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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 December 31, 2022

OR

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

For the transition period from _____ to _____.

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:

Commission file number: 001-39977

Baosheng Media Group Holdings Limited
(Exact name of Registrant as Specified in its Charter)

Cayman Islands
(Jurisdiction of Incorporation or Organization)

East Floor 5
Building No. 8, Xishanhui
Shijingshan District, Beijing 100041
People's Republic of China+86- 010-82088021
(Address of Principal Executive Offices)

Shasha Mi, Chief Executive Officer
East Floor 5
Building No. 8, Xishanhui
Shijingshan District, Beijing 100041
People's Republic of China+86-010-82088021
(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
Ordinary Shares, par value $0.0096 per share	BAOS	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 9,146,812 ordinary shares, par value $0.0016 per share ("Ordinary Shares"), as of December 31, 2022 (or 1,534,487 ordinary shares, par value US$0.0096 per share, if retroactively adjusted to reflect the 6-to-1 share consolidation effected on March 21, 2023).

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 ☒

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Emerging growth company	☒

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. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

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 accountant 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	☒	International Financial Reporting Standards as issued by the International Accounting Standards Board	☐	Other	☐

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 ☒

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

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INTRODUCTION

"We," "us," "our," or the "Company" are to Baosheng Media Group Holdings Limited, a Cayman Islands exempted company with limited liability, and its subsidiaries, as the case may be. Unless the context otherwise requires, in this annual report on Form 20-F references to:

Conventions that apply to this annual report

- "An Rui Tai BVI", are to AnRuiTai Investment Limited, a BVI business company incorporated in the BVI with limited liability in November 2018, owned as to 90% by Ms. Wenxiu Zhong and 10% by Mr. Sheng Gong;
- "Beijing Baosheng" or "WFOE" are to Beijing Baosheng Technology Company Limited, a limited liability company established in the PRC and a direct wholly-owned subsidiary of Baosheng Hong Kong;
- "Baosheng BVI" are to Baosheng Media Group Limited, a BVI (as defined below) business company incorporated with limited liability under the laws of the BVI;
- "Baosheng Group" are to Baosheng Media Group Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands;
- "Baosheng Hong Kong" are to Baosheng Group's wholly owned subsidiary, Baosheng Media Group (Hong Kong) Holdings Limited, a Hong Kong company with limited liability;
- "Baosheng Network" are to Beijing Baosheng Network Technology Co., Ltd., a limited liability company established in the PRC and a direct wholly-owned subsidiary of Baosheng Hong Kong;
- "Baosheng Technology" are to Baosheng Technology (Horgos) Company Limited, a limited liability company established in the PRC and a direct wholly-owned subsidiary of Beijing Baosheng (as defined below);
- "Beijing Xunhuo" are to Beijing Xunhuo E-commerce Co., Ltd., a limited liability company established in the PRC and a direct wholly-owned subsidiary of Baosheng Network;
- "BVI" are to the British Virgin Islands;
- "China" or the "PRC" are to the People's Republic of China, excluding Taiwan for the purposes of this annual report only;
- "Deng Guan BVI" are to Deng Guan Investment Limited, a BVI business company incorporated in the BVI with limited liability in November 2019 and is wholly owned by Mr. Hui Yu;
    - "EJAM BVI" are to EJAM New Media Holdings Limited, a BVI business company incorporated in the BVI with limited liability in November 2019 and is a direct wholly owned subsidiary of EJAM International (as defined below);
    - "Etone Investment" are to Etone Investment Development Limited, a BVI business company incorporated in the BVI with limited liability in May 2016 and is wholly owned by Mr. Baotian Guo;

- "Everlasting Innovation" are to Everlasting Innovation Development Limited, a business company incorporated in the BVI with limited liability in July 2018 and is wholly owned by Mr. Kei Ming Wang;

- "Horgos Baosheng" are to Horgos Baosheng Advertising Company Limited, a limited liability company established in the PRC and a direct wholly-owned subsidiary of Beijing Baosheng;

- "Kashi Baosheng" are to Kashi Baosheng Information Technology Company Limited, a limited liability company established in the PRC and a direct wholly-owned subsidiary of Beijing Baosheng;

- "PBCY Investment" are to PBCY Investment Limited, a business company incorporated in the BVI with limited liability in November 2018, and is owned as to 86.35% by Pubang Landscape (as defined below) through Pubang Hong Kong (as defined below) and 13.65% by Mr. Chan through CYY Holdings;

- "shares," "Shares," or "Ordinary Shares" are to the ordinary shares of the Company, par value US$0.0096 per share. On March 21, 2023, we effected a 6-to-1 Share Consolidation (as defined below), as a result of which the par value of ordinary shares of the Company increased from US$0.0016 per share to US$0.0096 per share;

- "Warrants" are to the warrants we issued to the Selling shareholders in a private placement closed on March 18, 2021. One Warrant includes the right to purchase 5/192 Ordinary Share at an exercise price of $107.712 per Ordinary Share. However, no fractional shares will be issued upon the exercise of the Warrants; and

- "we," "us," or the "Company" are to one or more of Baosheng Group, and its subsidiaries, as the case may be.

Glossary of Technical Terms

- "ad inventory" are to the space available to advertisers on digital platforms in the online marketing industry;

- "ad" are to an advertisement;

- "audiences" are to the recipients of information (including advertisements);

- "authorized agency status" are to the qualification to serve as a designated agency for the media in identifying and procuring advertisers to purchase ad inventory from the media, facilitating the transaction process, and assisting ad deployment. See "Item 4. Information on the Company — 4.B. Business Overview" in this annual report for more information on our authorized agency status with media.

- "feed" are to an internet service in which updates from electronic information sources are presented in a continuous stream;

- "in-feed ad" are to a form of ads that are typically placed in article and content feeds and mimic the surrounding site design and aesthetics so that the articles or content feeds are mixed with the in-feed ads providing the audience an uninterrupted content flow;

- "KOL marketing" are to a form of marketing activities by which a brand, advertising agency or media works with individuals, also known as key opinion leaders, or KOLs, to drive brand messages to meet strategic goals;

- "key opinion leaders" or "KOL" are to individuals deemed to have the potential to create engagement, drive conversation or sell products or services with the intended target audience. These individuals can range from being celebrities to more micro-targeted professional or nonprofessional "peers";

- "mobile app ad" are to a form of ads which are served on apps in various formats such as display ads and video ads, and for the purpose of this annual report excluding in-feed ads;

- “mobile app” are to a computer program or software application designed to run on a mobile device such as phone, tablet, or watch;
- “social media marketing” are to the use of social media platforms and websites to promote a product or service, including the distribution of KOL content which may be framed as testimonial advertising where they play the role of a potential buyer themselves, or they may be third parties;
- “ad currency unit” are to a kind of virtual currency that needs to be purchased from relevant media for use in acquiring their ad inventory;
- “CPA” are to cost per acquisition, an online advertising pricing model where the advertiser pays for a specified acquisition;
- “CPC” are to cost per click, an online advertising pricing model where an advertiser pays a media (typically a search engine, website owner, or a network of websites) when the ad is clicked;
- “CPM” are to cost per mille, an online advertising pricing model where an advertiser pays for one thousand views or clicks of an advertisement;
- “CPP” are to cost per post, an online advertising pricing model where an advertiser pays for each posting of contents, usually by a KOL;
- “CPT” are to cost per time, an online advertising pricing model where an advertiser pays for an advertisement to be placed for a set amount of time;
- “DMP” are to data management platform, a technology platform used for collecting and managing data, mainly for digital marketing purposes;
- “DSP” are to demand-side platform, a system that allows buyers of digital advertising inventory to manage multiple ad exchange and data exchange accounts through one interface;
- “gross billing” are to the actual dollar amount of advertising spend of advertisers, net of any rebates and discounts given to those advertisers;
- “gross media costs” are to the costs paid to media for acquisition of ad inventory without being offset by rebates received from media;
- “media costs” are to the costs for acquisition of ad inventory or other advertising services from media and other advertising service providers as offset by rebates we receive from the relevant media and advertising service providers (if any);
- “performance-based advertising” are to a form of advertising in which the purchaser pays only when there are measurable results (e.g., number of purchases, downloads, and registrations);
- “SEM” are to search engine marketing, a form of online marketing that involves the promotion of websites by increasing their visibility in search engine results pages and search-related products and services; and
- “SSP” are to supply-side platform, a technology platform to enable media owners to manage their ad inventory, fill it with ads, and receive income.

On March 6, 2023, we held an annual general meeting of shareholders (the "Meeting"), during which the shareholders approved a proposal to effect a share consolidation of each six ordinary shares with par value of US$0.0016 each in our issued and unissued share capital into one ordinary share with par value of US$0.0096 each (the "Share Consolidation"). The Share Consolidation became effective on March 21, 2023, and the ordinary shares began trading on a post-Share Consolidation basis on the Nasdaq Capital Market when the market opened on March 22, 2023 under the same symbol "BAOS" but under a new CUSIP number of G08908 124. No fractional shares were issued in connection with the Share Consolidation. All fractional shares were rounded up to the whole number of shares. Each six 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, and the terms of the outstanding warrants and awards under share incentive plans of the Company were adjusted automatically without any action on the part of their holders. Immediately following the Share Consolidation, the authorized share capital of the Company became US$60,000.00 divided into 6,250,000 ordinary shares of par value of US$0.0096 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 March 21, 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. As a result of the Share Consolidation, our issued and outstanding ordinary shares have been retroactively adjusted, where applicable, in this annual report to give effect to the Share Consolidation of our ordinary shares, as if it had occurred at the beginning of the earlier period presented.

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 of 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 revenues, 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 advertising service industry;
- our capital requirements and our ability to raise any additional financing which 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 advertising service industry;
- the future development of the COVID-19 pandemic; 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.

This annual report contains certain data and information that we obtained from various government and private publications. Statistical data in these publications also include projections based on a number of assumptions. The insurance industry may not grow at the rate projected by market data, or at all. Failure of this market to grow at the projected rate may have a material and adverse effect on our business and the market price of the Ordinary Shares. In addition, the rapidly evolving nature of this industry results in significant uncertainties for any projections or estimates relating to the growth prospects or future condition of our market. Furthermore, if any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking 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

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

Investing in our Ordinary Shares involves significant risks. You should carefully consider all of the information in this annual report before making an investment in our Ordinary Shares. Below please find a summary of the principal risks we face, organized under relevant headings. These risks are discussed more fully in the section titled "Item 3. Key Information—D. Risk Factors" in this annual report.

Risks Related to our Business and Industry

Risks and uncertainties related to our business and industry include, but are not limited to, the following:

- Cutbacks on advertising budgets by advertisers, changes in rebate and incentive policies by the media, failure to maintain and grow our advertiser base and secure emerging media resources could all materially and adversely affect our business and financial condition.
- If we fail to maintain our relationships with our business stakeholders, mainly advertisers and media, our business, results of operations, financial condition and business prospects could be materially and adversely affected.
- Failure to appropriately evaluate the credit profile of our advertisers or effectively manage our credit risk associated with credit terms granted to our advertisers and/or delay in settlement of accounts receivable from our advertisers could materially and adversely impact our operating cash flow and may result in significant provisions and impairments on our accounts receivable which in turn would have a material adverse impact on our business operations, results of operation, financial condition and our business pursuits and prospects.
- As we continue to strive for business growth, we may continue to experience net cash outflow from operating activities, and we cannot assure you that we can maintain sufficient net cash inflows from operating activities.
- Our limited operating history in a rapidly evolving industry makes it difficult to accurately forecast our future operating results and evaluate our business prospects.

- Certain customers contributed to a significant percentage of our total revenue during the fiscal years 2022, 2021, and 2020, and losing one or more of them could result in a material adverse impact on our financial performance and business prospects.

- We are in the highly competitive online advertising service industry and we may not be able to compete successfully against existing or new competitors, which could reduce our market share and adversely affect our competitive position and financial performance.

- If we fail to improve our services to keep up with the rapidly changing demands, preferences, advertising trends or technologies in the online advertising industry, our revenues and growth could be adversely affected.

- Limitations on the availability of data and our ability to analyze such data could significantly restrict our optimization capability and cause us to lose advertisers, which may harm our business and results of operations.

- The regulatory environment of the online advertising industry is rapidly evolving. If we fail to obtain and maintain the requisite licenses and approvals as applicable to our businesses in China from time to time, our business, financial condition and results of operations may be materially and adversely affected.

- The ongoing effects of COVID-19 in China may have a material adverse effect on our business.

Risks Related to Doing Business in China

- Adverse changes in political and economic policies of the PRC government could have a material adverse effect on the overall economic growth of the PRC, which could reduce the demand for our products and materially and adversely affect our competitive position.

- Uncertainties regarding interpretation and enforcement of the laws, rules and regulations in China may impose adverse impact on our business, operations and profitability.

- We may be adversely affected by the complexity, uncertainties and changes in the regulation of internet-related businesses and companies in China.

- Regulation and censorship of information disseminated through the Internet in China may adversely affect our business in China, and we may be liable for content disseminated by us through the Internet.

- Changes in the policies, regulations, rules, and the enforcement of laws of the PRC government may be quick with little advance notice and could have a significant impact upon our ability to operate profitably in the PRC.

- The Chinese government exerts substantial influence over the manner in which we must conduct our business, and may intervene or influence our operations at any time, which could result in a material change in our operations, significantly limit or completely hinder our ability to offer or continue to offer securities to investors and, and cause the value of our Ordinary Shares to significantly decline or be worthless.

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

- The Opinions on Severely Cracking Down on Illegal Securities Activities According to Law recently issued by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council may subject us to additional compliance requirement in the future.

- PRC regulation of loans to PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using proceeds from our future financing activities to make loans to our PRC operating subsidiaries, which might adversely affect our liquidity and our ability to fund and expand our business.

- We may rely on dividends paid by our subsidiaries for our cash needs, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct business.

- You may have difficulty effecting service of legal process, enforcing judgments or bringing actions against us and our management.

- U.S. regulatory bodies may be limited in their ability to conduct investigations or inspections of our operations in China.

- The recent joint statement by the SEC and the PCAOB, rule changes by Nasdaq, and the Holding Foreign Companies Accountable Act and related regulations, 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.

Risks Related to Our Ordinary Shares

Risks and uncertainties related to our Ordinary Shares include, but are not limited to, the following:

- Our share price has recently declined substantially, and our ordinary shares could be delisted from the Nasdaq or trading could be suspended.

- We cannot assure you that we will declare and distribute any dividends in the future.

- For as long as we are an emerging growth company, we will not be required to comply with certain reporting requirements, including those relating to accounting standards and disclosure about our executive compensation, that apply to other public companies.

- If we fail to establish and maintain proper internal financial reporting controls, our ability to produce accurate financial statements or comply with applicable regulations could be impaired.

- As a foreign private issuer, we are not subject to certain U.S. securities law disclosure requirements that apply to a domestic U.S. issuer, which may limit the information publicly available to our shareholders.

- As a foreign private issuer, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq Stock Market corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with corporate governance listing standards.

- If we cannot satisfy, or continue to satisfy, the continued listing requirements and other rules of the Nasdaq Capital Market, our securities may be delisted, which could negatively impact the price of our securities and your ability to sell them.

Risks Related to Our Business and Industry

Cutbacks on advertising budgets by advertisers, changes in rebate and incentive policies by the media, failure to maintain and grow our advertiser base and secure emerging media resources could all materially and adversely affect our business and financial condition.

We derive our revenue (i) from rebates and incentives offered by media (or their authorized agencies) for procuring advertisers to place advertisements with them, which are usually calculated with reference to the advertising spend of our advertisers and are closely correlated to our gross billing from advertisers, netting of rebates to advertisers (if any); and (ii) from net fees from advertisers, which are essentially the fees we charge our advertisers (i.e. gross billing), net of the media costs and other costs of procuring advertising services we incurred on their behalf. Accordingly, our revenue base and our profitability are very much driven by our gross billing with our advertisers, and the relevant media's rebate policies which determine, among other things, the rates of rebates we receive from media (or their authorized agencies).

The willingness of advertisers to spend their online advertising budget through us is critical to our business and our ability to generate grossing billing. Our advertisers' demand for advertising services can be influenced by a variety of factors including:

(i) Macro-economic and social factors: domestic, regional and global social, economic and political conditions (such as concerns over a severe or prolonged slowdown in China's economy and threats of political unrest), economic and geopolitical challenges (such as trade disputes between countries such as the United States and China), economic, monetary and fiscal policies (such as the introduction and winding-down of qualitative easing programs).

(ii) Industry-related factors: such as the trends, preferences and habits of audiences towards online media and their receptiveness towards online advertising as well as the development of emerging and varying forms of online media and contents.

(iii) Advertiser-specific factors: an advertiser's specific development strategies, business performance, financial condition and sales and marketing plans.

A change in any of the above factors may result in significant cutbacks on advertising budgets by our advertisers, which would not only result in a reduction of our revenue, but would also weaken our negotiating position with media on rebate policies and negatively impact our ability to earn advertising spend-driven rebates and incentives from media. As a result, our business, results of operations and financial condition could be materially and adversely affected.

Besides, media (or their authorized agencies) may change the rebate and incentive policies offered to us based on the prevailing economic outlook, competitive landscape of the online advertising market, and their own business strategy and operational targets. For instance, a media may reduce the rate of rebates offered to us due to changes in its business strategies, resource reallocation, increased popularity and demand for their media resources, or may adjust their incentive programs or their benchmarks and measuring parameters for incentive offerings based on their changing marketing and target audience strategies. If media impose rebate and incentive policies that are less favorable to us, our revenue, results of operations and financial condition may be adversely affected.

On the other hand, we may offer rebates to our advertisers. The level of rebates we offer to our advertisers is determined case by case with reference to the rebates and incentives we are entitled to receive from the relevant media (or its authorized agency), an advertiser's committed total spend, our business relationships with such advertiser and the competitive landscape in the online advertising industry. If it emerges that an increase in the rate of rebate to our advertisers is necessary for us to remain competitive or align with the emerging competitive environment, our revenue and profitability may reduce. As a result, our results of operations and financial condition could be materially and adversely affected.

Our ability to maintain our advertiser base and attract new advertisers is, to a significant extent, associated with our ability to secure popular and emerging media resources sought after by our advertisers. We believe our authorized agency status with media and the large number of media we work with have helped us attract advertisers and contributed to our revenue and advertiser base. However, there is no assurance that we will be able to maintain such authorized agency status in the future, or that these media will remain popular among our advertisers in the future. The online advertising industry is dynamic. New media and innovative advertising formats are constantly introduced into the market, while existing media may lose market visibility and audience base. If the media with which we have authorized agency status lose their audience popularity or market visibility, or are no longer preferred by our advertisers, or if we fail to secure authorized agency status with new media of emerging popularity or preferred by our advertisers, we may lose our advertiser base and their advertising spend through us. In such event, our business, results of operations, financial condition and future prospects could be materially and adversely affected.

If we fail to maintain our relationships with our business stakeholders, mainly advertisers and media, our business, results of operations, financial condition and business prospects could be materially and adversely affected.

We regard our business value as revolving around our ability to serve the needs of two major business stakeholders: advertisers and media. Further, our main sources of revenue are (i) rebates and incentives from media (or their authorized agencies); and (ii) the net fees we earn from advertisers. Hence, our success depends on our ability to, among other things, develop and maintain relationships with our existing advertisers and media partners and attract new ones.

Relationship with our advertisers

Our advertiser base comprises direct advertisers, as well as third-party advertising agencies which places advertisements for their advertiser clients through us. The number of advertisers we served decreased slightly from 410 in 2020 to 462 in 2021, and decreased further to 261 in 2022.

We would usually enter into framework agreements with advertisers who intend to acquire ad inventory through us over a period of time (usually a year or shorter). If we are asked to run a specific advertising campaign for a short period (usually for our social media marketing services), we may enter into one-off agreements with the advertisers. Our contracts with our advertisers generally do not include exclusive obligations to use our services, and our advertisers are generally free to place their ads through other advertising agencies or work with multiple advertising agencies on a specific advertising campaign.

If our relationships with our advertisers deteriorate for any reason (for instance, our advertiser is dissatisfied with the effectiveness of the advertising campaigns run through us), or our advertisers switch to other advertiser because they are offer better terms (such as more competitive rebates and discounts), or if our advertisers reduce their advertising budget to be spent through us, they may reduce or cease using our advertising services.

Hence, we cannot assure you that our advertisers will continue to use our services or that we will be able to replace, in a timely or effective manner, departing advertisers with potential new advertisers. If we fail to retain our existing advertiser base or increase their advertising spend through us, or to provide effective advertising services or pricing structures to attract new advertisers, the demand for our advertising services will not grow and may even decrease, which could materially and adversely affect our revenue and profitability.

Relationship with our media

We have established and maintained relationships with a wide range of media and their authorized agencies as well as agencies of KOLs, which offer our advertisers a diverse choices ad formats, including search ads, in-feed ads, mobile app ads and social media ads. Our future growth will depend on our ability to maintain our relationships with existing media partners as well as building partnerships with new media.

In particular, we act as authorized agency for some popular online media, such as sm.cn (神马), UC browsers (UC浏览器), and Today's Headline (今日头条), to help them procure advertisers to buy their ad inventory and facilitate ad deployment on their advertising channels. As media's authorized agency, our relationships with the media are mainly governed by agency agreements which provide for, among other things, credit periods and the rebate polices offered to us. These agency agreements typically have a term of one year, and are subject to renewal upon expiry. The commercial terms under the agency agreements are subject to renegotiation when they are renewed. Besides, media usually retain the right to terminate the authorized agency relationship based on business needs at their discretion.

Hence, there is no assurance that we can maintain stable business relationships with any media or their authorized agencies. Further, there is no guarantee that the media will continue to rely on authorized agencies to acquire and serve advertisers. Besides, our relationships with our media could be adversely affected if we cannot meet the target minimum advertising spend stipulated in the relevant agency agreements.

If any media ends its cooperative relationship with us or terminates our authorized agency status, or imposes commercial terms which are less favorable to us, or we fail to secure partnerships with new media partners, we may lose access to the relevant advertising channels, sustain advertiser deflection, and suffer revenue drop. As a result, our business, results of operations, financial condition and prospects might be materially and adversely affected.

Also, our business depends on our media to deliver their advertising services on their platforms (such as search engines, mobile apps and social media platforms), which in turn rely on the performance, reliability and stability of the internet infrastructure and telecommunications systems. Since we rely on the performance of our media to deliver ads for our advertisers, any interruption or failure of their information technology and communications systems may undermine the delivery of our advertising services and cause us to lose advertisers. All in all, any interruption or failure of the internet infrastructure and telecommunications systems could impair our ability to effectively deliver ads and provide our services, and could cause us to lose advertisers, and our business, financial condition and results of operations would be adversely affected.

In addition, we depend on the accuracy and genuineness of advertising performance data and other data provided by media in evaluating the effectiveness of our advertisers' advertising campaigns and calculating the amount of rebates or incentives that we are entitled to receive from our media. If the advertising performance data or other data provided by media is inaccurate or fraudulent, it may undermine our optimization efforts to achieve better performance for our advertisers' ads. This could also result in disputes with our advertisers and media, harm to our reputation and loss of our advertisers and media, and adversely affect our business, results of operations and financial condition.

Failure to appropriately evaluate the credit profile of our advertisers or effectively manage our credit risk associated with credit terms granted to our advertisers and/or delay in settlement of accounts receivable from our advertisers could materially and adversely impact our operating cash flow and may result in significant provisions and impairments on our accounts receivable which in turn would have a material adverse impact on our business operations, results of operation, financial condition and our business pursuits and prospects.

Our gross accounts receivable decreased from $69.9 million as of December 31, 2020 to $62.8 million as of December 31, 2021, and further decreased to $49.8 million as of December 31, 2022, of which $26.7 million, $39.8 million and $32.2 million, representing approximately 38.2%, 63.4%, and 64.7% of our gross accounts receivable, respectively, were outstanding for over six months as of the respective period end. As of December 31, 2022, 2021 and 2020, we made bad debt allowance of $17.7 million, $6.4 million and $4.7 million against our gross outstanding accounts receivable.

The decrease in the accounts receivable aging over the fiscal year as of December 31, 2022 was mainly because we wrote off accounts receivable of $7.2 million as a result of remote collection. We attributed our growth of our gross accounts receivable during the fiscal years ended December 31, 2020 and 2021 to delayed payment from our customers as they were affected by the outbreak of COVID-19.See also "— Risks Related to Our Business and Industry — *If our advertisers delay in settlement of our accounts receivable or if we are unable to issue invoices to our advertisers on a timely basis, our business, financial condition and results of operations may be materially and adversely affected*."

Regardless, given our "agency-based" business model and that we earn our revenue on a net basis but have accounts receivable from advertisers based on our gross billing, we are particularly sensitive and susceptible to credit risk. Our gross accounts receivable as of December 31, 2022, 2021 and 2020 represented 93.5%, 101.7% and 51.8% of our gross billing, respectively, with gross accounts receivable outstanding over six months represented 60.5%, 71.8% and 19.8% of our gross billing for the fiscal years 2022, 2021 and 2020, respectively. While we have implemented policies and measures with the aim of improving our management of credit risk and have expanded our efforts in the collection of overdue or long outstanding accounts receivable, and while the effect of the suspension of tax invoice issuance in Horgos has gradually subsided since the second quarter of 2019, there is no assurance that our substantial accounts receivable position with respect to our reported revenue (on a net basis) will not persist in the future given the nature of our business. Any deterioration of credit profile of our advertisers or any failure or delay in their settlement of our accounts receivable could put tremendous pressure on our operating cash flow, and may result in material and adverse impact on our business operations, results of operations and financial condition.

