviews, our adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations; and (c) our adoption of the Contractual Arrangements does not contravene any current applicable PRC laws and regulations.

Based on the above analysis and advice from our PRC Legal Advisors, our Directors are of the view that the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations. See the section headed “Risk Factors — Risks Related to Our Corporate Structure — If the PRC government deems that the contractual arrangements in relation to our Consolidated Affiliated Entities 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.”

ACCOUNTING ASPECTS OF OUR CONTRACTUAL ARRANGEMENTS

Under the Exclusive Business Cooperation Agreements, it was agreed that, in consideration of the services provided by WFOE, each of our Consolidated Affiliated Entities will pay services fees to the WFOE. The services fees, subject to the WFOE’s adjustment, are equal to the entire total consolidated net income of our Consolidated Affiliated Entities. The WFOE may adjust the service fee amount at its sole discretion according to the services provided by our Consolidated Affiliated Entities. Accordingly, the WFOE has the ability, at their sole discretion, to extract all of the economic benefit of our Consolidated Affiliated Entities through the Exclusive Business Cooperation Agreements.

In addition, under the Exclusive Business Cooperation Agreements and the Exclusive Option Agreements, the WFOE has absolute contractual control over the distribution of dividends or any other amounts to the Registered Shareholders as the WFOE’s prior written consent is required before any distribution can be made.

As a result of these Contractual Arrangements, our Company exercises control over the operations of our Consolidated Affiliated Entities and receives substantially all of their economic benefits and residual returns. Accordingly, our Consolidated Affiliated Entities are accounted as subsidiary of our Company and their results of operations, assets and liabilities and cash flows are consolidated into our Group’s financial statements. The basis of consolidating the results of our Consolidated Affiliated Entities is disclosed in note 2 to the Accountant’s Report in Appendix IA to this document.

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OUR DIRECTORS' VIEW

Based on the above, our Directors are of the view that our Contractual Arrangements are narrowly tailored, as they are used to enable our Group to conduct business in industries that are subject to foreign investment restrictions in the PRC and minimize the potential for conflict with relevant PRC laws and regulations to the maximum extent. Our Directors further believe that our Contractual Arrangements are fair and reasonable, taking into account (i) our Contractual Arrangements are negotiated on arm's length basis and entered into between WFOE, our Consolidated Affiliated Entities and the respective Registered Shareholders; (ii) by entering into the Exclusive Business Cooperation Agreements with WFOE, which is a PRC subsidiary of our Company, our Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after the Listing; and (iii) a number of other companies use similar contractual arrangements to achieve the same purpose.

DEVELOPMENT IN THE PRC LEGISLATION ON FOREIGN INVESTMENT

Background of the Foreign Investment Law

On March 15, 2019, the National People's Congress approved the Foreign Investment Law (《外商投資法》) which became effective on January 1, 2020. The Foreign Investment Law replaced the Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業法》), the Sino-Foreign Cooperative Joint Ventures Enterprise Law (《中外合作經營企業法》) and the Wholly Foreign-Invested Enterprises Law (《外資企業法》) to become the legal foundation for foreign investment in the PRC. It is formulated to further expand opening-up, vigorously promote foreign investment and protect the legitimate interests and right of foreign investors. According to the Foreign Investment Law, China adopts a system of national treatment together with the 2021 Negative List with respect to foreign investment administration, and the 2021 Negative List will be issued by, amended or released upon approval by the State Council, from time to time. The 2021 Negative List sets out the industries in which foreign investments are prohibited or restricted. Foreign investors would not be allowed to make investments in prohibited industries, while foreign investment must satisfy certain conditions stipulated in the 2021 Negative List for investment in restricted industries. Foreign investment and domestic investment in industries outside the scope of the 2021 Negative List shall be treated equally. On December 26, 2019, the State Council promulgated the Regulations on the Implementation of the Foreign Investment Law (《中華人民共和國外商投資法實施條例》) (the “**Implementation Regulations**”), which came into effect on January 1, 2020. As advised by our PRC Legal Advisors, the Foreign Investment Law stipulates certain forms of foreign investment, but does not explicitly stipulate contractual arrangements as a form of foreign investment, and the Implementation Regulations are also silent on whether foreign investment includes contractual arrangements.

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Impact and consequences of the Foreign Investment Law

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including our Group. We use the Contractual Arrangements to establish control of our Consolidated Affiliated Entities, by the WFOE, through which we operate our business in the PRC. As advised by our PRC Legal Advisors, since contractual arrangements are not specified as a form of foreign investment under the Foreign Investment Law and if future laws, regulations and provisions prescribed by the State Council do not incorporate contractual arrangements as a form of foreign investment, our Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties with an exception, for which, see “— Legality of Our Contractual Arrangements” above.