As we continue to strive for business growth, we may continue to experience net cash outflow from operating activities, and we cannot assure you that we can maintain sufficient net cash inflows from operating activities.

We reported net cash provided by operating activities of $1.60 million for fiscal year 2022, net cash used in operating activities of $31.2 million for the fiscal year 2021 and net cash provided by operating activities of $3.4 million for fiscal year 2020. During the fiscal years ended December 31, 2022, 2021 and 2020, certain media we procured for our advertisers required prepayment or offer relatively short credit periods to us. While we have used reasonable endeavor to align credit terms granted to us in connection with a particular media when we offered credit terms to advertisers using the relevant media, in cases where we engaged in cross-selling of ad inventories or services of different media to our existing advertisers, we usually aligned the credit terms we offer to such advertisers to the most favorable terms offered to us among the media used. Moreover, we may offer more competitive terms to selected advertisers of established business relationship with us or of significant size, with significant market impact or strategic value, while their choices of media may not offer comparable credit terms to us or at all. In addition, during the fiscal years ended December 31, 2022, 2021 and 2020, we were required by certain media (or their authorized agencies) to place deposits as performance security, among other things of a similar nature, and we may elect to pay deposit associated with committed advertising spend on behalf of selected advertisers as required by certain media before running their advertising campaigns. We consider the above practices to be generally in line with industry practice and competitive landscape, and we expect these practices to continue in the foreseeable future.

All the above have contributed to a temporal mismatch in our operating cash flow, as such impact is generally positively correlated with our business volume. As we further expand our business, our requirement for business running capital and other payments (such as capital expenditures) will increase. Our operations may not generate sufficient cash flows to meet our operating and capital requirements in the future. Historically we have utilized peer-to-peer and third-party short-term borrowings to supplement our operating cash flow shortage from time to time. See "Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources — Cash Flows —Financing Activities." We cannot assure you that going forward we will be able to reverse back to a net operating cash inflow position, or generate sufficient cash inflow from our operations or obtain adequate debt or equity financing at reasonable costs, or at all, to meet such requirements. If we fail to successfully manage our working capital or acquire adequate funding to finance our expansion, our ability to pay our media and employees and otherwise fund our operations and expansion could be impaired, and our business, financial condition and results of operations may be materially and adversely affected.

Our limited operating history in a rapidly evolving industry makes it difficult to accurately forecast our future operating results and evaluate our business prospects.

We substantially commenced developing our online advertising service business since the arrival of Ms. Wenxiu Zhong, our founder, in 2015. We expect we will continue to expand as we seek to expand our advertiser and media bases and explore new market opportunities, including establishing our own KOL network. However, due to our limited operating history, our historical growth rate may not be indicative of our future performance. Our future performance may be more susceptible to certain risks than a company with a longer operating history in a different industry. Many of the factors discussed below could adversely affect our business and prospects and future performance, including:

- our ability to maintain, expand and further develop our relationships with advertisers to meet their increasing demands;
- our ability to maintain our first-tier agency relationships with our key media and further develop agency relationships with popular media of different and emerging media formats;
- our ability to introduce and manage the development of new services;
- the continued growth and development of the online advertising industry;
- our ability to keep up with the technological developments or new business models of the rapidly evolving online advertising industry;
- our ability to attract and retain qualified and skilled employees;
- our ability to effectively manage our growth; and
- our ability to compete effectively with our competitors in the online advertising industry.

We may not be successful in addressing the risks and uncertainties listed above, among others, which may materially and adversely affect our business, results of operations, financial condition and future prospects.

Certain customers contributed to a significant percentage of our total revenue during the fiscal years 2022, 2021 and 2020, and losing one or more of them could result in a material adverse impact on our financial performance and business prospects.

In 2022, our top five customers were Hubei Toutiao Technology Co., Ltd., Hangzhou Qubian Network Technology Co., Ltd., Guangzhou Juyao Information Technology Co., Ltd., Shanghai Mingkan Advertising Co., Ltd. and Beijing Yiling Shengshi Cultural Media Co., Ltd., representing 36.8%, 13.3%, 10.7%, 5.1% and 4.7% of our total revenue, respectively.

In 2021, our top five customers were Beijing Sogou Technology Development Co., Ltd, Hubei Toutiao Technology Co., Ltd., Guangzhou Juyao Information Technology Co., Ltd., Horgos Zhijiantiancheng Technology Co., Ltd., and Hangzhou Qubian Network Technology Co., Ltd., representing 41.8%, 28.1%, 16.5%, 7.6% and 2.0% of our total revenue, respectively.

In 2020, our top five customers were Beijing Sogou Information Services Co., Ltd., Beijing Famous-Ad Co., Ltd., Hangzhou Yugang Information Technology Co., Ltd., Tianjin Infinite Network Technology Co., Ltd., and Aikuyou (Liaocheng) Information Technology Co., Ltd., representing 68.9%, 12.8%, 3.5%, 2.4% and 2.3% of our total revenue, respectively.

Sogou, for which we was an authorized agency from 2016 to March 2021, had been our top customer during the fiscal years 2021 and 2020, accounting for 41.8% and 68.9% of our revenue, respectively. Our top five customers during the fiscal years 2022, 2021 and 2020 include search engine operators, short-video platform operators, and advertising agencies who place ads for their advertiser clients through us. The identities of our customers vary depending on the type of revenue and the nature of the business transaction, comprising both advertisers and media (or their authorized agencies). See "Item 4. Information on the Company — 4.B. Business Overview — Customers." For the fiscal year ended December 31, 2022, three customers, who are all publishers, accounted for more than 10% of our total revenue, representing approximately 36.8%, 13.3% and 10.7% of our total revenue, respectively. For the year ended December 31, 2021, three customers, who are all publishers, accounted for more than 10% of our total revenue, representing approximately 41.8%, 28.1% and 16.5% of the total revenue, respectively. For the year ended December 31, 2020, two customers, who are both publishers, accounted for more than 10% of our total revenue, representing approximately 68.9% and 12.8% of the total revenue, respectively.

We typically enter into agency agreements (in case of media for which we are authorized agency) and framework agreements with these top customers with a term of one year or shorter, which are subject to renewal after expiry. Our top publisher, Sogou, has been acquired by Tencent and its business is currently under restructuring. We did not obtain the authorized agency status of Sogou in 2022 or as of the date of this annual report. There is uncertainty as to whether and when we can successfully secure an authorized agency status with Tencent. Any failure to renew these agreements or any termination of such agreements may have a material adverse impact on our results of operations.

There are a number of factors, including our performance, which could cause the loss of, or decrease in the volume of business from, a customer. We cannot assure you that we will continue to maintain the business cooperation with these customers at the same level, or at all. The loss of business from one or more of these significant customers, or any downward adjustment of the rates of rebates and incentives paid by media (or their authorized agencies), could materially and adversely affect our revenue and profit. Furthermore, if any significant advertiser or media terminates its relationship with us, we cannot assure you that we will be able to secure an alternative arrangement with comparable advertiser or media in a timely manner, or at all.

We are in the highly competitive online advertising service industry and we may not be able to compete successfully against existing or new competitors, which could reduce our market share and adversely affect our competitive position and financial performance.

There are numerous companies that specialize in the provision of online advertising services in China. We compete primarily with our competitors and potential competitors for access to quality ad inventory, agency relationships with popular media, and advertiser base. The online advertising industry in China is rapidly evolving. Competition can be increasingly intensive and is expected to increase significantly in the future. Increased competition may result in price reductions for advertising services, decrease in the rates of rebates and incentives offered by media to their authorized agencies, reduced margins and loss of our market share. We compete with other competitors in China primarily on the following bases:

- brand recognition;
- quality of services;
- effectiveness of sales and marketing efforts;
- creativity in design and contents of ads;
- optimization capability;
- pricing, rebate and discount policies;
- strategic relationships; and
- hiring and retention of talented staff.

Our existing competitors may in the future achieve greater market acceptance and recognition, secure authorized agency status with increasing number of popular media, and gain a greater market share. It is also possible that potential competitors may emerge and acquire a significant market share. If existing or potential competitors develop or offer services that provide significant performance, price, creative, optimization or other advantages over those offered by us, our business, results of operations and financial condition would be negatively affected.

Our existing and potential competitors may enjoy competitive advantages over us, such as longer operating history, greater brand recognition, larger advertiser base, greater access to ad inventory, and significantly greater financial, technical and marketing resources.

We also compete with traditional forms of media, such as newspapers, magazines, radio and television broadcast, for advertisers and advertising revenues.

If we fail to compete successfully, we could lose out in procuring advertisers, securing agency relationships with media and acquiring access to ad inventory, which could result in adverse impact to our business, results of operations and prospects. We also cannot assure you that our strategies will remain competitive or that they will continue to be successful in the future. Increasing competition could result in pricing pressure and loss of our market share, either of which could have a material adverse effect on our financial condition and results of operations.

If we fail to improve our services to keep up with the rapidly changing demands, preferences, advertising trends or technologies in the online advertising industry, our revenues and growth could be adversely affected.

We consider the online advertising industry to be dynamic, as we face constant changes in audiences' interests, preferences and receptiveness over different ad formats, evolution of the needs of advertisers in response to shifts in their business needs and marketing strategies, as well as innovations in the means on online advertising. On the other hand, information technology and "big-data" are increasingly being utilized in online advertising, as evidenced by the emergence of "data-driven" and programmatic advertising services. Our success therefore depends not only on our ability to offer proper choices of media, deliver effective optimization services, providing creative advertising ideas, but also to adapt to rapidly changing online trends and technologies to enhance the quality of existing services and to develop and introduce new services to address advertisers' changing demands. We may experience difficulties that could delay or prevent the successful development, introduction or marketing of our new services. Any new service or enhancement will need to meet the requirements of our existing advertiser base and potential advertisers and may not achieve significant market acceptance. If we fail to keep pace with changing trends and technologies, continue to offer effective optimization services and creative advertising ideas to the satisfaction of our advertisers, or to introduce successful and well-accepted services for our existing advertiser base and potential advertisers, we could lose our advertisers and our revenue and growth could be adversely affected.

Limitations on the availability of data and our ability to analyze such data could significantly restrict our optimization capability and cause us to lose advertisers, which may harm our business and results of operations.

Our capability to plan and optimize advertising campaigns are partly dependent on the availability of data generated by the media concerned based on the ad interaction behavior between such media and their end users. Our access to such data from media is limited by the relevant media's data policies. Typically, we can only access data that are made available by the media to us or their authorized agencies on their back-end platforms. In addition, there is no assurance that the government will not adopt legislation that prohibits or limits collection of data on the Internet and the use of such data, or that third parties will not bring lawsuits against the media or us relating to internet privacy and data collection. As of the date of this annual report, our business operations are in material compliance with the relevant laws and regulations on data protection and privacy, including the Cyber Security Law of the People's Republic of China (《中华人民共和国网络安全法》), which was enacted by the Standing Committee of the National People's Congress on November 7, 2016 and became effective on June 1, 2017. Due to the recent development of laws and regulations on data protection and privacy and evolving interpretation of competent authorities, media and online advertising service providers will be subject to more stringent requirements on data sharing with third-parties, which may limit our ability to obtain data from them. Therefore, we cannot assure you that we will be in full compliance with all applicable laws and regulations on data protection and privacy in the future. See "Item 4. Information on the Company—4.B. Business Overview—Regulation—Regulations relating to Information Security and Privacy Protection."

If any of the above happens, we may be unable to provide effective services and may lose our advertisers, and our business, financial condition and results of operations would be adversely affected. Lawsuits or administrative inquiries relating to internet privacy and data collection could also be costly and divert management resources, and the outcome of such lawsuits or inquiries may be uncertain and may harm our business.

The regulatory environment of the online advertising industry is rapidly evolving. If we fail to obtain and maintain the requisite licenses and approvals as applicable to our businesses in China from time to time, our business, financial condition and results of operations may be materially and adversely affected.

As confirmed by our PRC counsel, Beijing Dacheng Law Offices, LLP ("Beijing Dacheng"), we have obtained all material licenses, permits or approvals from the regulatory authorities in China that are required for our business undertakings. However, the licensing requirements within the online advertising industry, particularly in China, are constantly evolving and subject to the interpretation of the competent authorities, and we may be subject to more stringent regulatory requirements due to changes in the political or economic policies in the relevant jurisdictions or the changes in the interpretation of the scope of internet culture business. We cannot assure you that we will be able to satisfy such regulatory requirements and we may be unable to retain, obtain or renew relevant licenses, permits or approvals in the future, and as a result, our business operations may be materially and adversely affected.

If our advertisers delay in settlement of our accounts receivable or if we are unable to issue invoices to our advertisers on a timely basis, our business, financial condition and results of operations may be materially and adversely affected.

As of December 31, 2022, 2021 and 2020, our gross accounts receivable amounted to $49.8 million, $62.8 million and $69.9 million, respectively. Our gross accounts receivable turnover days were 369 days, 442 days and 167 days in the fiscal years 2022, 2021 and 2020, respectively.

Our business operations and cash flow are subject to the risk of delay in payment from our advertisers. Our advertisers' settlement day will generally be affected by their internal policies. Our efforts in strengthening our accounts receivable collection and management may be in vain, and we cannot assure you that we will be able to fully recover the outstanding amounts due from our advertisers, if at all, or that our advertisers will settle the amounts in a timely manner. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Non-compliance with laws and regulations on the part of any third parties with which we conduct business could expose us to legal expenses, compensations to third parties, penalties and disruption of our business, which may adversely affect our results of operations and financial performance.

Third parties with which we conduct business with may be subject to regulatory penalties or punishments because of their regulatory compliance failures or may be infringing upon other parties' legal rights, which may, directly or indirectly, disrupt our business. We cannot be certain whether such third party has violated any regulatory requirements or infringed or will infringe any other parties' legal rights, which could expose us to legal expenses, compensation to third parties, or compensation.

We, therefore, cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties. There is no assurance that we will be able to identify irregularities or non-compliance in the business practices of third parties we conduct business with, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. Any legal liabilities and regulatory actions affecting third parties involved in our business may affect our business activities and reputations, and may in turn affect our business, results of operations and financial performance.

Moreover, regulatory penalties or punishments against our business stakeholders (i.e., advertisers and media), even without resulting in any legal or regulatory implications upon us, may nonetheless cause business interruptions or even suspension of these business stakeholders of ours, and may result in abrupt changes in their business emphasis, such as changes in advertising and/or ad inventory offering strategies, any of which could disrupt our usual course of business with them and result in material negative impact on our business operations, results of operation and financial condition.

We are subject to, and may expend significant resources in defending against, government actions and civil claims in connection with false, fraudulent, misleading or otherwise illegal marketing content for which we provide agency services.

Under the Advertising Law of the PRC (《中华人民共和国广告法》) (the "Advertising Law"), where an advertising operator provides advertising design, production or agency services with respect to an advertisement when it knows or should have known that the advertisement is false, fraudulent, misleading or otherwise illegal, the competent PRC authority may confiscate the advertising operator's advertising revenue from such services, impose penalties, order it to cease dissemination of such false, fraudulent, misleading or otherwise illegal advertisement or correct such advertisement, or suspend or revoke its business licenses under certain serious circumstances.

Under the Advertising Law, "advertising operators" include any natural person, legal person or other organization that provides advertising design, production or agency services to advertisers for their advertising activities. Since our service involve provision of agency services to advertisers, including helping them identify, engage and convert audiences, and create content catering to their potential audience across different media, we are deemed as an "advertising operator" under the PRC Advertising Law. Therefore, we are required to examine advertising content for which we provide advertising services for compliance with applicable laws, notwithstanding the fact that the advertising content may have been previously published, and that the advertisers also bear liabilities for the content in their advertisements.

In addition, for advertising content relating to certain types of products and services, such as pharmaceuticals and medical procedures, we are expected to confirm that the advertisers have obtained requisite government approvals, including operating qualifications, proof of quality inspection for the advertised products, government pre-approval of the content of the advertisements and filings with the local authorities.

Although we have established internal policies to review the advertising contents before they are distributed to ensure compliance with applicable laws, we cannot ensure that each advertisement for which we provide advertising services complies with all PRC laws and regulations relevant to advertising activities, that supporting documentation provided by our advertisers is authentic or complete, or that we are able to identify and rectify all non-compliances in a timely manner.

Moreover, civil claims may be filed against us for fraud, defamation, subversion, negligence, copyright or trademark infringement or other violations due to the nature and content of the information for which we provide agency services. For example, we generally represent and warrant in our contracts with media as to the truthfulness of the advertising content that we place on these media, and agree to indemnify the media for any losses resulting from false, fraudulent, misleading or otherwise illegal advertising content that we place on these media. In the event we are subject to government actions or civil claims in connection with false, fraudulent, misleading or otherwise illegal marketing content for which we provide agency services, our reputation, business and results of operations may be materially and adversely affected.

If we or our media clients sustain cyber-attacks or other privacy or data security incidents that result in security breaches, we could be subject to increased costs, liabilities, reputational harm or other negative consequences.

Our information technology may be subject to cyber-attacks, viruses, malicious software, break-ins, theft, computer hacking, phishing, employee error or malfeasance or other security breaches. Hackers and data thieves are increasingly sophisticated and operate large-scale and complex automatic hacks. Experienced computer programmer and hackers may be able to penetrate our security controls and misappropriate or compromise sensitive proprietary or confidential information, create system disruptions or cause shutdowns. They also may be able to develop and deploy malicious software programs that attack our systems or otherwise exploit any security vulnerabilities. Our systems and the data stored on those systems also may be vulnerable to security incidents or security attacks, acts of vandalism or theft, coordinated attacks by activist entities, misplaced or lost data, human errors, or other similar events that could negatively affect our systems and the data stored on or transmitted by those systems, including the data of our advertisers or our media clients. Further, third parties such as our media, could also be subject to similar risks of security breaches, which are out of our control. If any of our media experiences cyber-attacks and fail to publish advertisements as a result, we may be liable to our advertisers.

Although we take measures to protect sensitive data form unauthorized access, use or disclosure, our protective measures may not be effective and our information technology may still be vulnerable to attacks. In the event of such attacks, the costs to eliminate or address the foregoing security threats and vulnerability before or after a cyber-incident could potentially be significant. Our remediation efforts may not be successful and could result in interruptions or delays of services. As threats related to cyber-attacks develop and grow, we may also find it necessary to take further steps to protect our data and infrastructure, which could be costly and therefore impact our results of operations. In the event that we are unable to prevent, detect, and remediate the foregoing security threats and vulnerabilities in a timely manner, our operations could be interrupted or we could incur financial, legal or reputational losses arising from misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in our systems. The number and complexity of these threats continue to increase over time. Although we inspect our systems on a regular basis to prevent these events from occurring, the possibility of these events occurring cannot be eliminated entirely.

Any negative publicity about us, our services and our management may materially and adversely affect our reputation and business.

We may from time to time receive negative publicity about us, our management or our business. Certain of such negative publicity may be the result of malicious harassment or unfair competition acts by third parties. We may even be subject to government or regulatory investigation (including but not limited to those relating to advertising materials which are alleged to be illegal) as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to defend ourselves against such third-party conduct, and we may not be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Harm to our reputation and confidence of advertisers and media can also arise for other reasons, including misconduct of our employees or any third-party business partners whom we conduct business with. Our reputation may be materially and adversely affected as a result of any negative publicity, which in turn may cause us to lose market share, advertising customers, industry partners, and other business partnerships.

If we fail to manage our growth or execute our strategies and future plans effectively, we may not be able to take advantage of market opportunities or meet the demands of our advertisers.

We expect our business to grow in terms of the scale and diversity of operations in the long run, along with further expansion in terms of advertiser base and media relationships. Any such expansion will increase the complexity of our operations and may cause strain on our managerial, operational and financial resources. We must continue to hire, train and effectively manage new employees. If our new hires perform poorly or if we are unsuccessful in hiring, training, managing and integrating new employees, our business, financial condition and results of operations may be materially harmed. Our expansion will also require us to maintain the consistency of our service offerings to ensure that our market reputation does not suffer as a result of any deviations, whether actual or perceived, in the quality of our services.

Our future results of operations also depend largely on our ability to execute our future plans successfully. In particular, our continued growth may subject us to the following additional challenges and constraints:

- we face challenges in ensuring the productivity of a large employee base and recruiting, training and retaining highly skilled personnel, including areas of sales and marketing, advertising concepts, optimization skills, media management and information technology for our growing operations;
- we face challenges in responding to evolving industry standards and government regulation that impact our business and the online advertising industry in general, particularly in the areas of content dissemination;
- we may have limited experience for certain new service offerings, and our expansion into these new service offerings may not achieve broad acceptance among advertisers;
- the technological or operational challenges may arise from the new services;
- the execution of the future plan will be subject to the availability of funds to support the relevant capital investment and expenditures; and
- the successful execution of our strategies may depend upon factors beyond our control, such as general market conditions, economic and political development in China and globally.

All of these endeavors involve risks and will require significant management, financial and human resources. We cannot assure you that we will be able to effectively manage our growth or to implement our strategies successfully. Besides, there is no assurance that the investment to be made by us as contemplated under our future plans will be successful and generate the expected return. If we are not able to manage our growth or execute our strategies effectively, or at all, our business, results of operations and prospects may be materially and adversely affected.

We may not be able to obtain the additional capital we need in a timely manner or on acceptable terms, or at all.

Although we believe that our anticipated cash flows from operating activities, together with cash on hand and short-term or long-term borrowings, will be sufficient to meet our anticipated working capital requirements and capital expenditures in the ordinary course of business for the next twelve months, there is no assurance that further on we would not have needs for additional capital and cash resources for our growth and expansion plan. We may also need additional cash resources in the future if we find and wish to pursue opportunities for investment, acquisition, capital expenditure or similar actions. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand at the time, we may seek to issue equity or debt securities or obtain credit facilities. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in the required compliance with operating covenants that could restrict our operations. We cannot assure you that additional financing will be available in amounts or on terms acceptable to us, if at all.

Seasonal fluctuations in advertising activities could have a material impact on our revenues, cash flow and operating results.

Our revenues, cash flow, operating results and other key operating and performance metrics may vary from quarter to quarter due to the seasonal nature of our advertisers' budgets and spending on advertising campaigns. For example, advertising spend tends to rise in holiday seasons with consumer holiday spending, or closer to end-of-year in fulfilment of their annual advertising budgets, which may lead to the increase in our revenues and cash flow. Moreover, advertising inventory in holiday seasons may be more expensive due to increased demand for advertising inventory. While our historical revenues growth may have, to some extent, masked the impact of seasonality, but if our growth rate declines or seasonal spending becomes more pronounced, seasonality could have a material impact on our revenues, cash flow and operating results from period to period.

If we fail to attract, recruit or retain our key personnel including our executive officers, senior management and key employees, our ongoing operations and growth could be affected.

Our success depends to a large extent on the efforts of our key personnel including our executive officers, senior management and other key employees who have valuable experience, knowledge and connection in the online advertising industry. There is no assurance that these key personnel will not voluntarily terminate their employment with us. The loss of any of our key personnel could be detrimental to our ongoing operations. Our success will also depend on our ability to attract and retain qualified personnel in order to manage our existing operations as well as our future growth. We may not be able to successfully attract, recruit or retain key personnel and this could adversely impact our growth. Moreover, we rely on our sales and marketing team to source new advertisers for our business growth. We have seven sales and marketing personnel in total as of the date of this annual report, who are responsible for pitching and soliciting advertisers to place ads with our media. If we are unable to attract, retain and motivate our sales and marketing personnel, our business may be adversely affected.

Unauthorized use of our intellectual property by third parties and expenses incurred in protecting our intellectual property rights may adversely affect our business, reputation and competitive edge.

We regard our software copyrights, trademarks, domain names and similar intellectual property as important to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality and non-compete agreements with our employees and others to protect our proprietary rights. For details, please refer to "Item 4. Information on the Company — 4.B. Business Overview — Intellectual property."

Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. It may be difficult to maintain and enforce intellectual property rights in China. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in all jurisdictions.

Preventing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation.

In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. To the extent that our employees use intellectual property owned by others in their work for us, disputes may arise as to the rights in related know-how and inventions. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, reputation and competitive edge.

Third parties may claim that we infringe their proprietary intellectual property rights, which could cause us to incur significant legal expenses and prevent us from promoting our services.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties. We may be from time to time in the future subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed by our products, services or other aspects of our business without our awareness. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in various jurisdictions.

If any third-party infringement claims are brought against us, we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits. Additionally, the application and interpretation of intellectual property right laws and the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights are evolving and may be uncertain, and we cannot assure you that courts or regulatory authorities would agree with our analysis.

If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our business and financial performance may be materially and adversely affected.

We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial condition, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. Further, insurance companies in China offer limited business insurance products to online advertising service providers and do not currently offer as extensive an array of insurance products as insurance companies in other more developed economies. We currently do not have any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring against these risks and the difficulties associated with acquiring such insurances on commercially reasonable terms render these coverage categories of insurance impractical for our business and purposes. Any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations.

Legal claims, government investigations or other regulatory enforcement actions could subject us to civil and criminal penalties.

We operate in the online advertising industry in China with constantly evolving legal and regulatory frameworks. Our operations are subject to various laws and regulations, including but not limited to those related to advertising, employee benefits (such as social insurance and housing funds), taxation, and the use of properties. Consequently, we are subject to risks of legal claims, government investigations or other regulatory enforcement actions. Although we have implemented policies and procedures designed to ensure compliance with existing laws and regulations, there can be no assurance that our employees or agents will not violate our policies and procedures. Moreover, a failure to maintain effective control processes could lead to violations, unintentional or otherwise, of laws and regulations. Legal claims, government investigations or regulatory enforcement actions arising out of our failure or alleged failure to comply with applicable laws and regulations could subject us to civil and criminal penalties that could materially and adversely affect our product sales, reputation, financial condition and operating results. In addition, the costs and other effects of defending potential and pending litigation and administrative actions against us may be difficult to determine and could adversely affect our financial condition and operating results.

We have identified material weaknesses in our internal control over financial reporting. If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud.

We have identified "material weaknesses" and other control deficiencies including significant deficiencies in our internal control over financial reporting. As defined in the standards established by the Public Company Accounting Oversight Board of the United States, or PCAOB, a "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

One material weakness that has been identified related to our lack of sufficient financial reporting and accounting personnel with appropriate knowledge of the generally accepted accounting principles in the United States ("U.S. GAAP") and SEC reporting requirements to properly address complex U.S. GAAP accounting issues and to prepare and review our consolidated financial statements and related disclosures to fulfill U.S. GAAP and SEC financial reporting requirements. The other material weakness that has been identified related to our lack of comprehensive accounting policies and procedures manual in accordance with U.S. GAAP. We plan to implement a number of measures to address the material weaknesses, including but not limited to, engaging experienced accounting staff to assist us in establishing appropriate policies and procedures in accordance with U.S. GAAP.

Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control for purposes of identifying and reporting material weaknesses and other control deficiencies in our internal control over financial reporting. Had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional deficiencies may have been identified.

We have become a public company in the United States subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act, or Section 404, requires that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ended December 31, 2021.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify other weaknesses and deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our Ordinary Shares. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

We face risks related to natural disasters and health epidemics.

Our business could be materially and adversely affected by natural disasters, health epidemics or other public safety concerns. Natural disasters may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to operate our platform and provide services. In recent years, there have been outbreaks in China and globally, such as the COVID-19, H1N1 flu, avian flu and other epidemics. Our business could also be adversely affected if our employees are affected by health epidemics. In addition, our results of operations could be adversely affected to the extent that any health epidemic harms the national economy in general. Our headquarters is located in Beijing, where most of our management and employees currently reside. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect Beijing or other cities in our other offices are located, our operation may experience material disruptions, which may materially and adversely affect our business, financial condition and results of operations.

The ongoing effects of COVID-19 in China may have a material adverse effect on our business.

Our business has been materially and adversely affected by health epidemics such as the COVID-19 pandemic in China. The COVID-19 outbreak had materially disrupted our business and operations, slowed down Chinese overall economy, curtailed our consumers' spending, interrupted our sources of supply, and made it difficult to adequately staff our operations.

As a result of the COVID-19 pandemic, we and some of our business partners implemented temporary measures and adjustments of work schemes to allow employees to work from home and collaborate remotely. We have taken measures to reduce the impact of the COVID-19 pandemic, including, but not limited to, upgrading our telecommuting system, monitoring employees' health on a daily basis and optimizing technology system to support potential growth in user traffic. Gross billing for the fiscal year ended December 31, 2021 amounted to $54.7 million, representing a decrease of $80.2 million, or 59.4%, from $134.9 million for the fiscal year ended December 31, 2020. Our revenues on a net basis for the fiscal year ended December 31, 2021 decreased by approximately $8.0 million, or 67.2%, as compared with the fiscal year ended December 31, 2020. For the year ended December 31, 2022, we were still affected by the COVID-19 pandemic. Accordingly, our gross billing kept at a low level of $54.6 million, similar to that of the year of 2021. Additionally, our revenues on a net basis for the fiscal year ended December 31, 2022 decreased by approximately $1.5 million, or 38.3%, as compared with the fiscal year ended December 31, 2021.

Risks Related to Doing Business in China

Adverse changes in political and economic policies of the PRC government could have a material adverse effect on the overall economic growth of the PRC, which could reduce the demand for our products and materially and adversely affect our competitive position.

Substantially all of our business operations are conducted in China. Accordingly, our business, results of operations, financial condition and prospects are subject to economic, political and legal developments in China. Although the Chinese economy is no longer a planned economy, the PRC government continues to exercise significant control over China's economic growth through direct allocation of resources, monetary and tax policies, and a host of other government policies such as those that encourage or restrict investment in certain industries by foreign investors, control the exchange between RMB and foreign currencies, and regulate the growth of the general or specific market. These government involvements have been instrumental in China's significant growth in the past 40 years. If the PRC government's current or future policies fail to help the Chinese economy achieve further growth or if any aspect of the PRC government's policies limits the growth of our industry or otherwise negatively affects our business, our growth rate or strategy, our results of operations could be adversely affected as a result.

Uncertainties regarding interpretation and enforcement of the laws, rules and regulations in China may impose adverse impact on our business, operations and profitability.

We conduct all of our business through our subsidiaries in China. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries are generally subject to laws and regulations applicable to foreign investments in China and, in particular, laws and regulations applicable to wholly foreign-owned enterprises. The PRC legal system is based on statutes. Prior court decisions may be cited for reference but have limited precedential value.

Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

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

We may be adversely affected by the complexity, uncertainties and changes in the regulation of internet-related businesses and companies in China.

The PRC government extensively regulates the internet industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the internet industry. These internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. As a result, in certain circumstances some actions or omissions may be deemed to be violations of applicable laws and regulations. Risks and uncertainties relating to regulation in China of the internet-related business include, but are not limited to, the following:

- There are uncertainties relating to the regulation of the internet-related business in China, including evolving licensing practices. This means that some of our permits, licenses or operations in China may be subject to challenge, or we may fail to obtain permits or licenses that may be deemed necessary for our operations or we may not be able to obtain or renew certain permits or licenses. If we fail to maintain any of these required licenses or permits, we may be subject to various penalties, including fines and discontinuation of or restriction on our operations in China. Any such disruption in our business operations in China may have a material and adverse effect on our results of operations in China.

- New laws and regulations may be promulgated in China to regulate internet activities, including digital marketing. If these new laws and regulations are promulgated, additional licenses and/or cost of compliance may be required for our operations. If our operations are not in compliance with these new laws and regulations after they become effective, or if we fail to obtain any licenses required under these new laws and regulations, we could be subject to penalties or restrictions on our operations in China.

According to our PRC Counsel, Beijing Dacheng, our PRC subsidiaries are not required to obtain any other industry-specific qualification, license or permit, including an Internet Content Provider license, or ICP license, for carrying out our online advertising service business in China. Given that the interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, internet-related businesses in China, including our business in China, there is no assurance that we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain our existing licenses or obtain any new licenses required under any new laws or regulations. There is also no assurance that the PRC government will not classify our business as one requiring an ICP license or other licenses in the future. If new regulations in China classify our business as one requiring an ICP license or other licenses, we may be prevented from operating in China if we are unable to obtain the required licenses. If the change in classification of our business were to be retroactively applied, we might be subject to sanctions, including payment of taxes and fines. Any change in the PRC laws and regulations may therefore significantly disrupt our operations in China and materially and adversely affect our business, results of operations and financial conditions in China.

Regulation and censorship of information disseminated through the Internet in China may adversely affect our business in China, and we may be liable for content disseminated by us through the Internet.

The PRC government has enacted laws and regulations governing internet access and the distribution of products, services, news, information, audio-video programs and other content through the Internet. The PRC government has prohibited the dissemination of information through the Internet that it deems to be in violation of PRC laws and regulations. If any internet content disseminated by us is deemed by the PRC government to violate any content restrictions, we would not be able to continue to disseminate such content and could become subject to penalties, including confiscation of income, fines, suspension of business and revocation of licenses, which could materially and adversely affect our business, financial conditions and results of operations in China. We may also be subject to potential liability for any unlawful actions of our clients or for content we disseminate that is regarded as inappropriate.

We have implemented measures to ensure that our ad content does not violate these laws and regulations. After we receive the ad content from our advertisers, it will be subject to a compliance review by our experienced employees. If we determine that the ad content does not violate any applicable laws and regulations, we will share such ad content with the relevant media for their internal review. If we determine that the ad content may be in violation of applicable laws or regulations, we will provide suggested edits to the ad content and send it back to the advertiser for revision. After both we and the media have determined that the ad content is in full compliance with applicable laws and regulations on information dissemination, we will confirm with the advertiser on its opinion with respect to the compliance prior to the deployment of the ad. Despite our efforts, we cannot assure you that we will be in full compliance with all applicable regulations on information dissemination. In addition, we have no control over and are not informed of the specific review standards applied by the advertisers or the media, and it may be difficult to determine the type of content that may result in liability to us. If we are found to be liable, we may be subject to penalties, fines, suspension of licenses, or revocation of licenses, which could materially and adversely affect our business, financial conditions and results of operations.

Changes in the policies, regulations, rules, and the enforcement of laws of the PRC government may be quick with little advance notice and could have a significant impact upon our ability to operate profitably in the PRC.

We currently conduct all of our operations and all of our revenue is generated in the PRC. Accordingly, economic, political, and legal developments in the PRC will significantly affect our business, financial condition, results of operations, and prospects. Policies, regulations, rules, and the enforcement of laws of the PRC government can have significant effects on economic conditions in the PRC and the ability of businesses to operate profitably. Our ability to operate profitably in the PRC may be adversely affected by changes in policies, regulations, rules, and the enforcement of laws by the PRC government, which changes may be quick with little advance notice.

The Chinese government exerts substantial influence over the manner in which we must conduct our business, and may intervene or influence our operations at any time, which could result in a material change in our operations, significantly limit or completely hinder our ability to offer or continue to offer securities to investors and, and cause the value of our Ordinary Shares 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. Our ability to operate in China may be harmed by changes in its laws and regulations, including those relating to taxation, environmental regulations, land use rights, property and other matters. The central or local governments of these jurisdictions 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 China or particular regions thereof, and could require us to divest ourselves of any interest we then hold in Chinese properties.

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. On February 17, 2023, the China Securities Regulatory Commission (the "CSRC") released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the "Trial Measures"), (《境内企业境外发行证券和上市管理试行办法》) and five supporting guidelines (collectively, the "Overseas Listings Rules"), which will take effect on March 31, 2023. On the same date of the issuance of the Overseas Listings Rules, the CSRC circulated No.1 to No.5 Supporting Guidance Rules, the Notes on the Overseas Listings Rules, the Notice on Administration Arrangements for the Filing of Overseas Listings by Domestic Enterprises and the relevant CSRC Answers to Reporter Questions on the official website of CSRC, or collectively, the Guidance Rules and Notice.

The Overseas Listing Rules aim to lay out the filing regulation arrangement for both direct and indirect overseas listing and clarify the determination criteria for indirect overseas listing in overseas markers. Where an enterprise whose principal business activities are conducted in the PRC seeks to issue and list its shares in the name of an overseas enterprise based on equity, assets, income, or other similar rights and interests of the relevant domestic enterprise in the PRC, such activities are deemed an indirect overseas issuance and listing. According to the Overseas Listings Rules, after the submission of relevant application for initial public offerings or listings in overseas markets, or after the completion of subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed, or after the submission of relevant application for subsequent securities offerings and listings of an issuer in other overseas markets than where it has offered and listed, all China-based companies shall file the required filing materials with the CSRC within three working days. In addition, overseas offerings and listings will be prohibited for such China-based companies when any of the following applies: (i) where such securities offerings and listings are explicitly prohibited by the PRC laws and regulations; (ii) where the intended securities offerings and listings may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) where the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; (v) where there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. The Administrative Provisions further stipulate that a fine between RMB1 million (approximately $157,255) and RMB10 million (approximately $1,572,550) may be imposed if an applicant fails to fulfill the filing requirements with the CSRC or conducts an overseas offering or listing in violation of the Overseas Listings Rules.

Under the Overseas Listings Rules and the Guidance Rules and Notice, domestic companies conducting overseas securities offering and listing activities, either in direct or indirect form, shall complete filing procedures with the CSRC pursuant to the requirements of the Trial Measures within three working days following their submissions of initial public offerings or listing applications. The companies that have already been listed on overseas stock exchanges or have obtained the approval from overseas supervision administrations or stock exchanges for their offerings and listings and will complete their overseas offering and listing prior to September 30, 2023 are not required to make immediate filings for its listing yet but need to make filings for subsequent offerings in accordance with the Overseas Listings Rules. The companies that have already submitted an application for an initial public offering to overseas supervision administrations prior to the effective date of the Overseas Listings Rules but have not yet obtained the approval from overseas supervision administrations or stock exchanges for the offering and listing may arrange for the filing within a reasonable time period and should complete the filing procedure before such companies' overseas issuance and listing.

As of the date of this annual report, we have not received any formal inquiry, notice, warning, sanction, or any regulatory objection from the CSRC with respect to our listing or subsequent offerings. However, if we decide to conduct offerings in the future, we will be required to complete filings under the Overseas Listings Rules with the CSRC. As the Overseas Listings Rules were newly published and there exists uncertainty with respect to the filing requirements and its implementation, if we are required to submit to the CRSC and complete the filing procedure of our subsequent overseas public offerings, we cannot be sure that we will be able to complete such filings in a timely manner. Any failure or perceived failure by us to comply with such filing requirements under the Overseas Listings Rules may result in forced corrections, warnings and fines against us and could materially hinder our ability to offer or continue to offer our securities.

Notwithstanding the above, our PRC counsel has further advised us that uncertainties still exist as to whether we, our subsidiaries, or any of its subsidiaries are required to obtain permissions from the CAC, the CSRC, or any other governmental agency that is required to approve our operations and/or offering. We have been closely monitoring the development in the regulatory landscape in the PRC, particularly regarding the requirement of approvals, including on a retrospective basis, from the CAC, the CSRC, or other PRC authorities with respect to this offering, as well as other procedures that may be imposed on us. In the e vent that we, our subsidiaries, or any of its subsidiaries are subject to the compliance requirements, we cannot assure you that any of these entities will be able to receive clearance of such compliance requirements in a timely manner, or at all. Any failure of our Company, our subsidiaries, or any of its subsidiaries to fully comply with new regulatory requirements may subject us to regulatory actions, such as fines, relevant businesses or operations suspension for rectification, revocation of relevant business permits or operational license, or other sanctions, which may significantly limit or completely hinder our ability to offer or continue to offer our securities cause significant disruption to our business operations, severely damage our reputation, materially and adversely affect our financial condition and results of operations and cause our securities to significantly decline in value or become worthless.

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 July 7, 2022, the CAC published the Measures for the Security Assessment of Outbound Data Transfer (《数据出境安全评估办法》), which effected on September 1, 2022. The measures apply to the security assessment of important data and personal information collected and generated during operation within the territory of the People's Republic of China and transferred abroad by a data handler. According to the Measures, if a data processor transfers data abroad under any of the following circumstances, it shall file to the State Cyberspace Administration for security assessment via the Province Cyberspace Administration: (i) a data handler who transfers important data to abroad; (ii) a critical information infrastructure operator, or a data handler processing the personal information of more than 1 million individuals transfers personal information to abroad; (iii) since January 1 of the previous year, a data handler cumulatively transferred abroad the personal information of more than 100,000 individuals, or the sensitive personal information of more than 10,000 individuals, or; (iv) other circumstances where the security assessment for the outbound data transfer is required by the State Cyberspace Administration.

On December 28, 2021, the CAC and other relevant PRC governmental authorities jointly promulgated the Cybersecurity Review Measures Transfer (《网络安全审查办法》), which took effect on February 15, 2022. The Cybersecurity Review Measures provide that, in addition to "critical information infrastructure operators" (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 November 14, 2021, the CAC published the Network Internet Data Protection Draft Regulations (draft for comments), (《网络数据安全管理条例（征求意见稿）》), and accepted public comments until December 13, 2021. The Network Internet Data Protection Draft Regulations provides that data processors refer to individuals or organizations that autonomously determine the purpose and the manner of processing data. If a data processor that processes the personal data of more than one million users intends to list overseas, it shall apply for a cybersecurity review. In addition, data processors that process important data or are listed overseas shall carry out an annual data security assessment on their own or by engaging a data security services institution, and the data security assessment report for the prior year should be submitted to the local cyberspace affairs administration department before January 31 of each year.

As advised by our PRC counsel, based on our aforementioned business operation, we are not a CIIO nor an internet platform operator as mentioned above. However, it remains unclear on how the aforementioned rule will be interpreted, amended and implemented by the relevant PRC governmental authorities. If the implementation of the Cybersecurity Review Measures (2021 version), the Measures for the Security Assessment of Outbound Data Transfer, and/or the Network Internet Data Protection Draft Regulations (draft for comments) mandates clearance of cybersecurity review and other specific actions to be completed by companies like us, we will face uncertainties as to whether such clearance can be timely obtained, or at all.

As of the date of this annual report, we do not expect that the current PRC laws on cybersecurity or data security would have a material adverse impact on our business operations. However, as uncertainties remain regarding the interpretation and implementation of these laws and regulations, we cannot assure you that we will comply with such regulations in all respects, and we may be ordered to rectify or terminate any actions that are deemed illegal by regulatory authorities. We may also become subject to fines and/or other sanctions and the costs of compliance with, and other burdens imposed by such laws and regulations may limit the use and adoption of our products, which may have material adverse effects on our business, operations, and financial condition.

The Opinions on Severely Cracking Down on Illegal Securities Activities According to Law recently issued by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council may subject us to additional compliance requirement in the future.

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 on Severely Cracking Down on Illegal Securities Activities According to Law (《关于依法从严打击证券违法活动的意见》), 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 supervision on overseas listings by China-based companies. These opinions proposed to take effective measures, such as promoting the construction of relevant regulatory systems, to deal with the risks and incidents facing China-based overseas-listed companies and the demand for cybersecurity and data privacy protection. The aforementioned policies and any related implementation rules to be enacted may subject us to additional compliance requirements in the future that may be onerous. As the Opinions were recently issued, official guidance and interpretation of the Opinions remain unclear in several respects at this time. Therefore, we cannot assure you that we will remain fully compliant with all new regulatory requirements of the Opinions or any future implementation rules on a timely basis, or at all.

Labor Contract Law and other labor-related laws in the PRC may adversely affect our business and our results of operations.

On December 28, 2012, the PRC government released the revision of the Labor Contract Law of the PRC (《中华人民共和国劳动合同法》), which became effective on July 1, 2013. Pursuant to the Labor Contract Law of the PRC, 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 we decide to terminate some of our employees or otherwise change our employment or labor practices, the Labor Contract Law of the PRC and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. According to the PRC Social Insurance Law (《中华人民共和国社会保险法》), employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay the social insurance premiums for such employees.

As of the date of this annual report, we are in compliance with labor-related laws and regulations in China in material aspects, including those relating to obligations to make social insurance payments and contribute to the housing provident fund. From July 2018 to March 2019, we had not made adequate contributions to social insurance and other employee benefits for our employees. We have recorded accruals for the estimated amount of underpayment in our financial statements. Pursuant to the PRC Social Insurance Law, if an employer fails to make full and timely contributions to social insurance, the relevant enforcement agency shall order the employer to make all outstanding contributions within five days of such order and impose penalties equal to 0.05% of the total outstanding amount for each additional day such contributions are overdue. If the employer fails to make all outstanding contributions within five days of such order, the relevant enforcement agency may impose penalties equal to one to three times the amount overdue. We estimate the amount of outstanding contributions from July 2018 to December 2018 to be approximately $0.1 million, and the amount of outstanding contributions from January 2019 to March 2019 to be approximately $0.09 million. As of the date of this annual report, we have not received any employee complaint or any government audit request, or penalty orders for these outstanding contributions.

Ms. Wenxiu Zhong, our founder, through a guarantee letter dated April 29, 2020 (the "Guarantee Letter"), promised to unconditionally, irrevocably and personally bear any and all the economic losses and expenses actually incurred by our Company if we are subject to any payment or penalty in relation to our outstanding social insurance contributions from July 2018 to April 2019.

As of the date of this annual report, we have not received any notice from relevant government authorities or any claim or request from our employees in this regard. However, we cannot assure you that the relevant government authorities will not require us to pay the outstanding amount and impose late fees or fines on us. If we are otherwise subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur significant legal fees in connection with labor disputes or investigations, our business, financial condition and results of operations may be adversely affected.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practices will not violate PRC labor-related laws and regulations in the future, which may subject us to labor disputes or government investigations. We cannot assure you that we will be able to comply with all labor-related law and regulations regarding including those relating to obligations to make social insurance payments and contribute to the housing provident fund. If we are deemed to violate relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected.

Failure to obtain or maintain any preferential tax treatments, or the discontinuation, reduction or delay of any preferential tax treatments available to us in China could adversely affect our results of operations and financial condition.

Under the Enterprise Income Tax Law (《中华人民共和国企业所得税法》) (the "EIT Law"), foreign-invested companies, such as wholly foreign-owned enterprises, and domestic companies, such as our consolidated affiliated entity and its subsidiaries, are subject to a unified income tax rate of 25%. Various favorable income tax rates are, however, available to qualified enterprises in certain encouraged sectors of the economy.

Pursuant to the Notice on Preferential EIT Policies for Two Special Economic Development Zones of Kashi and Horgos in Xinjiang Uygur Autonomous Region (《关于新疆喀什霍尔果斯两个特殊经济开发区企业所得税优惠政策的通知》), and the Implementation Opinions on Accelerating the Construction of Kashi and Horgos Economic Development Zones (《关于加快喀什、霍尔果斯经济开发区建设的实施意见》) (together the "Xinjiang EIT Exemption Policies"), an enterprise established in Horgos or Kashi between January 1, 2010 and December 31, 2020 and falling within the scope of the Catalogue of EIT Incentives for Industries Particularly Encouraged for Development by Poverty Areas of Xinjiang (《新疆困难地区重点鼓励发展产业企业所得税优惠目录》) are exempted from enterprise income tax, or EIT, for five years beginning from the first year in which the manufacturing or business operational revenue is earned. After the initial EIT exemption period, the enterprise is entitled to another five-year exemption on the local portion of its EIT.

Historically, we benefited from preferential tax treatments from the PRC government. Horgos Baosheng enjoyed EIT exemption from 2016 to 2020, Kashi Baosheng enjoyed EIT exemption from 2018 to 2022, and Baosheng Technology has enjoyed EIT exemption since 2020 and is expected to continue enjoying the exemption until 2024.

Although we have been or are now eligible for the foregoing preferential tax treatments, these preferential tax treatments are subject to uncertainties as to their interpretation, administrative implementation, changes and amendments from time to time, or even suspension and termination by relevant authorities. In particular, we cannot assure you that the Xinjiang EIT Exemption Policies will continue to be applied in such a way that will entitle Baosheng Technology to continue to enjoy full EIT exemption in accordance with the existing applicable provisions, or that Baosheng Technology will continue to be able to satisfy the qualifications provided for in the Xinjiang EIT Exemption Policies, the failure of which may render us no longer entitled to such EIT exemption. In the fiscal year 2020, Horgos Baosheng, Kashi Baosheng and Baosheng Technology all enjoyed the effective tax rate under the Xinjiang EIT Exemption Policies at 0%. In the fiscal years 2021 and 2022, Kashi Baosheng and Baosheng Technology enjoyed the effective tax rate under the Xinjiang EIT Exemption Policies at 0%, while Horgos Baosheng enjoyed the standard tax rate at 25%. Had a standard EIT rate of 25% been applied to us in these fiscal years, we would have reported net profit (loss) of $(23.7) million, $(6.7) million and $4.4 million in the fiscal years 2022, 2021 and 2020, respectively, representing a reduction of $nil (0%), $nil(or 0)%, and $2.7 million (or 38.2)% in our net profit, respectively.

Any changes in tax laws, regulations, rules, policies, administrative measures or their interpretation or administrative implementation which are applicable to us, or any change in our EIT exemption or any other preferential tax treatment status we may enjoy, could result in a significant increase in our tax obligations and tax payments, which in turn will have a material and adverse impact on our financial results and financial condition.

Under the Enterprise Income Tax Law, we may be classified as a "Resident Enterprise" of China. Such classification will likely result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the EIT Law, an enterprise established outside of China with "de facto management bodies" within China is considered a "resident enterprise", meaning that it can be subject to an EIT rate of 25.0% on its global income. In April 2009, the State Administration of Taxation ("SAT") promulgated a circular, known as Circular 82, and partially amended by Circular 9 promulgated in January 2014, to clarify the certain criteria for the determination of the "de facto management bodies" for foreign enterprises controlled by PRC enterprises or PRC enterprise groups. Under Circular 82, a foreign enterprise is considered a PRC resident enterprise if all of the following apply: (1) the senior management and core management departments in charge of daily operations are located mainly within China; (2) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in China; (3) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in China; and (4) 50.0% or more of voting board members or senior executives of the enterprise habitually reside in China. Further to Circular 82, SAT issued a bulletin, known as Bulletin 45, effective in September 2011 and amended on 1 June 2015 and 1 October 2016 to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such "Chinese controlled offshore incorporated resident enterprises." Bulletin 45 provides for, among other matters, procedures for the determination of resident status and administration of post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises that are registered outside China and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general.