Filings and Approvals from PRC Governmental Authorities

On December 24, 2021, the CSRC released the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (the “**Draft Administration Provisions**”) and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (the “**Draft Filing Measures**”), both of which had a comment period that expired on January 23, 2022. The Draft Administrative Provisions and the Draft Filing Measures regulate the system, filing management and other related rules with respect to direct or indirect overseas issuance of listed and traded securities by “domestic enterprises.” Furthermore, pursuant the 2021 Negative List, PRC domestic enterprises engaged in foreign investment prohibited business and intend to offer and list securities in an overseas exchange market shall obtain approval from relevant government authorities. At the press conference held on January 18, 2022, officials from the NDRC clarified that the aforementioned requirement only applies to direct overseas offering and listing by a PRC domestic enterprise, and as for the requirements for indirect overseas offering and listing by a PRC domestic enterprise, it will be subject to the abovementioned Draft Administration Provisions and the Draft Filing Measures promulgated by the CSRC.

In addition, according to the “Reply to the Reporters” Question by the CSRC Responsible Officers” (證監會有關負責人答記者問) dated December 24, 2021, the CSRC clarified that it adheres to the principle of non-retroactivity of the law, and the CSRC would start with the incremental enterprises (增量企業), i.e., impose filing procedures on incremental enterprises as well as stock enterprises (存量企業) with refinancing requests, while filing by other stock enterprises (其他存量企業) will be arranged separately so as to give them a sufficient transitional period. However, the CSRC Responsible Officers did not provide a clear definition of these terms. Therefore, whether our Company, for the purpose of this Listing, is an “incremental enterprise (增量企業)” or a “stock enterprise (存量企業)” is subject to further explanation by the CSRC. If we are categorized as a “stock enterprise (存量企業)”, we may still face more stringent regulatory requirements as compared to its current status.

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However, the Draft Administration Provisions and Draft Filing Measures will allow a proper transition period for existing overseas-listed China-based companies that do not have an imminent plan for public offerings to comply with the filing requirement in due course. Further, the officials from the CSRC have confirmed that companies with VIE structure that comply with the applicable PRC laws and regulations can still conduct overseas offering and listing upon the completion of the requisite procedures. Our PRC Legal Advisors advise that the Draft Administration Provisions and the Draft Filing Measures allow PRC domestic companies with a VIE structure which comply with applicable PRC laws and regulations to conduct overseas offerings and listings. As such, our Directors, as advised by our PRC Legal Advisors, are of the view that, as of the Latest Practicable Date, a listing adopting VIE structure through contractual arrangement, such as ours, does not fall within the scope of Article 6 of the 2021 Negative List. Therefore, we do not foresee that the Draft Administration Provisions and the Draft Filing Measures (if they become effective in their current forms) would have a material adverse impact on our VIE structure or our business operations.

As advised by our PRC Legal Advisors, as of the Latest Practicable Date, there are no laws, regulations or regulatory documents cited by either the CSRC or other relevant industry authorities in effect that would explicitly require the Company to comply with any approval, verification or filing procedures for overseas securities offering and listing. To our best knowledge information and belief, we and our PRC Legal Advisors are not aware of the existence of any circumstances that would prohibit us from conducting the Listing under the Draft Administration Provisions and the Draft Filing Measures. Nevertheless, uncertainties of the filing procedures may be further clarified in the final version of the Draft Administration Provisions and the Draft Filing Measures and/or their implementation rules, any failure to comply with the regulations relating to overseas listing may subject us to fines, penalties or other sanctions which may have certain adverse effects on our business and financial conditions. But if the Draft Administration Provisions and the Draft Filing Measures become effective in their current form before or after the Listing is completed, we do not foresee any impediment for us to comply with the Draft Administration Provisions and the Draft Filing Measures in any material respect.

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes “foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council” without elaboration on the meaning of “other methods.” There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of our Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. See “Risk Factors — Risks Related to Our Corporate Structure.”

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COMPLIANCE WITH OUR CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and compliance with our Contractual Arrangements:

- (i) major issues arising from the implementation and compliance with our Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- (ii) our Board will review the overall performance of and compliance with our Contractual Arrangements at least once a year;
- (iii) our Company will disclose the overall performance of and compliance with our Contractual Arrangements in our annual reports; and
- (iv) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of our Contractual Arrangements, review the legal compliance of the WFOE and our Consolidated Affiliated Entities to deal with specific issues or matters arising from our Contractual Arrangements.