If the PRC tax authorities determine that we are a "resident enterprise" for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we may be subject to the enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. In our case, this would mean that income such as non-China source income would be subject to PRC enterprise income tax at a rate of 25%. Currently, we do not have any non-China source income, as we conduct our sales in China. Second, under the EIT Law and its implementing rules, dividends paid to us from our PRC subsidiaries would be deemed as "qualified investment income between resident enterprises" and therefore qualify as "tax-exempt income" pursuant to the clause 26 of the EIT Law. Finally, it is possible that future guidance issued with respect to the new "resident enterprise" classification could result in a situation in which the dividends we pay with respect to our Ordinary Shares, or the gain our non-PRC shareholders may realize from the transfer of our Ordinary Shares, may be treated as PRC-sourced income and may therefore be subject to a 10% PRC withholding tax. The EIT Law and its implementing regulations are, however, relatively new and ambiguities exist with respect to the interpretation and identification of PRC-sourced income, and the application and assessment of withholding taxes. If we are required under the EIT Law and its implementing regulations to withhold PRC income tax on dividends payable to our non-PRC shareholders, or if non-PRC shareholders are required to pay PRC income tax on gains on the transfer of their Ordinary Shares, our business could be negatively impacted and the value of your investment may be materially reduced. Further, if we were treated as a "resident enterprise" by PRC tax authorities, we would be subject to taxation in both China and such countries in which we have taxable income, and our PRC tax may not be creditable against such other taxes.

PRC regulation of loans to PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using proceeds from our future financing activities to make loans to our PRC operating subsidiaries, which might adversely affect our liquidity and our ability to fund and expand our business.

Any foreign loan provided by us to our PRC operating subsidiaries is required to be registered or filed with the State Administration of Foreign Exchange, or SAFE, or the authorized local banks, and our PRC operating subsidiaries may not procure foreign loans which exceed the difference between its total investment amount and registered capital (the "Current Foreign Debt Mechanism") or, as an alternative, only procure loans subject to the calculation approach and limitations as provided in the People's Bank of China ("PBOC") Circular on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing (银发〔2017〕9号《中国人民银行关于全口径跨境融资宏观审慎管理有关事宜的通知》), or "PBOC Notice No. 9" (the "PBOC Notice No. 9 Mechanism"), which shall not exceed 200% of the net asset of the relevant PRC operating subsidiary. According to PBOC Notice No. 9, after a transition period of one year since its promulgation, PBOC and SAFE will determine the cross-border financing administration mechanism for the foreign-invested enterprises after evaluating the overall implementation of PBOC Notice No. 9. On March 11, 2020, Notice of PBOC and SAFE on the Adjustment of Macro-Prudential Adjustment Parameters for Full-Covered Cross-border Financing was issued, according to which, the Macro-Prudential Adjustment Parameters provided in the PBOC Notice No. 9 was adjusted from 1 to 1.25. On January 7, 2021, Notice of People's Bank of China and State Administration of Foreign Exchange on the Adjustment of Macro-Prudential Adjustment Parameters for Cross-border Financing of Enterprises (《中国人民银行、国家外汇管理局关于调整企业跨境融资宏观审慎调节参数的通知》)was issued, according to which, the Macro-Prudential Adjustment Parameters provided in the PBOC Notice No. 9 was adjusted from 1.25 to 1. As of the date hereof, neither PBOC nor SAFE has promulgated and made public any further rules, regulations, notices, or circulars in this regard. It is uncertain which mechanism will be adopted by PBOC and SAFE in the future and what statutory limits will be imposed on us when providing loans to our PRC operating subsidiaries. Currently, our PRC operating subsidiaries have the flexibility to choose between the Current Foreign Debt Mechanism and the PBOC Notice No. 9 Mechanism. However, if a more stringent foreign debt mechanism becomes mandatory, our ability to provide loans to our PRC subsidiaries may be significantly limited, which may adversely affect our business, financial condition, and results of operations.

If we seek to provide any loans to our PRC operating subsidiaries in the future, we may not be able to obtain the required government approvals or complete the required registrations on a timely basis, if at all. If we fail to receive such approvals or complete such registrations, our ability to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

We may rely on dividends paid by our subsidiaries for our cash needs, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct business.

As a holding company, we conduct substantially all of our business through our consolidated subsidiaries incorporated in China. We may rely on dividends paid by these PRC subsidiaries for our cash needs, including the funds necessary to pay any dividends and other cash distributions to our shareholders, to service any debt we may incur and to pay our operating expenses.

According to the Foreign Investment Law of the PRC and its implementing rules, which jointly established the legal framework for the administration of foreign-invested companies, a foreign investor may, in accordance with other applicable laws, freely transfer into or out of China its contributions, profits, capital earnings, income from asset disposal, intellectual property rights, royalties acquired, compensation or indemnity legally obtained, and income from liquidation, made or derived within the territory of China in RMB or any foreign currency, and any entity or individual shall not illegally restrict such transfer in terms of the currency, amount and frequency. According to the Company Law of the PRC and other Chinese laws and regulations, our PRC subsidiaries may pay dividends only out of their respective accumulated profits as determined in accordance with Chinese accounting standards and regulations. In addition, each of our PRC subsidiaries is required to set aside at least 10% of its accumulated after-tax profits, if any, each year to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Where the statutory reserve fund is insufficient to cover any loss the PRC subsidiary incurred in the previous financial year, its current financial year's accumulated after-tax profits shall first be used to cover the loss before any statutory reserve fund is drawn therefrom. Such statutory reserve funds and the accumulated after-tax profits that are used for covering the loss cannot be distributed to us as dividends. At their discretion, our PRC subsidiaries may allocate a portion of their after-tax profits based on Chinese accounting standards to a discretionary reserve fund.

Renminbi is not freely convertible into other currencies. As result, any restriction on currency exchange may limit the ability of our PRC subsidiaries to use any future Renminbi revenues to pay dividends to us. The Chinese government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Shortages in availability of foreign currency may then restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to our offshore entities for our offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign-currency-denominated obligations. The Renminbi is currently convertible under the "current account transactions," which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account," which includes foreign direct investment and foreign currency debt, including loans we may secure for our onshore subsidiaries. Currently, our PRC subsidiaries may purchase foreign currency for settlement of "current account transactions," including payment of dividends to us, without the approval of SAFE by complying with certain procedural requirements. However, the relevant Chinese governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Any existing and future restrictions on currency exchange may limit our ability to utilize revenue generated in Renminbi to fund our business activities outside of China or pay dividends in foreign currencies to holders of our Ordinary Shares. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, SAFE and other relevant Chinese governmental authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries.

In response to the persistent capital outflow in China and Renminbi's depreciation against the U.S. dollar in the fourth quarter of 2016, PBOC and SAFE have promulgated a series of capital controls in early 2017, including stricter vetting procedures for domestic companies to remit foreign currency for overseas investments, dividends payments and shareholder loan repayments.

The Chinese government may continue to strengthen its capital controls, and more restrictions and substantial vetting processes may be put forward by SAFE for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments 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.

Failure to comply with PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident Shareholders to personal liability, may limit our ability to acquire PRC companies or to inject capital into our PRC subsidiaries, may limit the ability of our PRC subsidiaries to distribute profits to us or may otherwise materially and adversely affect us.

Pursuant to the Circular on relevant issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicle (《关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知》) ("Circular 37"), which was promulgated by SAFE, and became effective on July 4, 2014, (1) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle, or an Overseas SPV, that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing; and (2) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change in the Overseas SPV's PRC resident shareholder, name of the Overseas SPV, term of operation, or any increase or reduction of the contributions by the PRC resident, share transfer or swap, and merger or division. Additionally, pursuant to the Circular of SAFE on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《关于进一步简化和改进直接投资外汇管理政策的通知》) ("Circular 13"), which was promulgated on February 13, 2015 and became effective on June 1, 2015, the aforesaid registration shall be directly reviewed and handled by qualified banks in accordance with the Circular 13, and SAFE and its branches shall perform indirect regulation over the foreign exchange registration via qualified banks.

Ms. Wenxiu Zhong, Mr. Sheng Gong and Mr. Hui Yu have completed the initial foreign exchange registration on January 9, 2019. As it remains unclear how Circular 37 and Circular 13 will be interpreted and implemented, and how or whether SAFE will apply them to us. Therefore, we cannot predict how they will affect our business operations or future strategies. For example, the ability of our present and prospective PRC subsidiaries to conduct foreign exchange activities, such as the remittance of dividends and foreign currency-denominated borrowings, may be subject to compliance with Circular 37 and Circular 13 by our PRC resident beneficial holders. In addition, as we have little control over either our present or prospective, direct or indirect Shareholders or the outcome of such registration procedures, we cannot assure you that these Shareholders who are PRC residents will amend or update their registration as required under Circular 37 and Circular 13 in a timely manner or at all. Failure of our present or future shareholders who are PRC residents to comply with Circular 37 and Circular 13 could subject these shareholders to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit the ability of our PRC subsidiaries to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects.

You may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our Ordinary Shares.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10.0% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in China, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10.0% PRC income tax if such gain is regarded as income derived from sources within China unless a treaty or similar arrangement otherwise provides. Under the Individual Income Tax Law of the PRC (《中华人民共和国个人所得税法》) and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

There is a risk that we will be treated by the PRC tax authorities as a PRC tax resident enterprise. In that case, any dividends we pay to our Shareholders may be regarded as income derived from sources within China and we may be required to withhold a 10.0% PRC withholding tax for the dividends we pay to our investors who are non-PRC corporate Shareholders, or a 20.0% withholding tax for the dividends we pay to our investors who are non-PRC individual Shareholders, including the holders of our Shares. In addition, our non-PRC Shareholders may be subject to PRC tax on gains realized on the sale or other disposition of our Shares, if such income is treated as sourced from within China. It is unclear whether our non-PRC Shareholders would be able to claim the benefits of any tax treaties between their tax residence and China in the event that we are considered as a PRC resident enterprise. If PRC income tax is imposed on gains realized through the transfer of our Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

We may be unable to complete a business combination transaction efficiently or on favorable terms due to complicated merger and acquisition regulations and certain other PRC regulations.

On August 8, 2006, six PRC regulatory authorities, including the Ministry of Commerce of the PRC (“MOFCOM”), the State Assets Supervision and Administration Commission, SAT, the Administration for Industry and Commerce (“SAIC”), the China Securities Regulatory Commission (“CSRC”) and SAFE, jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《关于外国投资者并购境内企业的规定》) (the “M&A Rules”), which became effective on September 8, 2006 and was amended in June 2009. The M&A Rules, governing the approval process by which a PRC company may participate in an acquisition of assets or equity interests by foreign investors, require the PRC parties to make a series of applications and supplemental applications to the government agencies, depending on the structure of the transaction. The M&A Rules also prohibit a transaction at an acquisition price obviously lower than the appraised value of the business or assets in China and in certain transaction structures, require that consideration must be paid within defined periods, generally not in excess of a year. In addition, the M&A Rules also limit our ability to negotiate various terms of the acquisition, including aspects of the initial consideration, contingent consideration, holdback provisions, indemnification provisions and provisions relating to the assumption and allocation of assets and liabilities.

Following the promulgation of the Foreign Investment Law, the Measures on Reporting of Foreign Investment Information (effective from January 1, 2020) and other relevant regulations recently in China, certain provisions of the M&A Rules, which are in conflict with the new foreign investment rules, are no longer enforceable. For example, mergers and acquisitions by foreign investor of a PRC entity which is not an affiliate to the foreign investor and does not engage in any business on the special administrative measures for access of foreign investment (the "Negative List") for foreign investment, will not be subject to the approval process as prescribed by the M&A Rules. However, given the M&A Rules are not officially abolished and due to lack of official interpretation and guidance, the M&A Rules might still be enforceable against the transaction parties in terms of price evaluation, payment terms, and certain other aspects that the new foreign investment rules are silent on. Therefore, the M&A Rules may impede our ability to negotiate and complete a business combination transaction on legal and/or financial terms that satisfy our investors and protect our shareholders' economic interests.

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

SAT released a circular on December 15, 2009 that addresses the transfer of shares by nonresident companies, generally referred to as Circular 698. Circular 698, which became effective retroactively to January 1, 2008, may have a significant impact on many companies that use offshore holding companies to invest in China. Circular 698 has the effect of taxing foreign companies on gains derived from the indirect sale of a PRC company. Where a foreign investor indirectly transfers equity interests in a PRC resident enterprise by selling the shares in an offshore holding company, and the latter is located in a country or jurisdiction that has an effective tax rate less than 12.5% or does not tax foreign income of its residents, the foreign investor must report this indirect transfer to the tax authority in charge of that PRC resident enterprise. Using a "substance over form" principle, 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 avoiding PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC withholding tax at a rate of up to 10.0%.

SAT subsequently released public notices to clarify issues relating to Circular 698, including the Announcement on Several Issues concerning the EIT on the Indirect Transfers of Properties by Nonresident Enterprises (《关于非居民企业间接转让财产企业所得税若干问题的公告》) (the "SAT Notice 7"), which became effective on February 3, 2015. SAT Notice 7 abolished the compulsive reporting obligations originally set out in Circular 698. Under SAT Notice 7, if a non-resident enterprise transfers its shares in an overseas holding company, which directly or indirectly owns PRC taxable properties, including shares in a PRC company, via an arrangement without reasonable commercial purpose, such transfer shall be deemed as indirect transfer of the underlying PRC taxable properties. Accordingly, the transferee shall be deemed as a withholding agent with the obligation to withhold and remit the EIT to the competent PRC tax authorities. Factors that may be taken into consideration when determining whether there is a "reasonable commercial purpose" include, among other factors, the economic essence of the transferred shares, the economic essence of the assets held by the overseas holding company, the taxability of the transaction in offshore jurisdictions, and economic essence and duration of the offshore structure. SAT Notice 7 also sets out safe harbors for the "reasonable commercial purpose" test.

On October 17, 2017, SAT released the Notice on Several Issues concerning the Withholding and Collection of Income Tax of Non-resident Enterprises from the Source (《关于非居民企业所得税源泉扣缴有关问题的公告》) ("SAT Notice 37"). SAT Notice 37 clarifies: (1) matters concerning the withholding and collection of corporate income tax, and property transfer of non-resident enterprises based on the EIT Law; (2) the currencies required to be used by the withholding agents (when the payments is made in a currency rather than RMB), as well as the time, venue and business for the performance of the withholding and collection obligations; and (3) the abolishment of Circular 698.

There is little guidance and practical experience regarding the application of SAT Notice 7 and SAT Notice 37 and the related SAT notices. Moreover, the relevant authority has not yet promulgated any formal provisions or formally declared or stated how to calculate the effective tax rates in foreign tax jurisdictions. As a result, due to our complex offshore restructuring, we may become at risk of being taxed under SAT Notice 7 and SAT Notice 37 and we may be required to expend valuable resources to comply with SAT Notice 7 and SAT Notice 37 or to establish that we should not be taxed under SAT Notice 7 and SAT Notice 37, which could have a material adverse effect on our financial condition and results of operations.

You may have difficulty effecting service of legal process, enforcing judgments or bringing actions against us and our management.

We are an exempted Cayman Islands holding company. In addition, substantially all of our assets and some of the assets of our directors and executive officers are located in the PRC. As a result, investors may not be able to effect service of process upon us or our directors and executive officers.

Further, China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. Any final judgment obtained against us in any court other than the courts of the PRC in connection with any legal suit or proceeding arising out of or relating to our Ordinary Shares will be enforced by the courts of the PRC without further review of the merits only if the court of the PRC in which enforcement is sought is satisfied that:

- the court rendering the judgment has jurisdiction over the subject matter according to the laws of the PRC;
- the judgment and the court procedure resulting in the judgment are not contrary to the public order or good morals of the PRC;
- if the judgment was rendered by default by the court rendering the judgment, we, or the above-mentioned persons, were duly served within a reasonable period of time in accordance with the laws and regulations of the jurisdiction of the court or process was served on us with judicial assistance of the PRC; and
- judgments at the courts of the PRC are recognized and enforceable in the court rendering the judgment on a reciprocal basis.

If you fail to establish the foregoing to the satisfaction of the courts in the PRC, you may not be able to enforce a judgment against us rendered by a court in the United States.

Further, pursuant to the Civil Procedures Law of the PRC, any matter, including matters arising under U.S. federal securities laws, in relation to assets or personal relationships may be brought as an original action in China, only if the institution of such action satisfies the conditions specified in the Civil Procedures Law of the PRC. As a result of the conditions set forth in the Civil Procedures Law and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept action for adjudication, there remains uncertainty as to whether an investor will be able to bring an original action in a PRC court based on U.S. federal securities laws.

U.S. regulatory bodies may be limited in their ability to conduct investigations or inspections of our operations in China.

We are incorporated in the Cayman Islands and conduct our operations in China. Substantially all of our assets are located outside of the United States. In addition, all of our directors and officers reside in China, including our chief executive officer and chairperson of the board, Shasha Mi, our chief financial officer, Yue Jin, and our directors, Sheng Gong, Kun Zhang, Guangyao Zhu, and Changhong Jiang. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe we have violated your rights, either under United States federal or state securities laws or otherwise, or if you have a claim against us. Even if you are successful in bringing an action of this kind, the laws of the Cayman Island and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

The U.S. Securities and Exchange Commission (the “SEC”), the U.S. Department of Justice and other U.S. authorities may also have difficulties in bringing and enforcing actions against us or our directors or executive officers in the PRC. The SEC has stated that there are significant legal and other obstacles to obtaining information needed for investigations or litigation in China. China has adopted a revised securities law that became effective on March 1, 2020, Article 177 of which provides, among other things, that no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without governmental approval in China, no entity or individual in China may provide documents and information relating to securities business activities to overseas regulators when it is under direct investigation or evidence discovery conducted by overseas regulators, which could present significant legal and other obstacles to obtaining information needed for investigations and litigation conducted in China.

The recent joint statement by the SEC and the PCAOB, rule changes by Nasdaq, and the Holding Foreign Companies Accountable Act and related regulations, 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 Determination Report on December 16, 2021 which found that the PCAOB is unable to inspect or investigate completely registered public accounting firms headquartered in: (1) mainland China of the People's Republic of China because of a position taken by one or more authorities in mainland China; and (2) Hong Kong, a Special Administrative Region and dependency of the PRC, because of a position taken by one or more authorities in Hong Kong. In addition, the PCAOB's report identified the specific registered public accounting firms which are subject to these determinations.

On August 26, 2022, the China Securities Regulatory Commission (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 determined that it was able to secure complete access to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong and vacated 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 may consider the need to issue a new determination.

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 2023 was signed into law, which contained, among other things, an identical provision to the Accelerating Holding Foreign Companies Accountable Act, which reduces the number of consecutive non-inspection years required for triggering the prohibitions under the Holding Foreign Companies Accountable Act from three years to two years.

Our auditor, YCM CPA INC., the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards and was not identified in the Determination Report as a firm subject to the PCAOB's determination. YCM CPA INC. is headquartered in Irvine, California, and has been inspected by the PCAOB on a regular basis.

However, we cannot assure you whether the national securities exchange we are listed on or regulatory authorities would apply additional and more stringent criteria to us after considering the effectiveness of our auditor's 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, our Ordinary Shares may be delisted in the future if the PCAOB is unable to inspect our accounting firm within two years.

We may be exposed to liabilities under the Foreign Corrupt Practices Act and Chinese anti-corruption law.

We are subject to the U.S. Foreign Corrupt Practices Act (the "FCPA"), and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by U.S. persons and issuers as defined by the statute for the purpose of obtaining or retaining business. We are also subject to Chinese anti-corruption laws, which strictly prohibit the payment of bribes to government officials. We have operations, agreements with third parties, and make sales in China, which may experience corruption. Our activities in China create the risk of unauthorized payments or offers of payments by one of the employees, consultants or distributors of our Company, because these parties are not always subject to our control.

Although we believe to date we have complied in all material respects with the provisions of the FCPA and Chinese anti-corruption law, our existing safeguards and any future improvements may prove to be less than effective, and the employees, consultants or distributors of our Company may engage in conduct for which we might be held responsible. Violations of the FCPA or Chinese anti-corruption law may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition. In addition, the government may seek to hold our Company liable for successor liability FCPA violations committed by companies in which we invest or that we acquire.

Because our business is conducted in RMB and the price of our Ordinary Shares is quoted in the U.S. dollar, changes in the exchange rate between RMB and the U.S. dollar may affect the value of your investments.

Our business is conducted in the PRC with our books and records maintained in RMB. However, the financial statements that we file with the SEC and provide to our shareholders are presented in the U.S. dollar. Changes in the exchange rate between RMB and the U.S. dollar affect the value of our assets and the results of our operations in the U.S. dollar. The exchange rate between RMB and the U.S. dollar 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.

Risks Related to Our Ordinary Shares

Our share price has recently declined substantially, and our ordinary shares could be delisted from the Nasdaq or trading could be suspended.

The listing of our ordinary shares on the Nasdaq Capital Market is contingent on our compliance with the Nasdaq Capital Market's conditions for continued listing. On February 1, 2022, we received written notification (the "Notification Letter") from the Nasdaq Stock Market LLC ("Nasdaq") that we were not in compliance with the minimum bid price requirement of US$1.00 per share under the Nasdaq Listing Rules. In accordance with Nasdaq Listing Rules, we must regain compliance within 180 calendar days, or until August 1, 2022. To regain compliance, our ordinary shares must have a closing bid price of at least US$1.00 for a minimum of 10 consecutive business days. In the event we do not regain compliance by August 1, 2022, we may be eligible for an additional 180 calendar days to regain compliance or face delisting. On April 29, 2022, we held our 2022 annual general meeting of shareholders, during which our shareholders approved the proposal to effect a share consolidation at a ratio of 3.2-to-1 (the "Share Consolidation"). On May 11, 2022, our board of directors adopted resolutions to set the effective date of the Share Consolidation to May 24, 2022, and the Share Consolidation has been reflected with the Nasdaq Stock Market and in the marketplace at the opening of business on May 25, 2022.

On December 19, 2022, we received another notification letter from the Nasdaq that we were not in compliance with the minimum bid price requirement of US$1.00 per share under the Nasdaq Listing Rules. Based on the closing bid price of the Company's ordinary shares for the 30 consecutive business days from November 2, 2022 to December 16, 2022, the Company no longer meets the minimum bid price requirement. In accordance with Nasdaq Listing Rules, we must regain compliance within 180 calendar days, or until June 19, 2023. To regain compliance, our ordinary shares must have a closing bid price of at least US$1.00 for a minimum of 10 consecutive business days. In the event we do not regain compliance by June 19, 2023, we may be eligible for an additional 180 calendar days to regain compliance or face delisting.

On March 6, 2023, we held our 2023 annual general meeting of shareholders, during which our shareholders adopted ordinary resolutions approving the proposals considered at the meeting. The shareholders passed the ordinary resolution in the meeting, to approve an increase of authorized share capital of the Company from US$50,000 divided into 31,250,000 ordinary shares of a par value US$0.0016 each to US$60,000 divided into 37,500,000 ordinary shares of a par value US$0.0016 each (the proposal the "Share Capital Proposal"). The shareholders passed the ordinary resolution in the meeting, to approve a share consolidation of six (6) ordinary shares with a par value of US$0.0016 each in the Company's issued and unissued share capital into one (1) ordinary share with a par value of US$0.0096, effective on such date as the Board of Directors of the Company shall determine (the proposal the "Share Consolidation Proposal").

On March 6, 2023, our board of directors adopted resolutions to set the effective date of the Share Consolidation to March 21, 2023, and the Share Consolidation was reflected with the Nasdaq Stock Market and in the marketplace at the opening of business on March 22, 2023.

On April 5, 2023, we received a letter from the Nasdaq Stock Market that we regained compliance with regained compliance with Nasdaq Listing Rule 5550(a)(2) by evidencing a closing bid price of our ordinary shares at or greater than $1.0 for 10 consecutive business days from March 22, 2023 to April 4, 2023.

Even though we were able to regain compliance, we cannot assure you that we will not receive other deficiency notifications from Nasdaq in the future. A decline in the closing price of our ordinary shares could result in a breach of the requirements for listing on the Nasdaq Capital Market. If we do not maintain compliance, Nasdaq could commence suspension or delisting procedures in respect of our ordinary shares. The commencement of suspension or delisting procedures by an exchange remains at the discretion of such exchange and would be publicly announced by the exchange. If a suspension or delisting were to occur, there would be significantly less liquidity in the suspended or delisted securities. In addition, our ability to raise additional necessary capital through equity or debt financing would be greatly impaired. Furthermore, with respect to any suspended or delisted ordinary shares, we would expect decreases in institutional and other investor demand, analyst coverage, market making activity and information available concerning trading prices and volume, and fewer broker-dealers would be willing to execute trades with respect to such ordinary shares. A suspension or delisting would likely decrease the attractiveness of our ordinary shares to investors and cause the trading volume of our ordinary shares to decline, which could result in a further decline in the market price of our ordinary shares.

Shares eligible for future sale may adversely affect the market price of our Ordinary Shares, as the future sale of a substantial amount of outstanding Ordinary Shares in the public marketplace could reduce the price of our Ordinary Shares.

The market price of our shares could decline as a result of sales of substantial amounts of our shares in the public market, or the perception that these sales could occur. In addition, these factors could make it more difficult for us to raise funds through future offerings of our Ordinary Shares. We cannot predict the effect, if any, market sales of shares held by our significant shareholders or any other shareholders or the availability of these shares for future sale will have on the market price of our ordinary shares.

A sale or perceived sale of a substantial number of our Ordinary Shares may cause the price of our Ordinary Shares to decline.

If our shareholders sell substantial amounts of our Ordinary Shares in the public market, the market price of our Ordinary Shares could fall. Moreover, the perceived risk of this potential dilution could cause shareholders to attempt to sell their shares and investors to short our Ordinary Shares. These sales also make it more difficult for us to sell equity-related securities in the future at a time and price that we deem reasonable or appropriate.

We cannot assure you that we will declare and distribute any dividends in the future.

Our historical dividend distribution should not be used as a reference or basis to determine the level of dividends that may be declared and paid by us in the future. A decision to declare and pay any dividends would require the recommendations of our board of directors and approval of our shareholders. Under the Articles, our directors have the power to pay interim dividends but only if they are justified by the position of our Company. The decision to pay dividends will be reviewed in light of the factors such as the results of operations, financial condition and position, and other factors deemed relevant. Any distributable profits that are not distributed in any given year may be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend. Our future declarations of dividends will be at the absolute discretion of our board of directors. You may not realize a return on your investment in our Ordinary Shares and you may even lose your entire investment in our Ordinary Shares.

For as long as we are an emerging growth company, we will not be required to comply with certain reporting requirements, including those relating to accounting standards and disclosure about our executive compensation, that apply to other public companies.

In April 2012, President Obama signed into law the Jumpstart Our Business Startups Act, or the JOBS Act. We are classified as an “emerging growth company” under the JOBS Act. For as long as we are an emerging growth company, which may be up to five full fiscal years, unlike other public companies, we will not be required to, among other things, (i) provide an auditor’s attestation report on management’s assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act, (ii) comply with any new requirements adopted by the PCAOB requiring mandatory audit firm rotation or a supplement to the auditor’s report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer, (iii) provide certain disclosure regarding executive compensation required of larger public companies or (iv) hold nonbinding advisory votes on executive compensation. We will remain an emerging growth company for up to five years, although we will lose that status sooner if we have more than $1.235 billion of revenues in a fiscal year, have more than $700 million in market value of our Ordinary Shares held by non-affiliates, or issue more than $1.0 billion of non-convertible debt over a three-year period.

To the extent that we rely on any of the exemptions available to emerging growth companies, you will receive less information about our executive compensation and internal control over financial reporting than issuers that are not emerging growth companies. If some investors find our Ordinary Shares to be less attractive as a result, there may be a less active trading market for our Ordinary Shares and our stock price may be more volatile.

If we fail to establish and maintain proper internal financial reporting controls, our ability to produce accurate financial statements or comply with applicable regulations could be impaired.

Pursuant to Section 404 of the Sarbanes-Oxley Act, we are required to file a report by our management on our internal control over financial reporting, including an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. The presence of material weaknesses in internal control over financial reporting could result in financial statement errors which, in turn, could lead to errors in our financial reports and/or delays in our financial reporting, which could require us to restate our operating results. We might not identify one or more material weaknesses in our internal controls in connection with evaluating our compliance with Section 404 of the Sarbanes-Oxley Act. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal controls over financial reporting, we need to expend significant resources and provide significant management oversight. Implementing any appropriate changes to our internal controls may require specific compliance training of our directors and employees, entail substantial costs in order to modify our existing accounting systems, take a significant period of time to complete and divert management's attention from other business concerns. These changes may not, however, be effective in maintaining the adequacy of our internal control.

If we are unable to conclude that we have effective internal controls over financial reporting, investors may lose confidence in our operating results, the price of the Ordinary Shares could decline and we may be subject to litigation or regulatory enforcement actions. In addition, if we are unable to meet the requirements of Section 404 of the Sarbanes-Oxley Act, the Ordinary Shares may not be able to remain listed on Nasdaq Capital Market.

As a foreign private issuer, we are not subject to certain U.S. securities law disclosure requirements that apply to a domestic U.S. issuer, which may limit the information publicly available to our shareholders.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Securities Exchange Act of 1934, as amended (the "Exchange Act") requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time;
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD; and
- certain audit committee independence requirements in Rule 10A-3 of the Exchange Act.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

As a foreign private issuer, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq Stock Market corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with corporate governance listing standards.

As a foreign private issuer, we are permitted to take advantage of certain provisions in the Nasdaq Stock Market listing rules that allow us to follow Cayman Islands law for certain governance matters. Certain corporate governance practices in the Cayman Islands may differ significantly from corporate governance listing standards as, except for general fiduciary duties and duties of care, Cayman Islands law has no corporate governance regime which prescribes specific corporate governance standards. When our Ordinary Shares are listed on the Nasdaq Capital Market, we intend to continue to follow Cayman Islands corporate governance practices in lieu of the corporate governance requirements of the Nasdaq Stock Market in respect of the following: (i) the majority independent director requirement under Section 5605(b)(1) of the Nasdaq Stock Market listing rules, (ii) the requirement under Section 5605(d) of the Nasdaq Stock Market listing rules that a compensation committee comprised solely of independent directors governed by a compensation committee charter oversee executive compensation, (iii) the requirement under Section 5605(e) of the Nasdaq Stock Market listing rules that director nominees be selected or recommended for selection by either a majority of the independent directors or a nominations committee comprised solely of independent directors and (iv) the requirement under Section 5605(b)(2) of the Nasdaq Stock Market listing rules that our independent directors hold regularly scheduled executive sessions. Cayman Islands law does not impose a requirement that our board of directors consist of a majority of independent directors. Nor does Cayman Islands law impose specific requirements on the establishment of a compensation committee or nominating committee or nominating process. Therefore, our shareholders may be afforded less protection than they otherwise would have under corporate governance listing standards applicable to U.S. domestic issuers.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.

As discussed above, we are a foreign private issuer, and therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act. The determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter. We would lose our foreign private issuer status if, for example, more than 50% of our Ordinary Shares are directly or indirectly held by residents of the U.S. and we fail to meet additional requirements necessary to maintain our foreign private issuer status. If we lose our foreign private issuer status on this date, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. We will also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we will lose our ability to rely upon exemptions from certain corporate governance requirements under the Nasdaq listing rules. As a U.S. listed public company that is not a foreign private issuer, we will incur significant additional legal, accounting and other expenses that we will not incur as a foreign private issuer, and accounting, reporting and other expenses in order to maintain a listing on a U.S. securities exchange.

The requirements of being a public company may strain our resources and divert management's attention.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq, and other applicable securities rules and regulations. Despite recent reforms made possible by the JOBS Act, compliance with these rules and regulations will nonetheless increase our legal, accounting, and financial compliance costs and investor relations and public relations costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources, particularly after we are no longer an "emerging growth company." The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results as well as proxy statements.

As a result of disclosure of information in this annual report on Form 20-F and in filings required of a public company, our business and financial condition are more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business, brand and reputation and results of operations.

Being a public company and these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

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. For instance, you may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

Our corporate affairs are governed by our amended and restated memorandum and articles of association, by the Companies Act (As 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. Decisions of 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. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (other than copies of the memorandum and articles of association, the register of mortgages and charges, and any special resolutions passed by the shareholders) or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. If we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

If we cannot satisfy, or continue to satisfy, the continued listing requirements and other rules of the Nasdaq Capital Market, our securities may be delisted, which could negatively impact the price of our securities and your ability to sell them.

Our securities are listed on the Nasdaq Capital Market. We cannot assure you that our securities will continue to be 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, including those regarding minimum stockholders' equity, minimum share price, minimum market value of publicly held shares, and various additional requirements. Even if we initially 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 criteria for maintaining our listing, our securities could be subject to delisting.

If our securities are subsequently delisted 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 Ordinary Shares is a "penny stock," which will require brokers trading in our Ordinary Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our Ordinary Shares;

- limited amount of news and analyst coverage; and

- a decreased ability to issue additional securities or obtain additional financing in the future.

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 one-third (1/3) of our voting share capital in issue, to requisition a general meeting of our shareholders. Advance notice of at least seven clear days is required for any 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 the Company.

The obligation to disclose information publicly may put us at a disadvantage to competitors that are private companies.

We have become a public company in the United States. As a public company, we will be required to file periodic reports with the SEC upon the occurrence of matters that are material to our Company and shareholders. Although we may be able to attain confidential treatment of some of our developments, in some cases, we will need to disclose material agreements or results of financial operations that we would not be required to disclose if we were a private company. Our competitors may have access to this information, which would otherwise be confidential. This may give them advantages in competing with our Company. Similarly, as a U.S. public company, we will be governed by U.S. laws that our competitors, which are mostly private Chinese companies, are not required to follow. To the extent compliance with U.S. laws increases our expenses or decreases our competitiveness against such companies, our public company status could affect our results of operations.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

We are an offshore holding company incorporated in the Cayman Islands and we are not a Chinese operating company. As a holding company with no material operations of our own, our operations are conducted in China through our wholly owned PRC subsidiary, Beijing Baosheng, and its subsidiaries. Holders of our Ordinary Shares will not directly hold any equity interests in our operating subsidiaries.

We initially conducted our business through Beijing Baosheng, a PRC company formed on October 17, 2014.

With the growth of our business, Horgos Baosheng was formed as a limited liability company in the PRC on August 30, 2016, and Kashi Baosheng was formed as a limited liability company in the PRC on May 15, 2018. Baosheng Technology was formed as a limited liability company in the PRC on January 2, 2020. As of the date of this annual report, Horgos Baosheng, Kashi Baosheng and Baosheng Technology are wholly owned and controlled by Beijing Baosheng.

Our Company completed its reorganization on June 4, 2019. In December 2018, our current holding company, Baosheng Media Group Holdings Limited was incorporated in the Cayman Islands, as an exempted company with limited liability. In December 2018, Baosheng BVI, a direct wholly owned subsidiary of our Company, was incorporated in the BVI as a business company with limited liability. Baosheng Hong Kong was incorporated in Hong Kong as a limited liability company in January 2019 and became a direct wholly owned subsidiary of Baosheng BVI and an indirect wholly owned subsidiary of our Company. In January 2019, Baosheng Hong Kong acquired 100% of the equity interests in Beijing Baosheng.

On March 22, 2021, Baosheng Hong Kong established a wholly-owned subsidiary, Baosheng Network, a limited liability company in the PRC. On April 2, 2022, Baosheng Network set up a wholly owned subsidiary, Beijing Xunhuo, a limited liability company in the PRC primarily engaged in the business of live streaming.

On February 8, 2021, our Ordinary Shares commenced trading on the Nasdaq Capital Market under the symbol "BAOS." On March 3, 2021, the underwriters of our initial public offering exercised in full the over-allotment option. We raised approximately US$30.2 million in net proceeds from our initial public offering after deducting underwriting commissions and the offering expenses payable by us.

On February 1, 2022, we received a notification letter from the Nasdaq Stock Market LLC ("Nasdaq") that we were not in compliance with the minimum bid price requirement of US$1.00 per share under the Nasdaq Listing Rules. Nasdaq Listing Rule 5550(a)(2) requires listed securities to maintain a minimum bid price of US$1.00 per share, and Listing Rule 5810(c)(3)(A) provides that a failure to meet the minimum bid price requirement exists if the deficiency continues for a period of 30 consecutive business days. Based on the closing bid price of the Company's ordinary shares for the 30 consecutive business days from December 16, 2021 to January 31, 2022, the Company did not the minimum bid price requirement. In accordance with Nasdaq Listing Rules, we must regain compliance within 180 calendar days, or until August 1, 2022. To regain compliance, our ordinary shares must have a closing bid price of at least US$1.00 for a minimum of 10 consecutive business days. In the event we do not regain compliance by August 1, 2022, we may be eligible for an additional 180 calendar days to regain compliance or face delisting.

On April 29, 2022, we held our 2022 annual general meeting of shareholders, during which our shareholders approved the proposal to effect a share consolidation at a ratio of 3.2-to-1 (the "Share Consolidation"). On May 11, 2022, our board of directors adopted resolutions to set the effective date of the Share Consolidation to May 24, 2022, and has been reflected with the Nasdaq Stock Market and in the marketplace at the opening of business on May 25, 2022.

On December 19, 2022, we received another notification letter from the Nasdaq that we were not in compliance with the minimum bid price requirement of US$1.00 per share under the Nasdaq Listing Rules. Based on the closing bid price of the Company's ordinary shares for the 30 consecutive business days from November 2, 2022 to December 16, 2022, the Company no longer meets the minimum bid price requirement. In accordance with Nasdaq Listing Rules, we must regain compliance within 180 calendar days, or until June 19, 2023. To regain compliance, our ordinary shares must have a closing bid price of at least US$1.00 for a minimum of 10 consecutive business days. In the event we do not regain compliance by June 19, 2023, we may be eligible for an additional 180 calendar days to regain compliance or face delisting.

On March 6, 2023, we held our 2023 annual general meeting of shareholders, during which our shareholders adopted ordinary resolutions approving the proposals considered at the meeting. The shareholders passed the ordinary resolution in the meeting, to approve the Share Capital Proposal and the Share Consolidation Proposal.

On March 21, 2023, the Share Consolidation became effective, and was reflected with the Nasdaq Stock Market and in the marketplace at the opening of business on March 22, 2023. On April 5, 2023, we received a letter from the Nasdaq Stock Market that we regained compliance with regained compliance with Nasdaq Listing Rule 5550(a)(2) by evidencing a closing bid price of our ordinary shares at or greater than $1.0 for 10 consecutive business days from March 22, 2023 to April 4, 2023.

Our principal executive office is located at East Floor 5, Building No. 8, Xishanhui, Shijingshan District Beijing, People's Republic of China. Our telephone number at this address is +86 010-82088021. Our registered office in the Cayman Islands is located at Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. Our agent for service of process in the United States is Puglisi & Associates located at 850 Library Avenue, Suite 204, Newark, DE 19711. Investors should submit any inquiries to the address and telephone number of our principal executive offices set forth above. We maintain a corporate website at http://ir.bsacme.com. The information contained in our website is not a part of this annual report.

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.

See "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Capital Expenditures" for a discussion of our capital expenditures.

We are subject to certain legal and operational risks associated with our subsidiaries' operations in China, which could cause the value of our Ordinary Shares to significantly decline or be worthless and could lead to our Ordinary Shares being unable to continue listing on a foreign exchange. PRC laws and regulations governing our current business operations are evolving, and therefore, they may impose risks that could result in material changes in our subsidiaries' operations, significant depreciation of the value of our Ordinary Shares, or a complete hindrance of our ability to offer, or continue to offer, our securities to investors.

Recently, the PRC government initiated a series of regulatory actions and statements to regulate business operations in China with little advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas using variable interest entity structures, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement. As confirmed by our PRC counsel, Beijing Dacheng, the current PRC laws on cybersecurity or data security would not have a material adverse impact on our business operations and our offering, because our customers are mainly enterprises in China and we currently do not have over one million users' personal information and do not anticipate that we will be collecting over one million users' personal information in the foreseeable future, which we understand might otherwise subject us to the current PRC laws on cybersecurity or data security. Since these statements and regulatory actions are new, however, it is highly uncertain how soon legislative or administrative regulation making bodies will respond and what existing or new laws or regulations or detailed implementations and interpretations will be modified or promulgated, if any, and the potential impact such modified or new laws and regulations will have on our daily business operation, our ability to accept foreign investments, or our ability to continue to be listed on the Nasdaq Stock Market. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—*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*."

The recent joint statement by the SEC and the PCAOB, rule changes by Nasdaq, and the Holding Foreign Companies Accountable Act and related regulations, 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.

Pursuant to the HFCAA, the PCAOB issued a Determination Report on December 16, 2021 which found that the PCAOB is unable to inspect or investigate completely registered public accounting firms headquartered in: (1) mainland China of the People's Republic of China because of a position taken by one or more authorities in mainland China; and (2) Hong Kong, a Special Administrative Region and dependency of the PRC, because of a position taken by one or more authorities in Hong Kong. In addition, the PCAOB's report identified the specific registered public accounting firms which are subject to these determinations.

On August 26, 2022, the China Securities Regulatory Commission (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 determined that it was able to secure complete access to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong and vacated 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 may consider the need to issue a new determination.

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 2023 was signed into law, which contained, among other things, an identical provision to the Accelerating Holding Foreign Companies Accountable Act, which reduces the number of consecutive non-inspection years required for triggering the prohibitions under the Holding Foreign Companies Accountable Act from three years to two years. Our auditor, YCM CPA INC., has served the Company since July 20, 2022 and prepared the audit report as of and for the fiscal year ended December 31, 2022 included elsewhere in this annual report. YCM CPA INC., as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess YCM CPA INC.'s compliance with applicable professional standards. YCM CPA INC. is headquartered in Irvine, California with no branches or offices outside the United States and has been inspected by the PCAOB on a regular basis. As such, as of the date of this annual report, our auditor is not affected by the Holding Foreign Companies Accountable Act and related regulations. However, there is a risk that our auditor cannot be inspected by the PCAOB in the future. The lack of inspection could cause trading in our securities to be prohibited under the Holding Foreign Companies Accountable Act, and, as a result, Nasdaq may determine to delist our securities, which may cause the value of our securities to decline or become worthless. See "Item 3. Key Information—D. Risk Factor— Risks Related to Doing Business in China—*The recent joint statement by the SEC and the PCAOB, rule changes by Nasdaq, and the Holding Foreign Companies Accountable Act and related regulations, 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.*." and "Item 3. Key Information—D. Risk Factor— Risks Related to our Ordinary Shares— *If we cannot satisfy, or continue to satisfy, the continued listing requirements and other rules of the Nasdaq Capital Market, our securities may be delisted, which could negatively impact the price of our securities and your ability to sell them*."

Permission Required from PRC Authorities

We are currently not required to obtain permission from any of the PRC authorities to operate and issue our Ordinary Shares to foreign investors. In addition, we and our subsidiaries are not required to obtain permission or approval relating to our Ordinary Shares from the PRC authorities, including the CSRC and the CAC, for our subsidiaries' operations, nor have we or our subsidiaries received any denial of any permission for our subsidiaries' operations. However, the Overseas Listings Rules and the Guidance Rules and Notice issued by CSRC on February 17, 2023 require domestic companies conducting overseas securities offering and listing activities, either in direct or indirect form, to complete filing procedures with the CSRC pursuant to the requirements of the Trial Measures within three working days following their submissions of initial public offerings or listing applications. Currently, the companies that have already been listed on overseas stock exchanges or have obtained the approval from overseas supervision administrations or stock exchanges for their offerings and listings and will complete their overseas offering and listing prior to September 30, 2023 are not required to make immediate filings for their listings yet, but need to make filings for subsequent offerings in accordance with the Overseas Listings Rules. Following the Overseas Listings Rules and the Guidance Rules and Notice, if we decide to conduct offerings to foreign investors in the future, we will be required make filings as required by these rules. As the Overseas Listings Rules were newly published and there exists uncertainty with respect to the filing requirements and its implementation, we cannot assure you that we will be able to complete such filings in a timely manner for future offering. Any failure or perceived failure by us to comply with such filing requirements under the Overseas Listings Rules may result in forced corrections, warnings and fines against us and could materially hinder our ability to offer or continue to offer our securities. Moreover, 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 supervision over overseas listings by Chinese companies. The Opinions proposed to take effective measures, such as promoting the construction of relevant regulatory systems, to deal with the risks and incidents facing China-based overseas-listed companies and the demand for cybersecurity and data privacy protection. The aforementioned policies and any related implementation rules to be enacted, which may take place quickly with little advance notice, may subject us to additional compliance requirements in the future. Given the current regulatory environment in the PRC, we remain subject to the uncertainty as to whether different interpretations and enforcement of the rules and regulations in the PRC may have an adverse impact on us and our operations. See "Item 3. Key Information—D. Risk Factors—*Risks Related to Doing Business in China—The Opinions on Severely Cracking Down on Illegal Securities Activities According to Law recently issued by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council may subject us to additional compliance requirement in the future*" and "Item 3. Key Information—D. Risk Factors—*Risks Related to Doing Business in China—The Chinese government exerts substantial influence over the manner in which we must conduct our business, and may intervene or influence our operations at any time, which could result in a material change in our operations, significantly limit or completely hinder our ability to offer or continue to offer securities to investors and, and cause the value of our Ordinary Shares to significantly decline or be worthless."*

Dividends and other distributions

We are a holding company, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the furnishing of funds necessary to pay dividends and other cash distributions to our shareholders or to service any debt we may incur. If any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict their ability to pay dividends to us. There have not been any such dividends or other distributions from our PRC subsidiaries to our subsidiaries located outside of China, as of the date of this annual report. In addition, as of the date of this annual report, none of our subsidiaries have ever issued any dividends or distributions to us or their respective shareholders outside of China, and neither we nor any of our subsidiaries have ever paid dividends or made distributions to U.S. investors. As of the date of this annual report, neither we nor any of our subsidiaries have ever paid dividends or made distributions to U.S. investors. Our Hong Kong holding subsidiary, Baosheng HK received cash of $38.3 million from us, which represented proceeds raised in the initial public offering of our Ordinary Shares in February 2021, and the private placement of our Ordinary Shares and warrants in March 2021. In addition to the forgoing, on March 16, 2021, Baosheng HK transferred cash of $6 million, in the form of shareholder loans, to its wholly owned subsidiary, Beijing Baosheng. In April 2021 and August 2021, Baosheng HK transferred cash in the aggregate of $30.79 million, in the form of capital contributions, to its wholly owned subsidiary, Baosheng Network. In the future, cash proceeds raised from overseas financing activities may be transferred by us to our PRC subsidiaries by means of capital contributions or shareholder loans, as the case may be. Notwithstanding the recent judgment against Beijing Baosheng, described more particularly under “Item 4. Information on the Company—B. Business Overview — Legal Proceedings,” we do not expect that the court’s ruling will impact the cash transferring through the organization.

According to the Foreign Investment Law of the People’s Republic of China and its implementing rules, which jointly established the legal framework for the administration of foreign-invested companies, a foreign investor may, in accordance with other applicable laws, freely transfer into or out of China its contributions, profits, capital earnings, income from asset disposal, intellectual property rights, royalties acquired, compensation or indemnity legally obtained, and income from liquidation, made or derived within the territory of China in RMB or any foreign currency, and any entity or individual shall not illegally restrict such transfer in terms of the currency, amount and frequency. According to the Company Law of the People’s Republic of China and other Chinese laws and regulations, our PRC subsidiaries may pay dividends only out of their respective accumulated profits as determined in accordance with Chinese accounting standards and regulations. In addition, each of our PRC subsidiaries is required to set aside at least 10% of its accumulated after-tax profits, if any, each year to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Where the statutory reserve fund is insufficient to cover any loss the PRC subsidiary incurred in the previous financial year, its current financial year’s accumulated after-tax profits shall first be used to cover the loss before any statutory reserve fund is drawn therefrom. Such statutory reserve funds and the accumulated after-tax profits that are used for covering the loss cannot be distributed to us as dividends. At their discretion, our PRC subsidiaries may allocate a portion of their after-tax profits based on Chinese accounting standards to a discretionary reserve fund.

Renminbi is not freely convertible into other currencies. As result, any restriction on currency exchange may limit the ability of our PRC operating subsidiaries to use their potential future Renminbi revenues to pay dividends to us. The Chinese government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Shortages in availability of foreign currency may then restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to our offshore entities for our offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign-currency-denominated obligations. The Renminbi is currently convertible under the "current account," which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account," which includes foreign direct investment and foreign currency debt, including loans we may secure for our onshore subsidiaries. Currently, our PRC subsidiaries may purchase foreign currency for settlement of "current account transactions," including payment of dividends to us, without the approval of SAFE by complying with certain procedural requirements. However, the relevant Chinese governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. The Chinese government may continue to strengthen its capital controls, and additional restrictions and substantial vetting processes may be instituted by SAFE for cross-border transactions falling under both the current account and the capital account. Any existing and future restrictions on currency exchange may limit our ability to utilize revenue generated in Renminbi to pay dividends in foreign currencies to holders of our securities. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, SAFE and other relevant Chinese governmental authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may rely on dividends paid by our subsidiaries for our cash needs, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct business." for a detailed discussion of the Chinese legal restrictions on the payment of dividends and our ability to transfer cash within our group. In addition, holders of our Ordinary Shares may potentially be subject to Chinese taxes on dividends paid by us in the event we are deemed a Chinese resident enterprise for Chinese tax purposes. See "Item 10. Additional Information—E. Taxation—People's Republic of China Taxation" for more details.

B. Business Overview

We are an online marketing solution provider based in China. We are dedicated to helping our advertiser clients manage their online marketing activities with a view to achieving their business goals. We advise advertisers on online marketing strategies, offer value-added advertising optimization services and facilitate the deployment of online ads of various forms such as search ads, in-feed ads, mobile app ads and social media marketing ads. At the same time, as the authorized agency of some popular online media, such as sm.cn (神马), UC browsers (UC浏览器), and Today's Headline (今日头条), we help online media procure advertisers to buy their ad inventory and facilitate ad deployment on their advertising channels.

Relying on our management's extensive industry experience, deep industry insights and well-established network of media resources, we have grown rapidly from a start-up online marketing agency founded in 2014 to a multi-channel online marketing solution provider.

We help advertisers formulate their online advertising strategies, optimize their ads and run their ads on suitable online advertising channels with a view to achieving their business goals. We have built a broad and diverse advertiser base across various industries, including ecommerce and online service platforms, online travel agencies, financial services, online gaming, car services and other advertising agencies. We believe our ability to attract and retain these advertisers reflects the high level of our services, which is essential to our business growth.

Our business value chain. As an online advertising service provider, we regard our business values as revolving around our ability to serve the needs of two major business stakeholders: (i) advertisers; and (ii) media (or their authorized agencies).

- **Value to advertisers**: As an online marketing service provider, we connect advertisers and online media, helping advertisers to manage their online marketing activities in many ways, including, but not limited to, (i) advising on advertising strategies, budget and choice of advertising channels; (ii) procuring ad inventory; (iii) offering ad optimization services; and (iv) administrating and fine-tuning the ad placement process.

- **Value to media**: As an authorized agency of media, we create value to media businesses in several ways, including, but not limited to, (i) identifying advertisers to buy their ad inventory, (ii) facilitating payment arrangements with advertisers, (iii) assisting advertisers in handling ad deployment logistics with media, and (iv) engaging in other marketing and promotion activities aimed at educating and inducing advertisers to use online advertising.

Our advertising services. We offer two types of advertising services, SEM services, and Non-SEM services. Our SEM services include the deployment of ranked search ads and other display search ads offered by search engine operators. Our Non-SEM services, on the other hand, include social media marketing, in-feed advertising, and mobile app advertising through deploying ads on media such as social media platforms, short-video platforms, news portals and mobile apps. The display forms of our Non-SEM ads include in-feed ads, banner ads, button ads, interstitial ads, and posts on selected social media accounts.

Set forth below is a summary of the relevant ad formats, the corresponding pricing models generally adopted by media and our revenue model:

Type	Description	Media's principal pricing model	Our principal revenue model
SEM Services			
Search ads	Search ads are normally located at the top, or on the side of the search results page, or the related products of the search engine operators.	Auction-based ads: mainly CPC Non-auction-based ads: mainly CPT	Rebates and incentives
Non-SEM services			
In-feed ads	In-feed ads are advertisements that match the format, appearance and function of the platform upon which they appear, typically placed on short video sharing, social media and newsfeed platforms.	Mainly CPM, CPC	Rebates and incentives
Mobile app ads	Mobile app ads are displayed in apps with various formats such as banner ads, button ads, open screen ads, and interstitial ads.	Mainly CPT, CPA	Net fees; rebates and incentives
Social media ads	Social media ads take the form of contents appearing in the designated blogs or social media accounts with suitable target audience.	Mainly CPT	Net fees

Our business experienced substantial growth from our inception to December 31, 2020, before we experienced negative growth since 2021. Our gross billing decreased from $134.9 million in 2020 to $54.7 million in 2021, representing a decrease of 59.4%, and decreased to $54.6 million in 2022, representing a decrease of 0.3%. In the meantime, the media costs decreased from $123.0 million in 2020 to $50.8 million in 2021, while increased to $52.2 million in 2022, representing a decrease of 58.7% and an increase of 2.7%, respectively. Our revenue on a net basis (i.e. difference between gross billing and media costs) has decreased, in tandem our advertiser base and their advertising spend, from $11.9 million in 2020 to $3.9 million in 2021, and decreased further to $2.4 million in 2022, representing a decrease of 67.2% and a decrease of 38.3%, respectively.

Our Business Model

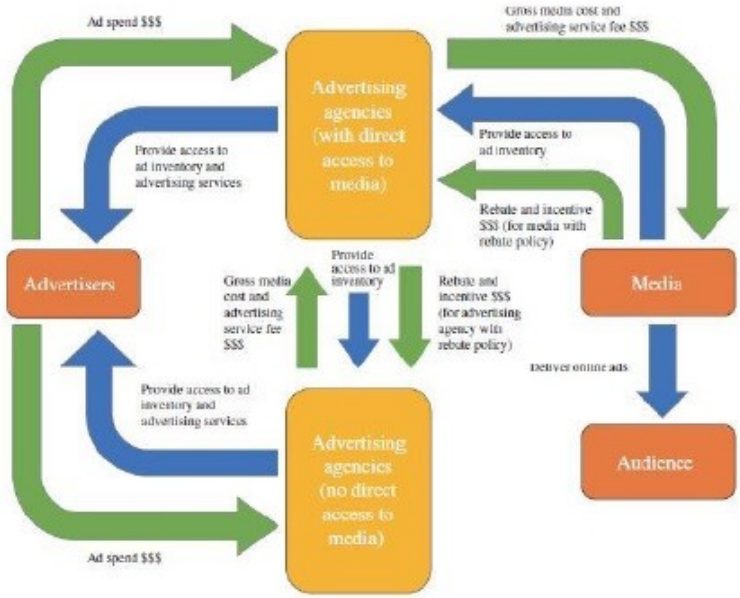
Business value chain

As an online advertising service provider, we regard our business values as revolving around our ability to serve the needs of two major business stakeholders: (i) advertisers; and (ii) media (or their authorized agencies).

- **Value to advertisers**: Advertising is driven by advertisers' need to reach their target customers to create demand for their products and services, build their brands, gain market shares, boost sales and enhance profitability. As an online marketing service provider, we act as intermediary between advertisers and online media, helping advertisers to manage their online marketing activities in many ways, including, but not limited to, (i) advising on advertising strategies, budget and choice of advertising channels; (ii) procurement of ad inventory; (iii) offering ad optimization services; and (iv) administrating and fine-tuning the ad placement process. We consider that our values to advertisers mainly lie in our ability to help them carry out effective online marketing activities economically. In particular, we can offer our advertisers various types of ad inventory, such as search ads, in-feed ads on various social media and media platforms, and mobile app ads, as well as various optimization services specific to such ad formats.

- **Value to media**: Media serve as the medium through which advertisers' marketing messages are conveyed to their target audience, and monetize their media resources mainly by offering ad inventory for sales to advertisers. Under the current online advertising ecosystem, established media acquire advertisers primarily through their networks of authorized agencies. We, as an authorized agency, create values to media's business in many ways, including but not limited to, (i) identifying advertisers to buy their ad inventory, (ii) facilitating payment arrangements with advertisers, (iii) assisting advertisers in handling ad deployment logistics with media, and (iv) engaging in other marketing and promotion activities aimed at educating and inducing advertisers to use online advertising. The use of the authorized agency model enables media to leverage their authorized agencies' connections to extend their reach to a large base of advertisers, and expand their business scale quickly without inflating their sales and marketing costs. To become the authorized agency of a media, we are typically subject to two to three rounds of evaluation by the media, during which the media takes into account factors including, but not limited to, the history of our Company, the size of our Company, our achievements, our service offerings, the advertisers we cooperate with, the history of our revenue, and the expertise of our employees.

The following is a simplified graphical illustration of our business value chain and the interrelationships among advertisers, media and advertising agencies:



As illustrated in the chart above, in cases where we have direct access to media's ad inventory, for instance as their authorized agency, we acquire ad inventory directly from the relevant media for our advertisers, which include both (i) direct advertisers; and (ii) third party advertising agencies which do not have direct access to the relevant ad inventory and wish to place ads for their advertisers through us. Meanwhile, we may receive rebate and incentives from the media for selling their ad inventory.

When we do not have direct access to certain media's ad inventory, we can acquire such ad inventory for our advertisers from other third-party advertising agencies which have direct access, for instance, advertising agencies which are authorized agencies of certain media. Again, we may receive rebate and incentives from such advertising agencies for procuring buyer to acquire ad inventory through them.

Based on the above business value chain, we generate revenue typically (i) in the form of rebates and incentives we earn from media (or their authorized agencies) for procuring advertisers to place ads with them, or (ii) in the form of net fees we earn from advertisers when we purchase ad inventory on their behalf and provide advertising services to them.

Accordingly, both advertisers or media (or their authorized agencies) can be identified as our customers, depending on the revenue model applicable to the relevant services we provide. See "— Revenue model and payment cycle" in this section for further details.

Advertisers

Through our PRC subsidiaries, we have built a broad and diverse advertiser base from a broad range of industries, including ecommerce and online service platforms, online travel agencies, financial services, online gaming, car services, and advertising agencies, among others.

Certain of our advertisers carry well-known brands, such as C-trip (携程), Bilibili (B站), Tuhu（途虎养车）, 5I5J Realty (我爱我家), T3Go (南京领行), Snack Video (达佳互联), Kaikeba (开课吧) and i-9game (爱九游). During the fiscal years 2022, 2021 and 2020, the number of advertisers we served increased slightly from 410 in 2020 to 462 in 2021, and decreased to 228 in 2022. Our gross billing decreased from $134.9 million in 2020 to $54.7 million in 2021, and decreased further to $54.6 million in 2022. Our top five advertisers contributed to 47.2%, 96.0% and 89.9% of our total gross billing in the fiscal years 2022, 2021 and 2020, respectively.

The table below sets out the breakdown of our gross billing by industries of our advertisers:

	Gross billing for the years ended December 31,					
	2022		2021		2020	
	Amount	%	Amount	%	Amount	%
E-commerce & online service platforms	$ 23,613,492	45.0 %	$ 19,085,684	34.8 %	$ 24,317,322	18 %
Online education	6,636,018	12.2 %	11,034,006	20.2 %	—	0 %
Online travel agencies	1,783,556	3.3 %	5,524,212	10.1 %	4,247,662	3 %
Financial services	1,052,485	1.9 %	1,019,921	1.9 %	1,355,688	1 %
Online gaming	10,620,778	19.5 %	12,438,353	22.7 %	33,602,440	25 %
Car services	2,975,537	5.5 %	609,995	1.1 %	946,739	1 %
Third-party advertising agencies	4,075,110	7.5 %	4,929,690	9.0 %	64,602,520	48 %
Others	2,826,101	5.1 %	90,671	0.2 %	5,811,805	4 %
Total	**$ 54,583,077**	**100 %**	**$ 54,732,532**	**100 %**	**$ 134,884,176**	**100 %**

Our Media

We have established and maintained collaborative relationships (either directly or through their authorized agencies) with a wide range of media such as search engines, short-video platforms, social media platforms, as well as agencies of KOLs, which enable us to offer our advertisers a diverse choices of ad formats, including search ads, in-feed ads (i.e. ads that match the format, appearance and function of the media format in which they appear), mobile app ads and social media ads on an array of advertising channels.

We act as the authorized agency for a number of media during the fiscal years 2022, 2021 and 2020, and will endeavor to secure new authorized agency status with media in the future. With our authorized agency status, we can offer our advertisers with direct access for placements of ads.

Set forth below is a summary of the media for which we have secured authorized agency status during the fiscal years 2022, 2021 and 2020, and up to the date of this annual report, and which we consider to be significant to our business operations:

Media	Description of media	Ad inventory covered by our authorized agency status	Effective period of authorized agency status
Beijing Sogou Information Services Co., Ltd. (北京搜狗信息服务有限公司)	Operator of Sogou (搜狗), the second most used search engine in China in 2019	Various forms of search ads offered by Sogou	From January 2016 to March 2021
Guangzhou Juyao Information Technology Co. Ltd. (广州聚耀信息科技有限公司) ("Guangzhou Juyao")	Operator of an intelligent marketing platform owned by one of the leading internet technology conglomerates in China	Included search ads offered through sm.cn (神马) search engine and in-feed ads offered through various channels such as UC browsers (UC浏览器), UC Headline (UC头条), Youku (优酷) (Note) PP mobile assistant apps (PP手机助手) and SnapPea (豌豆荚).	From January 2017 to December 2023
Hubei Today's Headline Technology Co., Ltd. (湖北今日头条科技有限公司)	Operator of one of the leading news portal apps and short-video apps in China	In-feed ads on various content distribution channels, including one of the most popular news portals and short-video apps in China.	January 2019 to December 2020, January 2021 to December 2023
Hainan Toujiao Information Technology Co., Ltd. (海南头角信息科技有限公司)	Operator of video platform of Shuabao (刷宝), a popular short-video sharing platform in China	In-feed ads on Shuabao (刷宝) app	February 2020 to December 2020

To the best of our understanding and based on our experience, certain media may require their authorized agencies to place deposits as payment security and/or to signify the authorized agencies' commitment in procuring certain minimum amount of ad inventory purchases and/or advertising spend for their advertisers. We determine the amount of deposits and the term of deposits based on the contractual terms with relevant media. These media typically require deposits in the amount of 5% to 10% of the minimum amount of ad inventory purchases and/or advertising spend, which will be refunded to us upon the expiration of the agreement if ad purchases and/or advertising spend our advertisers place with such media reach the minimum requirement. In our agreements with the advertisers seeking to purchase ad inventory from these media, we require the advertisers to pay deposits in the same amount required to be paid to the media, which will be refunded to the advertisers if the minimum requirement for ad inventory purchase and/or advertising spend is fulfilled. From time to time we may pay such deposits on behalf of our advertisers for our own as well as our advertisers' ease of administrative management. In such cases, depending on the background of such advertisers and our relationship with them, we may or may not require our advertisers to place deposits to us on a back-to-back basis. We determine whether to pay deposits on behalf of an advertiser based on several factors including, but not limited to, the advertiser's credit history, reputation in the industry, and the amount of ad inventory the advertiser purchases through the current order or has purchased in the past. We pay deposits on behalf of roughly 70% of our advertisers, and the amount of such deposits are about80% of total deposits to be paid to media.

When we contemplate a potential partnership as an authorized agency of a media, we generally take into consideration various factors, including but not limited to:

(i) the types of online media with potential to attract more user traffic in the future;

(ii) the competitiveness of the advertising market of the media concerned;

(iii) the market position and growth potential of the media;

(iv) the sufficiency of the support which the media can offer to its advertising agencies; and

(v) the commercial terms, in particular the rebate policy, offered by the media and their requirements for deposits.

Overlapping of our advertisers and media (or their authorized agencies)

As an industry practice, some ad inventory is only available through the relevant media's authorized agencies as a result of the media's own policies or practices. Thus, advertising agencies may tap into the marketing channels possessed by other advertising agencies to gain access to a wider array of online media.

In our ordinary course of business, we may procure ad inventory on behalf of our advertisers from, and facilitate sales of ad inventory of media which we have authorized agency relationship with to, the same company in the following circumstances:

(i) An advertising agency procure ad inventory (of a media to which we have direct access and they do not) from us for itself or its advertisers, whereas we source from the same advertising agency on behalf of our advertisers for ad inventory (of a media to which they have direct access and we do not); and

(ii) We procure ad inventory from a media (such as operators of social media, video-sharing or gaming platforms) for our advertisers, whereas the same media acquires ad inventory of other media through us to market its own services and products.

As a result of the foregoing, we had three, three and six overlapping advertisers and media (which were mostly third-party advertising agencies) that we both procured ad inventory from and facilitated sales of ad inventory to in the fiscal years 2022, 2021 and 2020, respectively. The table below summarizes the aggregate gross billing and media cost attributable to such overlapping advertisers and media (or their authorized agencies) in the fiscal years 2022, 2021 and 2020.

	For the years ended December 31,					
	2022		2021		2020	
	Amount	%	Amount	%	Amount	%
Gross billing (as our advertisers)	$ 16,680,318	30.6 %	$ 186,042	0.3 %	$ 7,604,663	5.6 %
Media costs (as our media or media agency)	$ 15,365,395	29.5 %	$ 29,787,671	58.6 %	$ 644,258	0.5 %

Our procurement of ad inventories from these overlapping advertisers and media (or their authorized agencies) and our procurement of advertisers to purchase ad inventories from these overlapping advertisers and media (or their authorized agencies) were neither inter-connected nor inter-conditional with each other, and were negotiated and conducted independently with each other in the ordinary course of business under normal commercial terms and on an arm's length basis.

Revenue Model and Payment Cycle

Our revenue is comprised primarily of (a) rebates and incentives offered by media (or their authorized agencies); and (b) net fees earned from advertisers. We determine the type of our revenue based on the contractual terms with relevant advertisers and media (or their authorized agents) and the nature of the business transactions, and we recognize the corresponding revenue when the related services are delivered. In business transactions where we receive rebates and incentives from media (or their authorized agencies), we are rewarded for assuming the role as sales agents of media (with which we have authorized agency arrangements) or other third-party advertising agencies (which are in turn authorized agencies of the relevant media), and these rebates and incentives are recognized as revenue for our provision of such sales agency services. Conversely, in cases where we procure advertising services or ad inventory from media (or other advertising/KOL agents and service providers) on behalf of our advertisers, we are rewarded for the arrangements of advertising services on behalf of our advertisers (but not as principal to the arrangements) such as sourcing and procuring ad inventory and executing ad placements, and we report our revenue earned and costs incurred in these transactions on a net basis as net fees from advertisers.

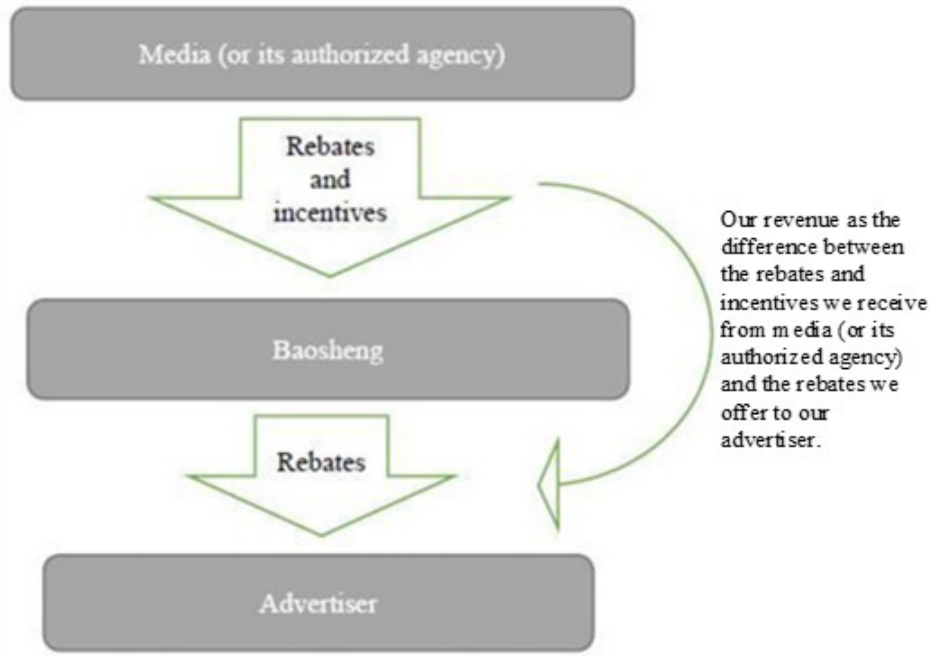
The following table sets forth a breakdown of our revenues during the fiscal years 2022, 2021 and 2020 by revenue model:

	For the years ended December 31,					
	2022		2021		2020	
	Amount	%	Amount	%	Amount	%
Rebates and incentives earned from publishers	$ 1,930,188	79.9 %	$ 3,663,168	93.6 %	$ 9,430,758	79.2 %
Net fees earned from advertisers	484,910	20.1 %	248,392	6.4 %	2,480,471	20.8 %
Total	**$ 2,415,098**	**100.0 %**	**$ 3,911,560**	**100.0 %**	**$ 11,911,229**	**100.0 %**

Rebates and incentives from publishers

In the arrangements with certain media or their authorized agencies, we typically receive rebates and incentives for procuring advertisers to acquire the relevant media's ad inventory, and we recognize these media (or their authorized agencies) as our customers. On the other hand, to encourage advertisers to subscribe our services and acquire their desired ad inventories through us, we may also offer rebates to our advertisers for their acquisition of ad inventory and/or incurrence of advertising spend. Our revenue is recognized as the rebates and incentives we receive from media (or their authorized agencies) net of any rebates we offer to our advertisers. This revenue model is more commonly applicable in connection with our provision of SEM services and certain in-feed ad services, with major media including search engines, social media platforms and newsfeed platforms.

The following is a simplified illustration of our rebates and incentives revenue model:



Rebates and incentives offered by media (or their authorized agencies)

The rebates and incentives we earn from media (or their authorized agencies) come with a variety of structures and rates, which are primarily determined based on the contract terms with these media (or their authorized agencies) and their applicable rebate policies. Occasionally, media may also offer additional discretionary incentives to encourage their authorized agencies to achieve certain benchmarks according to the media's then sales and marketing goals.

Set forth below are some of the more typical structures of rebates and incentives that media (or their authorized agencies) offered to us during the fiscal years 2022, 2021 and 2020:

- across-the-board standard-rate rebates based on the amount of ad currency units* acquired or actual advertising spend;
- differential standard-rate rebates based on the amount of ad currency units acquired or actual advertising spend and certain prescribed classifications (e.g., industry of advertisers, new or existing advertisers, types of ad inventory);
- rebates and incentives on a scale of progressive rates based on accumulated ad currency units acquired or accumulated advertising spend; and
- rebates and incentives on progressive or differential rates based on certain prescribed measuring benchmarks (e.g., the number of new advertisers secured, accumulated ad currency units acquired or actual advertising spend from advertisers of a particular industry, growth in ad currency units acquired or actual advertising spend).

Note: "Ad currency units" are effectively a kind of virtual currency that needs to be purchased from relevant media for use in acquiring their ad inventory. See "— Our services and operational flow — *Campaign launch and performance review*" for further details.

The rates offered to us by media (or their authorized agencies) are based on the contractual terms and typically range from 5% to 20%.

These rebates and incentives may (i) take the form of cash which, when paid, are typically applied to set off our accounts payable with the relevant media or their authorized agency; or (ii) in the form of ad currency units which will be deposited in the account we maintained in the back-end platform of the media, and can then be utilized to fulfill our advertisers' orders for purchases of ad currency units, or as our rebates offered to our advertisers. These rebates and incentives are generally ascertained and settled on a quarterly or annual basis.

Rebates offered by us to advertisers

We may offer rebates to our advertisers in the form of ad currency units, or cash discounts which can be used to offset future payments with us.

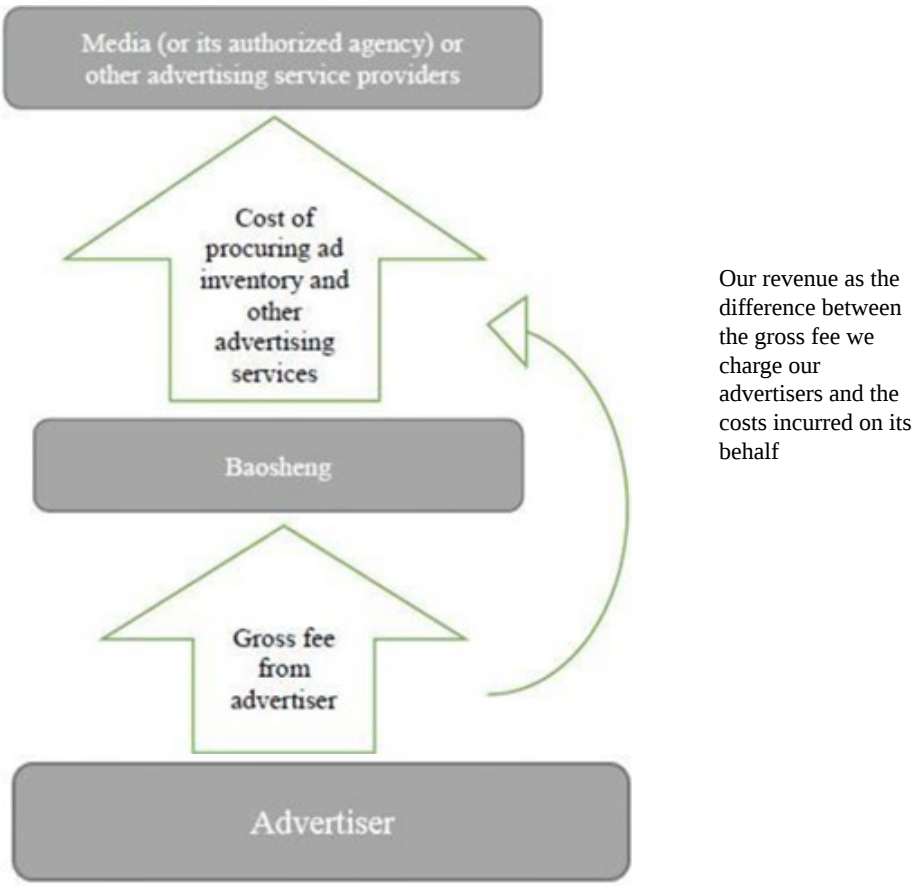
The rates of rebates we offer to our advertisers are determined by us on a case-by-case basis, generally with reference to the rebates and incentives we obtain from the relevant media (or its authorized agency), an advertiser's committed total spend, and our business relationships with such advertiser.

Net fees from advertisers

Under our net fees revenue model, we are rewarded for our services provided to advertisers, which typically include, among other things, sourcing and procurement of ad inventory and advertising services on behalf of our advertisers with costs incurred in connection thereto. Under this revenue model, since we are not the principal in these arrangements, we report our revenue earned and costs incurred in these transactions on a net basis as net fees from advertisers and we recognize our advertisers as our customers.

This revenue model is more commonly applicable in connection with our provision of mobile app ad services and social media marketing services. We determine the gross fees we charge our advertisers on a client-by-client and campaign-by-campaign basis primarily based on the corresponding media and other advertising service costs and our targeted fee margin.

The following is a simplified illustration of our net fees revenue model:



Payment Cycle

As described in "— Our services and operational flow" in this section below, we typically effect payments to media (or their authorized agencies and other advertising service providers) on behalf of our advertisers. We issue billing to our advertisers for our gross fees and/or payments we make on their behalf, and receive billing from media (or their authorized agencies and other advertising service providers) for acquisition of their advertising services and ad inventory. In this regard, the payment cycle of our business typically involves receivables and settlements from advertisers for our gross fees and/or the amounts we pay on their behalf, and payables and settlements with media (or their authorized agencies and other advertising service providers) for acquisition of their advertising services and ad inventory.

The following table sets out a general summary of our receipts and pay-outs with our advertisers and media, our two major stakeholders:

	Media (or their authorized agencies) or other service providers	Advertisers
Receipts	Rebates and incentives receivable by us from the media (or their authorized agencies)	Amounts receivable by us from advertisers for acquiring ad inventory and advertising services on their behalf
Pay-outs	Amounts payable by us for acquiring ad inventory and advertising services from media or other advertising service providers on behalf of our advertisers	Rebates payable by us to advertisers (or their advertising agencies)

For our SEM services, we are generally granted credit periods of up to105 days by media (or their authorized agencies) for settlement of payments on acquisition of ad inventory on behalf of our advertisers. For our non-SEM services, given the variety of types and nature of media and service providers involved, credit terms granted to us by these media (or other advertising service providers) for settlement of payments on acquisition of advertising services and ad inventory are more diverse, which may range from prepayments to 180 days. For our non-SEM services, the most common credit terms granted to us by media for our in-feed ad services are 0 to 105 days, and media for our mobile app ad services and social media ad services typically require prepayments.

On the other hand, we may grant credit terms of up to 180 to 210 days to our advertisers in settlement of our billing to them (i.e., payments made on their behalf for acquisition of ad currency units, ad inventory and other advertising services). When considering whether credit terms are to be granted to our advertisers and the duration of credit terms to be granted, we generally take into account a variety of factors, including, but not limited to, the scale and profile of our advertisers' businesses, their length of business relationships with us, the media of their choices, their budgeted or committed total advertising spend, their financial conditions, their past legal proceedings, their reputation in the industry, and their historical settlement records. For advertisers with new or relatively short business history with us, we may require prepayments or deposits from our advertisers.

It should be noted that the above credit periods are primarily applicable to payments we make on behalf of our advertisers to media (or their authorized agencies and other service providers) for acquisition of their advertising services and ad inventory. In respect of our revenue, the specific credit terms for rebates and incentives from media (or their authorized agencies) are subject to the terms in our written contracts with them, and they are typically settled either by direct set-off of our accounts payable with them (in case of cash rebates and incentives) or through deposits of ad currency units into our accounts maintained with them (in case of in-kind rebates and incentives). Depending on the media, rebates and incentives we receive from media are settled on a quarterly or a yearly basis and at the beginning of the following quarter or following year. For revenue in the form of net fees, given that they represent the difference between the gross fees we charge our advertisers and the media costs incurred on their behalf, credit terms would correspond to our payments made to media (and other advertising/KOL agencies and service providers) and payments received from advertisers as described in the preceding paragraphs.

The following table illustrates the major composition of our accounts receivable and accounts payable generally corresponding to our business:

	Counter-party	*Nature or Origin*
Accounts receivable	Advertisers	Gross billing charged to advertisers for acquisition of advertising services and ad inventory on their behalf
Accounts payable	Media (or their authorized agencies) and other advertising services providers	Amounts owed to media (or their authorized agencies) or other advertising service providers for acquisition of ad inventory and other advertising services on behalf of our advertisers

Our Services and Operational Flow

Ad formats for which we offer our advertising services

We offer online advertising services for ads typically in the forms of search ads, in-feed ads, mobile app ads, and social media ads.

Search ads

Search engine marketing (SEM) is a form of internet marketing that involves the promotion of the advertisers' products or services by increasing the visibility of their ads on the search result pages or the derivative products of search engine operators, typically triggered by a keyword searching action initiated by the user of the search engine.

Generally, search ads may take the form of (i) ranked search ads, which are typically ads displayed among the search results triggered by and directly relevant to a user's keyword searches, and are typically bought through an auction-based model; or (ii) display search ads that appear in other positions (such as the margin) of a search results page, which is more typically bought through a non-auctioned based model.

In an auction-based model, advertisers typically place bids for a higher likelihood to have their ads displayed in the top positions of the search results page to potentially obtain more clicks on their ad. Under this model, ad inventory is typically priced under a "cost per click" ("CPC") model, which means the advertisers will pay for every click on their ad. The cost is determined by several factors determined by the search engine's algorithm, typically including the maximum bid, quality score, and the ad rank of other advertisers bidding for the same keyword. For non-auction-based model, advertisers generally acquire an ad space on a search results page at a price which is usually determined under a "cost per time" ("CPT") pricing model.

The following depicts samples of our search ad offerings:

- Ranked search ads (搜索排名广告):

- Display search ads (显示类搜索广告):

In-feed ads

In-feed ads are a form of display ads that blend into the environment they appear in, for instance, looking like part of the news feed on a news or social media webpage, or appearing as a video clip on a short-video sharing platform.

As a form of “precision marketing”, in-feed advertising pushes ads to viewers based on data collected that is relevant to the user’s interests and therefore improves the likelihood of delivering ads to the desired audience of the advertisers. Due to the nature of in-feed ads, optimization in their presentation based on the features of advertisers’ products and services, including factors such as the graphic design of ads and the selection of the target audience, time slots, geographic regions and tiers of cities to display the ads, plays a vital role in improving the likelihood to attract clicks.

We have access to various in-feed advertising channels either directly with the media or with their authorized agencies. These channels include short-video sharing platforms such as Kuaishou and ByteDance, and various news portal and social media platforms.

Kuaishou
(快手)

WeChat
(微信)

Baidu news and content network
(百度原生)

Today's Headline
(今日头条)

The cost model for in-feed ads is mostly CPC and CPM.

Mobile app ads

Mobile app ads generally refer to ads that are deployed in selected mobile sites or mobile apps, and typically appear in the form of banners, buttons, app-launch screen images and interstitial ads. During the fiscal years 2022, 2021 and 2020, media channels we utilized for deployment of mobile app ads for our advertisers included independent apps with acceptable level of traffic, app stores as well as demand-side platforms, or DSPs.

Banner ad

Button ad

App-launch screen ad

Interstitial ads

The cost model for mobile app is normally CPT and CPA. CPA allows advertisers to pay for a specific action from a prospective customer where a payment is made only when a specific action takes place, such as download (also referred to as CPD), installation and activation.

Social media ads

With the emergence of popular online social media attracting numerous users, advertisers are increasingly receptive of the idea of identifying social media accounts that have influence over potential customers on these platforms, and orienting marketing activities around these KOLs. Our social media marketing services generally involves the design and implementation of creative advertising campaigns carried out on social media platforms through the use of influential social media accounts with suitable target audiences.

Our social media campaigns generally take the form of coordinated issuances of content on accounts in various popular media platforms, including popular social networking platforms, video sharing platforms, live-streaming platforms, knowledge sharing platforms and information content platforms, which are intended to reach the readers of the contents of these accounts. Depending on the advertisers' marketing objectives, various types of social media accounts can be used, such as (i) the accounts of celebrities and famous bloggers who have many followers; (ii) the accounts of key opinion leaders who commands authority and influence in certain areas (such as fashion, cars); (iii) online publications; and (iv) "grass root" accounts within a more niche audience.

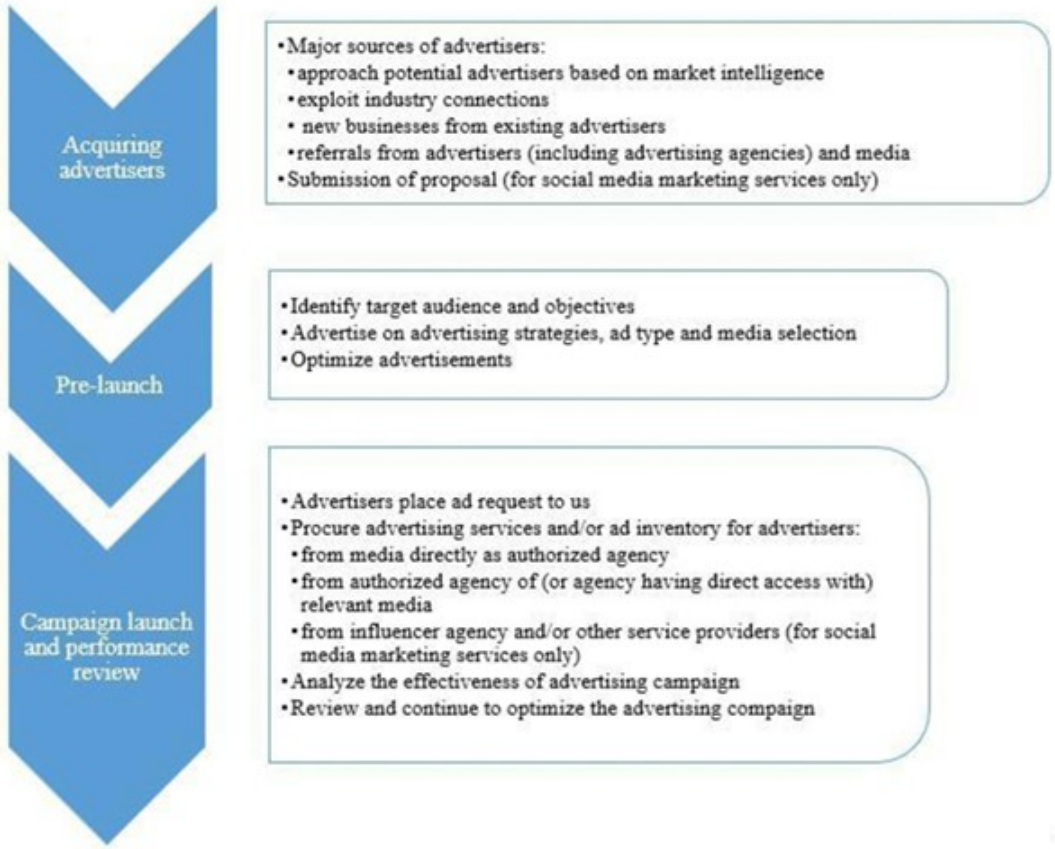
To make a post on these social media accounts, we typically collaborate with various KOL agencies which own, manage, operate or have access to such social media accounts. We maintain a list of such KOL agencies, which are reviewed and updated from time to time based on our review of their service quality and their available resources. Generally, we enter into annual framework agreements with these KOL agencies setting out the major terms and administrative procedures for utilizing their social media accounts and KOL resources for ad deployments, and the respective rights and obligations of the parties.

Social media ads (example 1)

Social media ads (example 2)

Our services and operational flow

The diagram below illustrates the major stages of operation flow for the delivery of our advertising services.



Acquiring advertisers

We acquire advertisers through various means, including (i) approaching potential advertisers based on market intelligence and our industry insights; (ii) exploit our industry connections to identify potential advertisers; (iii) reaching out to our existing advertisers to explore further business opportunities, and (iv) through referrals by our advertisers (including advertising agencies) and media. See "— Sales and marketing" in this section for details.

It is common in the advertising industry to have cross-referrals among advertising agencies to utilize each other's media resources which are not available to the others. For instance, we have been engaged by advertising agencies from time to time for placement of ads with media for which we are authorized agency, and we treat these advertising agencies and our direct advertisers alike in terms of the services we offer. Similarly, we may approach other advertising agencies who act as authorized agencies or have direct access of other media to acquire ad inventory for our advertisers.

We would negotiate with the advertisers on the commercial terms of the engagement, then we would enter into legally-binding contracts (framework agreements or one-off agreements) for the provision of our services.

Pre-launch

Before launching an advertising campaign, we would usually discuss with our advertiser to understand its products or services to be marketed, its marketing budget and its marketing objectives.

Depending on the needs of our advertisers, we may provide advices and services on advertising strategies and ad optimization, generally covering:

Ad Type	Our advices or services
SEM ads:	*Keywords research and selection*: We offer advices on selection of desired keywords and search-match criteria as well as exclusion of irrelevant search words to improve the click through rates (CTR) of ads. *Bidding price*: We offer advices on bidding price for various types of keywords under the CPC model with a view to improving the effectiveness of an advertising campaign within a certain budget. *Time and place for ad deployment*: We help advertisers identify their target audiences (such as their profiles and geographical locations) and target time slots to target the ad displays based on the characteristic of the advertisers' products and services. By setting these parameters, we aim to target the relevant audiences of the products and services we promoted to improve the efficiency of reaching users with higher likelihood to click on the ads. *Ad presentation*: In addition to optimization on search actions and search-match process as described in "Keyword research and selection" above, we also provide design optimization on the presentation of search results such as title phrases, text descriptions and special appearances.
In-feed ads:	*Customized audience*: Through direct access to the backend platform of the in-feed ad media which provides "tags" based on user profiles and behavior, we advise our advertisers on how to use these "tags" to define their target audiences, and assist our advertisers in adjusting the ad-trigger criteria to achieve more precise marketing. *Time and place for ad deployment*: We help our advertisers set parameters such as geographical regions and time slots of ad displays and profiles of target audiences based on the features of advertisers' products and services to increase the likelihood of the ads reaching their target audience. *Ad presentation*: In addition to increasing the precision of the advertisement, we also provide optimization services on the design and format of ads, such as the desired length, content, script and color tone of short video ads to make them more receptive to the target audiences.
Mobile app ads:	We advise our advertisers on the choice of media, length of deployment and the format of the advertisements, and negotiate pricing terms with the relevant media operators on behalf of our advertisers.
Social media marketing ads:	We assist our advertisers in the design of advertising strategies, provide advices on choices of ad formats and materials (such as short-video, image and text descriptions), and recommend appropriate social media accounts and suitable media channels for implementation and deployment of the advertising campaigns based on the themes and the desired effects of the campaigns. From time to time, we may be requested to arrange third party service providers to assist in the preparation of advertising materials on behalf of our advertisers.

We provide these advices and services on advertising strategies and ad optimization to our advertisers to improve the effectiveness of their ads, which we believe will serve to enhance our advertisers' satisfaction, promote their stickiness with us, and encourage them to retain our services.

Campaign launch and performance review

After the advertising strategies and materials are agreed with our advertisers, the advertising campaign will be ready to be launched.

Upon receiving our advertisers' orders, we would proceed to make ad placement orders with the relevant media or caused ad currency units to be recorded in our advertisers' accounts on behalf of our advertisers either directly in cases where we are an authorized agency of the relevant media or, in cases where we do not have direct access of the relevant media, through other advertising agencies acting as authorized agency of or having direct access to such media.

For auctioned-based ads (typically ranked search ads and certain in-feed ads), ad inventory is typically acquired through a bidding algorithm using “ad currency units”, a record of virtual currency purchased and recorded in the back-end platform of the media. We typically maintain accounts of ad currency units directly with media or indirectly with media’s authorized agencies on behalf of our advertisers. Ad currency units we purchase on behalf of our advertisers will be recorded in these ad currency accounts for use in bidding for ad inventory. When an ad was clicked or viewed, an amount of ad currency units which the advertiser bid will be deducted from the corresponding ad currency accounts. The advertiser can top up ad currency units in their ad currency accounts to keep the advertising campaign alive. When the balance in the ad currency accounts drops to zero, the campaign will go offline.

For non-auction-based ads (more commonly associated with display search ads, mobile app ads, certain in-feed ads and social media marketing ads), the costs of ad inventory are generally determined based on the ad placement order with reference to, among other things, the prices of the relevant ad inventory set by media, the form and length of exposure of the ads. The actual duration of an advertising campaign, on the other hand, will be determined by the advertiser with reference to its advertising budget and the actual advertising spend.

We have implemented measures to ensure that our ad content does not violate these laws and regulations. After we receive the ad content from our advertisers, it will be subject to a compliance review by our experienced employees. If we determine that the ad content does not violate any applicable laws and regulations, we will share the ad content with the relevant media for their internal review. If we determine that the ad content may be in violation of applicable laws or regulations, we will provide suggested edits to the ad content and send it back to the advertiser for revision. After both we and the media have determined that the ad content is in full compliance with applicable laws and regulations on information dissemination, we will confirm with the advertiser on its opinion with respect to the compliance prior to the deployment of the ad.

After an ad is launched, we monitor and assess the overall effectiveness of the advertising campaign in various dimensions, such as the click consumption of search ads, ad exposure of in-feed ads and the visibility and degree of customer engagement of social media campaigns.

Based on the above review, we may further advise our advertisers on advertising strategies and optimization refinements to continuously improve the effectiveness of their ad campaigns. We would update our advertisers of the effectiveness of their advertising campaigns. Review reports may be prepared to highlight our suggested optimization strategies. For social media campaigns, we may also issue closing reports to our advertisers to summarize the key ad deliverables (such as screen shots of the relevant social media accounts) and analyze the campaign effectiveness.

Customers

The identities of our customers vary depending on the type of revenue and the nature of the business transactions. Where we recognize rebates and incentives we earn from media (or their authorized agencies) as our revenue, our customers are the media or their authorized agencies. If we recognize net fees we earn for procuring advertising services and ad inventory from media (or other advertising service providers) on behalf of our advertisers, our customers are our advertisers.

The table below summarizes our revenue model for different services:

Type	Our principal revenue model
SEM Services	
· Search ads	Rebates and incentives
Non-SEM Services	
· In feed ads	Rebates and incentives
· Mobile app ads	Net fees; rebates and incentives
· Social media ads	Net fees

Top customers

In 2020, our top five customers were Beijing Sogou Information Services Co., Ltd., Beijing Famous-Ad Co., Ltd., Hangzhou Yugang Information Technology Co., Ltd., Tianjin Infinite Network Technology Co., Ltd., and Aikuyou (Liaocheng) Information Technology Co., Ltd., representing 68.9%, 12.8%, 3.5%, 2.4% and 2.3% of our total revenue, respectively.

In 2021, our top five customers were Beijing Sogou Technology Development Co., Ltd, Hubei Toutiao Technology Co., Ltd., Guangzhou Juyao Information Technology Co., Ltd., Horgos Zhijiantiancheng Technology Co., Ltd., and Hangzhou Qubian Network Technology Co., Ltd., representing 41.8%, 28.1%, 16.5%, 7.6% and 2.0% of our total revenue, respectively.

In 2022, our top five customers were Hubei Toutiao Technology Co., Ltd., Hangzhou Qubian Network Technology Co., Ltd., Guangzhou Juyao Information Technology Co., Ltd., Shanghai Mingkan Advertising Co., Ltd. and Beijing Yiling Shengshi Cultural Media Co., Ltd., representing 36.8%, 13.3%, 10.7%, 5.1% and 4.7% of our total revenue, respectively.

Concentration of customers

23.6%, 41.0% and 61.9% of our gross billing, and 13.3%, 62.6% and 68.6% of our revenue, for the fiscal years 2022, 2021 and 2020, respectively, were associated with our SEM services. The search engine market in China demonstrates a highly concentrated feature on resource distribution. Very few search engines host the vast majority of online search traffics. As a result, search ad resources are concentrated on a few search engines. Accordingly, advertising service providers which offer SEM services will inevitably face customer concentration by the very nature of the market landscape.

Sogou, of which we were its authorized agency from 2016 to March 2021, had been our top customer during this period of time. The revenue contribution from Sogou had been stable during the fiscal years 2022, 2021 and 2020, accounting for 0%, 41.8% and 68.9% of our revenue in the fiscal years 2022, 2021 and 2020, respectively.

We have been actively expanding our advertiser base and other revenue sources, and at the same time identifying and securing authorized agency status with suitable media with a view to reducing our customer concentration and our risk of over-reliance on any particular customer. In this connection, we have successfully secured authorized agency status with other media. See "— Business model — *Our media*" in this section for further details of the media that we have secured authorized agency status and that we believe are significant to our business operations. On the other hand, the number of advertisers we served decreased slightly from 410 in 2020 to 462 in 2021, and decreased to 228 in 2022. Our gross billing and revenue contribution from our non-SEM services decreased from $51.4 million and $3.7 million in 2020 to $32.1 million and $1.5 million in 2021, respectively, and increased to $41.7 million and $2.1 million in 2022, respectively. We endeavor to continue our efforts in further diversifying our revenue and customer base, and we are confident that our added authorized agency status with other media would facilitate our efforts in expanding our revenue source and attract new advertisers.

Suppliers

As we recognize all our revenue on a net basis as either rebates and incentives from media or net fees from advertisers, we do not have any significant suppliers and our cost of sales is mostly composed of our staff costs. For more details on our revenue model, see "— Revenue model and payment cycle" in this section.

Sales and Marketing

As of the date of this annual report, we had seven employees in our sales and marketing teams who are mainly responsible for pitching and soliciting advertisers to place ads with media through us. They are tasked with growing and optimizing our advertiser base, understanding advertisers' needs, and cultivating and maintaining relationships with such advertisers.

To grow our advertiser base, it is part of our strategy to identify rapidly expanding industry sectors which show a growing need of online advertising services by gathering and analyzing available market intelligence (such as third-party industry research reports, observation regarding ad placements on major media, news about rolling out of new online products and services). We generally prioritize our focus on the lead players in these targeted sectors and reach out to them with a view to introducing our services to them. On the other hand, our management and sales and marketing team has extensive experience in the online marketing industry. It is also our strategy to exploit such industry connections to enhance our visibility in the market and explore opportunities to reach potential advertisers.

We also acquire new business opportunities from our existing advertiser base. By keeping in touch with our existing advertisers, we are able to gain a deeper understanding of our advertisers' latest business development and their specific advertising needs, and introduce services and ad inventory that are suitable for them.

While our business could come from direct marketing by contacting potential and existing advertisers, a significant portion of our business also come through various referral sources, with the most significant referrals coming from:

(i) **Existing and former advertisers who have used our services**: We believe we have established good reputation for the quality of our services in the online advertising industry spread through the word of mouth. Our authorized agency status of popular media also gives us a strong presence in the online advertising market. We believe these factors have increased the likelihood that an existing or former advertiser may recommend our services to its business connections.

(ii) **Media with existing and former business relationship with us**: Being an authorized agency for our media is an important source of referrals. Typically, popular media would take effort to market their media platforms to attract more advertisers. As a result, they may from time to time receive direct inquiries from advertisers regarding placement of ads on their platforms. For those media which maintain a network of authorized agencies, they would naturally refer the advertisers which have directly approached them to their authorized agency like us.

(iii) **Other third-party advertising agencies**: It is common in the advertising industry to have cross-referrals among advertising agencies to utilize each other's media resources which are not available to the others. On the back of our relationships and authorized agency status with certain media, we have direct access to the ad inventory offered by such media and attracts other third-party advertising agencies without such direct access to place ads through us. Occasionally, we may also receive referrals from other advertising agencies if they consider the services requested by an advertiser do not fit their business goals and strategies (for instance, in terms of sector focus and target profit margin).

Supporting our sales and marketing team are our customer service team, which helps to offer online advertising services to our clients. Our customer service officers are responsible for supporting our advertisers in the ad placement process. They provide consultative services on advertising strategies, campaign planning, execution and post-launch review. We believe that the quality of our service enables us to develop deeper, longer-lasting relationships with our advertisers, identify new opportunities and win new advertisers.

Competition

The online advertising services market in China is highly fragmented and competitive. Along with further consolidation of the market and the continuous innovation of marketing technologies, the concentration level of independent online advertising market is expected to increase gradually, as leading online marketing technology platforms are expected to take up higher market share in the future. Top-tier service providers with various distribution channels and technology advantages are expected to prevail in the future.

Online advertising service providers compete primarily on access to media resources, size of advertiser base, experience of management and service professionals, sufficiency of funding, quality of service, brand recognition, optimization capability, and technological competency. In addition to competition among online advertising service providers, the industry also faces competition from offline advertising through diversion of advertisers' marketing budgets.

We believe we can effectively compete with other online advertising service providers with our broad and diverse advertiser base, established relationships with media and their authorized agencies, authorized agency status with popular media, and our experienced and visionary management team. Going forward, we endeavor to further enlarge our advertiser base and widen our access to media.

Intellectual Property

We regard our proprietary domain names, copyrights, trademarks, trade secrets and other intellectual property critical to our business operations. We rely on a combination of copyrights, trademarks and trade secret laws and restrictions on disclosure to protect our intellectual property.

As of the date of this annual report, we have registered:

- two trademarks in Hong Kong;
- one domain name in China; and
- 13 software copyrights in China.

We implement a set of comprehensive measures to protect our intellectual properties, in addition to making trademark and patent registration applications. Key measures include: (i) timely registration, filing and application for ownership of our intellectual properties, (ii) actively tracking the registration and authorization status of intellectual properties and take action in a timely manner if any potential conflicts with our intellectual properties are identified, (iii) clearly stating all rights and obligations regarding the ownership and protection of intellectual properties in all employment contracts and commercial contracts we enter into.

As of the date of this annual report, we have not been subject to any material dispute or claims for infringement upon third parties' trademarks, licenses and other intellectual property rights in China.

Seasonality

We have experienced, and expect to continue to experience, seasonal fluctuations in our results of operations, due to seasonal changes in our advertisers' budgets and spending on advertising campaigns. For example, our revenues tend to increase as advertising spend rises in holiday seasons with consumer holiday spending, or closer to end-of-year in fulfillment of their annual advertising budgets.

Insurance

We maintain certain insurance policies to safeguard us against risks and unexpected events. For example, we provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance and medical insurance for our employees in compliance with applicable PRC laws. We do not maintain business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain key man insurance, insurance policies covering damages to our network infrastructures or information technology systems nor any insurance policies for our properties. During the fiscal years 2022, 2021 and 2020, we did not make any material insurance claims in relation to our business.

Legal Proceedings

We may from time to time become a party to various legal administrative proceedings arising in our ordinary course of our business. As we routinely enter into business contracts with our advertisers, we have been and may continue to be involved in legal proceedings arising from contract disputes.

In 2019, Horgos Baosheng brought a breach of contract claim against Qingdao Xingyuan Automobile Information Technology Co., Ltd. ("Qingdao Xingyuan") and sought recovery of RMB3.85 million in aggregate. On December 21, 2020, the reviewing court entered a judgment, ruling in favor of Horgos Baosheng and requiring Qingdao Xingyuan to compensate Horgos Baosheng RMB3.25 million and an extra penalty calculated based on the loan prime rate from August 28, 2019, to the actual date of payment. As of the date of this annual report, the judgment is under the stage of enforcement.

In April 2020, Beijing Baosheng brought a breach of contract claim against Guangzhou Aiyou Information Technology Co. Ltd. ("Guangzhou Aiyou") and sought recovery of RMB1,255,000 in aggregate. On August 22, 2020, the Beijing arbitration committee entered a judgment, ruling in favor of Beijing Baosheng and requiring Guangzhou Aiyou to compensate Beijing Baosheng RMB1,255,000, with a penalty of RMB592,360, and an extra daily penalty of 0.05%, calculated from April 20, 2020 to the actual date of payment, and arbitration-related expenses. On November 17, 2020, Beijing Baosheng filed a request with Guangzhou Intermediate People's Court, seeking to mandatorily enforce the judgment. As of the date of this annual report, the judgment is under the stage of enforcement.

In June 2021, Baosheng Technology brought a breach of contract claim against Beijing 5198 Technology Co., Ltd. ("5198") and Jiangxi Wanda Shikong Technology Co., Ltd. ("Wanda Shikong") in the Beijing Haidian District People's Court through the first hearing and sought recovery of RMB5,933,200 (approximately $931,429) and related liquidated damages. 5198 and Wan Shikong had paid RMB5,000,000 (approximately $784,929) as a security deposit to Baosheng Technology, and Baosheng Technology believes that such security deposit can be used to offset the RMB5,933,200 recovery. In the meantime, we have requested the court to freeze the two bank accounts of 5198 and Wanda Shikong with a total amount of RMB378,337 (approximately $53,393). On March 7, 2022, the court held the second hearing. On April 20, 2022, taking into account the defendant parties' financial situation as well as the long-term business relationship among the parties, Baosheng decided to withdraw its action against 5198 and only sought recovery of RMB370,000 (approximately $56,024) from Wanda Shikong. Wanda Shikong made no objection to the changed claims. Both parties agreed to resolve this dispute through court mediation. Subsequently, on April 24, 2022, the court issued a civil mediation statement confirming that the parties had reached the following agreement: (1) Wanda Shikong shall pay Beijing Baosheng RMB370,000 (approximately $56,024) by April 26, 2022, and (2) the litigation-related expenses shall be borne by Beijing Baosheng. On August 22, 2022, Beijing Baosheng received the full payment of RMB370,000 (US$56,024) from Wanda Shikong.

In January 2022, Beijing Baosheng brought a breach of contract claim against Beijing Hekai Qianyu Intelligent Technology Co., Ltd. ("Hekai Qianyu") and Beijing Zhigu Education Technology Co., Ltd. ("Zhigu Education") and Mr. Hongpeng Yao (the legal representatives of both Hekai Qianyu and Zhigu Education) in the Beijing Dongcheng District People's Court and sought recovery of RMB756,000 (approximately $118,681) and related liquidated damages. Beijing Baosheng subsequently withdraw its action against Zhigu Education and agreed to resolve this dispute with the other two defendants through court mediation. On March 25, 2022, the court issued a civil mediation statement confirming that the parties had reached the following agreement: (1) Hekai Qianyu shall pay Beijing Baosheng RMB756,000 (approximately $118,681) by April 24, 2022, and in case of any late payment of the foregoing, an additional daily penalty calculated from April 25, 2022 to the actual date of payment shall be imposed; (2) Mr. Hongpeng Yao assumes jointly and several liability for the payment under item (1); and (3) the litigation-related expenses shall be borne by Hekai Qianyu and Mr. Hongpeng Yao. On April 25, 2022, Beijing Baosheng filed a request with the court, seeking to mandatorily enforce the settlement. As of the date of this annual report, the settlement is under the stage of enforcement, and Beijing Baosheng has not yet received any payment from the defendants.

In March 2022, Beijing Baosheng brought a breach of contract claim against Beijing Aipu New Media Technology Co., Ltd. (“Aipu”) in the Beijing Haidian District People’s Court and sought recovery of RMB1,783,834.04 (approximately $270,102) and related liquidated damages. On March 14, 2022, Beijing Baosheng applied for reservation of Aipu’ s property in an amount of RMB1,783,834.04 (approximately $270,102) and said application was approved by the court on March 17, 2022. On February 10, 2023, Beijing Baosheng applied for extension for reservation of Aipu’ s property in an amount of RMB1,783,834.04 (approximately $270,102). As of the date of this annual report, Beijing Baosheng is waiting for the court’s procedural approval on the extension of reservation.

In December 2022, the Beijing Chaoyang District People’s Court accepted a breach of contract case filed by Beijing Baosheng, as the complainant and Beijing Zhijin Dapeng Education Technology Co., Ltd (“Dapeng”), as the defendant. In this case, Beijing Baosheng sought recovery of RMB435,731.02 (approximately $63,271) and related liquidated damages from Dapeng. Later in February 2023, Beijing Baosheng submitted additional evidence to the court. As of the date of this annual report, Beijing Baosheng is waiting for the court’s notice on the subsequent procedures.

In November 2022, Beijing Baosheng brought a breach of contract claim against Shanghai Yituo Information Technology Co., Ltd (“Yituo”) in the Shanghai Jinshan District People’s Court and sought recovery of RMB50,843.31 (approximately $7,383) and related liquidated damages. The court held the hearings on February 14, 2023 and March 27, 2023. The court entered a judgment on April 11, 2023, ruling in favor of Beijing Baosheng. The judgment was served to Beijing Baosheng on April 24, 2023, and will become final and binding on the parties if Yituo does not file any appeals against the judgement before May 9, 2023.

In April 2022, the Beijing Haidian District People’s Court accepted a breach of contract case, filed by Beijing Baosheng as the complainant and Beijing Kaikeba Technology Co., Ltd. (“Beijing Kaikeba”), Huike Education Technology Group Co., Ltd., Hangzhou Kaikeba Technology Co., Ltd. (“HZ Kaikeba”), and Fang Yechang, as the defendants. In this case, Beijing Baosheng sought recovery of RMB34,436,345.13 (approximately $5,010,488.22) and related liquidated damages from Beijing Kaikeba, HZ Kaikeba, and Fang Yechang. As of the date of this annual report, Beijing Baosheng is waiting for the court’s notice on the subsequent procedures. On February 27, 2023, the People’s Court of Hangzhou Yuhang District ruled to accept the bankruptcy liquidation case of HZ Kaikeba and requested the creditors of HZ Kaikeba file their claims by April 21, 2023. Beijing Baosheng has filed its creditor claims involved in this case against HZ Kaikeba following the bankruptcy procedures. As of the date of this annual report, Beijing Baosheng is waiting for the bankruptcy administrator to confirm its rights as a creditor.

In April 2022, the Beijing Haidian District People’s Court accepted a breach of contract case filed by Beijing Baosheng, as the complainant, and Beijing Kaikeba, HZ Kaikeba, and Fang Yechang, as the defendants. In this case, Beijing Baosheng sought recovery of RMB4,756,957.57 (approximately $692,137.33) and related liquidated damages from defendants. As of the date of this annual report, Beijing Baosheng is waiting for the court’s notice on the subsequent procedures. On February 27, 2023, the People’s Court of Hangzhou Yuhang District ruled to accept the bankruptcy liquidation case of HZ Kaikeba and requested the creditors of HZ Kaikeba file their claims by April 21, 2023. Beijing Baosheng has filed its creditor claims involved in this case against HZ Kaikeba following the bankruptcy procedures. As of the date of this annual report, Beijing Baosheng is waiting for the bankruptcy administrator to confirm its rights as a creditor.

In April 2022, the Beijing Dongcheng District People’s Court accepted a breach of contract case filed by Beijing Baosheng, as the complainant, and Beijing Kaikeba, as the defendant. In this case, Beijing Baosheng sought recovery of RMB2,197,472.35 (approximately $319,732.23) and related liquidated damages from Beijing Kaikeba. On July 11, 2022, the court issued a civil mediation statement confirming that the parties had reached an agreement that, among others, Beijing Kaikeba agreed to pay Beijing Baosheng the service fee for the period from January 1, 2022 to March 31, 2022, in an amount of RMB 2,197,472.35 (approximately $317,974.25) in three installments by the end of 2022. As of the date of this annual report, Beijing Baosheng has not received any payment from Beijing Kaikeba. Given that Beijing Kaikeba currently has no assets, the court enforcement procedures against Beijing Kaikeba has been terminated in April 2023. In the event that the court or Beijing Baosheng locates any asset of Beijing Kaikeba, Beijing Baosheng will be able to apply for resumption of the enforcement procedures against Beijing Kaikeba.

On November 10, 2022, the Beijing Shijingshan District People’s Court accepted a contract claim case filed by Beijing Baosheng, as the complainant, and Fang Yechang and his spouse, as defendants. In this case, Beijing Baosheng requested the defendants to assume joint and several guarantee liability for Beijing Kaikeba’s debt to Beijing Baosheng in an amount of RMB2,197,472.35 (approximately $319,732.23). As of the date of this annual report, Baosheng is waiting for the court’s notice on the hearing.

On April 6, 2023, the Longhua District People's Court of Shenzhen City, Guangdong Province accepted a case filed by Shenzhen Pusi Technology Co., Ltd ("Shenzhen Pusi"), as the complainant, and Beijing Baosheng as the defendant. In this case, Shenzhen Pusi sought recovery of RMB160,964.7 (approximately $23,291.59) and related liquidated damages from Beijing Baosheng. The court hearing will be held on May 8, 2023.

Regulation

This section sets forth a summary of the most significant rules and regulations that affect our business activities in China.

Regulations relating to Advertising Businesses

The Advertising Law (《中华人民共和国广告法》) which was promulgated by the Standing Committee of the National People's Congress ("SCNPC") on October 27, 1994 and amended on April 24, 2015, October 26, 2018, April 29, 2021 respectively and became effective on April 29, 2021, requires that advertisers, advertisement operators and advertisement publishers shall ensure that contents of advertisements produced or spread by them are true and totally comply with applicable laws and regulations, and contents of advertisements shall not include, inter alia, information which (1) damages the national dignity or interest, or involves state secrets; (2) contains such words as "national", "highest level" and "the best"; and (3) involves ethnic, racial, religious and gender discrimination. In addition, advertisements with certain special contents shall be subject to government review prior to publication, and advertisement operators and advertisement publishers shall confirm that such review has been sufficiently implemented and relevant approvals have been obtained. Violation of the aforesaid requirements may lead to penalties, confiscation of advertising revenues, or being ordered to stop spreading the advertisement or to publish an advertisement for correcting any misleading information. If such case is serious, the industrial and commercial administration authority may order termination of advertising operation or cancelation of the business license.

The Interim Measures for the Administration of Internet Advertising (《互联网广告管理暂行办法》) which was promulgated by SAIC on July 4, 2016 and came into effect on September 1, 2016 governs all advertisements published on the Internet, including but not limited to advertisements in the form of text, image, audio and video which are published through website, web page and application. Internet advertisement operators and publishers shall not design, produce, provide agency services for or publish any false advertisement they know or should have known; shall establish a review and file management system, inspect and verify relevant supporting documents, and check contents of advertisements; and shall not design, produce, provide agency services for or publish any advertisement whose contents are untrue or without sufficient supporting documents.

The Administrative Measures for Internet Advertising (《互联网广告管理办法》) (promulgated on February 25, 2023) will replace the Interim Measures from May 1, 2023. The Administrative Measures will generally uphold the legal principals and substantial requirements under the Interim Measures, whilst making some improvement based on recent development of the online advertising industry. Among others, it requires internet advertisement operators to timely cooperate with the market regulatory authorities in official inspections over internet advertising industry and allows the regulatory authority to mitigate or exempt the operators from certain administrative penalty, if the operators can prove that they have fulfilled the relevant responsibilities, adopted measures to prevent the illegal advertising and provided the contact information of the responsibility party to the authorities.

Regulations relating to Internet Information Services

On September 25, 2000, the State Council of the People's Republic of China (the "State Council") promulgated the Administrative Measures on Internet Information Services (《互联网信息服务管理办法》) (the "Internet Measures"), which was later amended and became effective on January 8, 2011. Under the Internet Measures, internet information services are divided into profitable services and non-profitable services, a license requirement shall be satisfied before conducting profitable internet information service, and a filing requirement shall be satisfied before conducting non-profitable internet information service. The provision of information services through mobile apps is subject to the PRC laws and regulations governing Internet information services.

The content of the Internet information is highly regulated in China and pursuant to the Internet Measures, the PRC government may shut down the websites of internet information providers (for non-profitable Internet information services) if they produce, reproduce, disseminate or broadcast internet content that contains content that is prohibited by law or administrative regulations. Internet information services providers are also required to monitor their websites. They may not post or disseminate any content that falls within the prohibited categories, and must remove any such content from their websites, save the relevant records and make a report to the relevant governmental authorities. Additionally, as the Internet information service providers, under the Civil Code of the PRC (《中华人民共和国民法典》), which became effective on January 1, 2021, they shall bear tortious liabilities in the event they infringe upon other persons' rights and interests. Where an internet service provider conducts tortious acts through internet services, the infringed person has the right to request the Internet service provider take necessary actions such as deleting contents, screening and de-linking. Failing to take necessary actions after being informed, the Internet service provider will be subject to its liabilities with regard to the additional damages incurred. Where an Internet service provider knows that an internet user is infringing upon other persons' rights and interests through its Internet service but fails to take necessary actions, it is jointly and severally liable with the Internet user.

Regulations relating to Information Security and Privacy Protection

Internet content in China is regulated and restricted from a state security standpoint. On December 28, 2000, the SCNPC enacted the Decisions on Maintaining Internet Security (《全国人民代表大会常务委员会关于维护互联网安全的决定》), later amended on August 27, 2009, which subject violators to criminal punishment in China for any effort to: (1) use the Internet to market fake and substandard products or carry out false publicity for any commodity or service; (2) use the Internet for the purpose of damaging the commercial goodwill and product reputation of any other person; (3) use the Internet for the purpose of infringing on the intellectual property of any person; (4) use the Internet for the purpose of fabricating and spreading false information that affects the trading of securities and futures or otherwise jeopardizes the financial order; or (5) create any pornographic website or webpage on the Internet, provide links to pornographic websites, or disseminate pornographic books and magazines, movies, audio-visual products, or images. Pursuant to the Administrative Measures for the Security Protection of Computer Information Networks Linked to the Internet (《计算机信息网络国际联网安全保护管理办法》) which was promulgated by the Ministry of Public Security (the "MPS") on December 16, 1997 and later amended and became effective on January 8, 2011, the Internet is prohibited to be used in ways which, among other things, would result in a leakage of state secrets or a spread of socially destabilizing content. On December 13, 2005, the MPS promulgated the Provisions on the Technical Measures for the Protection of the Security of the Internet (《互联网安全保护技术措施规定》) which require internet service providers to take proper measures including anti-virus, data back-up and other related measures, to keep records of certain information about its users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, and to detect illegal information, stop transmission of such information, and keep relevant records. If an internet information service provider violates these measures, the MPS and the local public security bureaus may recommend that the original certificate examination, approval and issuing organizations revoke its operating license and shut down its websites. Pursuant to the Circular of the MPS, the State Secrecy Bureau, the State Cipher Code Administration and the Information Office of the State Council on Printing and Distributing the Administrative Measures for the Graded Protection of Information Security (《公安部、国家保密局、国家密码管理局、国务院信息化工作办公室关于印发〈信息安全等级保护管理办法〉的通知》) which was promulgated on June 22, 2007, the state shall, by formulating nationally effective administrative norms and technical standards for the graded protection of information security, organize citizens, legal persons and other organizations to grade information systems and protect their security, and supervise and administer the graded protection work. The security protection grade of an information system may be classified into the five grades. To newly build an information system of Grade II or above, its operator or user shall, within 30 days after it is put into operation, handle the record-filing procedures at the local public security organ at the level of municipality divided into districts or above of its locality.

PRC governmental authorities have enacted laws and regulations on internet use to protect personal information from any unauthorized disclosure. On December 28, 2012, the SCNPC promulgated the Decision on Strengthening Network Information Protection (《关于加强网络信息保护的决定》), which became effective on the same day, to enhance the legal protection of information security and privacy on the Internet. On July 16, 2013, the Ministry of Industry and Information Technology of the PRC (the "MIIT") promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《电信和互联网用户个人信息保护规定》) to regulate the collection and use of users' personal information in the provision of telecommunication services and internet information services in China. Telecommunication business operators and internet service providers are required to establish its own rules for collecting and use of users' information and cannot collect or use users' information without users' consent. Telecommunication business operators and internet service providers are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information.

On November 7, 2016, the SCNPC published the Cyber Security Law of the PRC (《中华人民共和国网络安全法》), or the Cyber Security Law, which took effect on June 1, 2017 and requires network operators to perform certain functions related to cyber security protection and the strengthening of network information management. For instance, under the Cyber Security Law, network operators of key information infrastructure shall store within the territory of the PRC all the personal information and important data collected and produced within the territory of PRC and their purchase of network products and services that may affect national securities shall be subject to national cybersecurity review. Our PRC legal counsel, Beijing Dacheng, has advised us that, based on its understanding of the Cyber Security Law, we are not a network operator and not subject to the requirements imposed to network operators under the Cyber Security Law. However, as a non-network operator, like any individual or organization, we have an obligation under the Cyber Security Law not to acquire personal information by stealing or through other illegal means, or illegally sell or provide personal information to any other person. As of the date of this annual report, we are in material compliance with the Cyber Security Law, and this law has not had a significant impact on our business operations. However, our PRC legal counsel, Beijing Dacheng, has further advised us that there are uncertainties as to how the Cyber Security Law will be interpreted or amended by competent authorities in the future.

On April 13, 2020, the Cyberspace Administration of China and other departments issued Cybersecurity Review Measures (《网络安全审查办法》), which took effect on June 1, 2020, to provide for more detailed rules regarding cybersecurity review requirements. On July 10, 2021, the CAC issued the Circular on Seeking Comments on Cybersecurity Review Measures (Revised Draft for Comments) (the "Review Measures Draft"). Later on December 28, 2021, the CAC and other relevant PRC governmental authorities jointly promulgated the Cybersecurity Review Measures Transfer (《网络安全审查办法》), which took effect on February 15, 2022. The Cybersecurity Review Measures provide that, in addition to CIIOs that intend to purchase Internet products and services, net 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. See "Item 3. Key Information—D. Risk Factor— Risks Related to Doing Business in China— *Recent greater oversight by the Cyberspace Administration of China, or the CAC, over data security, particularly for companies seeking to list on a foreign exchange, could adversely impact our business and our offering*."

Regulations relating to Intellectual Property Rights

Copyrights

In accordance with the Copyright Law of the PRC (《中华人民共和国著作权法》) promulgated by the SCNPC on September 7, 1990, last amended on October 27, 2001, February 26, 2010, and November 11, 2020, respectively, and came into effect on June 1, 2021, Chinese citizens, legal persons or other entities own the copyright in their works whether published or not, including written works, oral works, music, comedy, arts of talking and singing, dance and acrobatics, work of art and architecture work, photographic works, video and audio works; engineering design drawing, product design drawing, map, sketch and other graphic works and model works, computer software and other works specified by laws and administrative regulations. The rights a copyright owner has include but not limited to the following rights of the person and property rights: the right of publication, right of authorship, right of modification, right of integrity, right of reproduction, distribution right, rental right, right of network communication, translation right and right of compilation.

In accordance with the Regulations on the Protection of Computer Software (《计算机软件保护条例》) promulgated by the State Council on December 20, 2001 and last amended on January 30, 2013, Chinese citizens, legal persons or other entities own the copyright, including the right of publication, right of authorship, right of modification, right of reproduction, distribution right, rental right, right of network communication, translation right and other rights software copyright owners shall have in software developed by them, regardless of whether it has been published. In accordance with the Measures for the Registration of Computer Software Copyright (《计算机软件著作权登记办法》) promulgated by the National Copyright Administration on April 6, 1992 and last amended on February 20, 2002, software copyrights, exclusive licensing contracts for software copyrights and software copyright transfer contracts may be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and designates the Copyright Protection Center of China as a software registration authority. The Copyright Protection Center of China shall grant a registration certification to a computer software copyright applicant who complies with regulations.

Trademark

In accordance with the Trademark Law of the PRC (《中华人民共和国商标法》) (the "Trademark Law"), which was promulgated by the SCNPC on August 23, 1982 and came into effect on March 1, 1983, and was last amended on April 23, 2019 and came into effect on November 1, 2019, and the Regulations for the Implementation of the Trademark Law of the PRC (《中华人民共和国商标法实施条例》) which was promulgated by the State Council on August 3, 2002, came into effect on September 15, 2002 and was last amended on April 29, 2014 and came into effect on May 1, 2014, any trademark which is registered with the approval of the Trademark Office is a registered trademark, including commodity trademark, service trademark, collective trademark, certification trademark, and the trademark registrant has the exclusive right to use a registered trademark and such right is protected by law. A registered trademark is valid for a period of 10 years commencing from the date on which the registration is approved. Use of a trademark that is identical with or similar to a registered trademark, for the same kind of or similar commodities, without authorization of the trademark registrant, constitutes infringement of the exclusive right to use a registered trademark.

Domain name

In accordance with the Measures for the Administration of Internet Domain Names (《互联网域名管理办法》) which was promulgated by the MIIT on August 24, 2017 and came into effect on November 1, 2017, the Implementing Rules of China Internet Network Information Center on Domain Name Registration (the "Implementing Rules of Domain Name Registration") (《中国互联网信息中心域名注册实施细则》) which was promulgated by China Internet Network Information Center (the "CNNIC") on May 28, 2012 and came into effect on May 29, 2012, and the Measures of the China Internet Network Information Center on Domain Name Dispute Resolution (the "Measures on Domain Name Dispute Resolution") (《中国互联网络信息中心域名争议解决办法》) which was promulgated by CNNIC May 28, 2012, came into effect on June 28, 2012, domain name registrations are handled through domain name service agencies established under relevant regulations, and the applicant becomes a domain name holder upon successful registration, and domain name disputes shall be submitted to an organization authorized by CNNIC, for resolution. Both the Implementing Rules of Domain Name Registration and the Measures on Domain Name Dispute Resolution were abolished on June 18, 2019 and replaced by Implementing Rules of China Top Level Domain Name Registration (《国家顶级域名注册实施细则》), which was promulgated by CNNIC on June 18, 2019 and came into effect on the same day.

In accordance with the Notice from the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工业和信息化部关于规范互联网信息服务使用域名的通知》) which was promulgated by the MIIT on November 27, 2017 and came into effect on January 1, 2018, internet access service providers shall verify the identity of each internet information service provider, and shall not provide services to any internet information service provider which fails to provide real identity information.

Regulations Relating to Overseas Listings and Offerings

On December 24, 2021, the China Securities Regulatory Commission, or the CSRC, issued Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (the "Administration Provisions"), and the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (the "Measures"), of which the public comment period ended on January 23, 2022.

The Administration Provisions and Measures for overseas listings lay out specific requirements for filing documents and include unified regulation management, strengthening regulatory coordination, and cross-border regulatory cooperation. Domestic companies seeking to list abroad must carry out relevant security screening procedures if their businesses involve such supervision. Companies endangering national security are among those off-limits for overseas listings.

On February 17, 2023, the China Securities Regulatory Commission (the "CSRC") released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the "Trial Measures"), (《境内企业境外发行证券和上市管理试行办法》), and five supporting guidelines (collectively, the "Overseas Listings Rules"), which will become effective on March 31, 2023. On the same date of the issuance of the Overseas Listings Rules, the CSRC circulated No.1 to No.5 Supporting Guidance Rules, the Notes on the Overseas Listings Rules, the Notice on Administration Arrangements for the Filing of Overseas Listings by Domestic Enterprises and the relevant CSRC Answers to Reporter Questions on the official website of CSRC, or collectively, the Guidance Rules and Notice. The Overseas Listings Rules, together with the Guidance Rules and Notice, reiterate the basic supervision principles as reflected in the Administration Provisions and Measures by providing substantially the same requirements for filings of overseas offering and listing by domestic companies. Under the Overseas Listings Rules and the Guidance Rules and Notice, domestic companies conducting overseas securities offering and listing activities, either in direct or indirect form, shall complete filing procedures with the CSRC pursuant to the requirements of the Trial Measures within three working days following their submissions of initial public offerings or listing applications. The companies that have already been listed on overseas stock exchanges or have obtained the approval from overseas supervision administrations or stock exchanges for their offerings and listings and will complete their overseas offering and listing prior to September 30, 2023 are not required to make immediate filings for their listings yet need to make filings for subsequent offerings in accordance with the Overseas Listings Rules. The companies that have already submitted an application for an initial public offering to overseas supervision administrations prior to the effective date of the Overseas Listings Rules but have not yet obtained the approval from overseas supervision administrations or stock exchanges for the offerings and listings may arrange for the filing within a reasonable time period and should complete the filing procedure before such companies' overseas issuance and listing.

As of the date of this annual report, we have not received any formal inquiry, notice, warning, sanction, or any regulatory objection from the CSRC with respect to our listing or subsequent offerings. As the Overseas Listings Rules were newly published and there exists uncertainty with respect to the filing requirements and its implementation, if we are required to submit to the CRSC and complete the filing procedure of our subsequent overseas public offerings, we cannot be sure that we will be able to complete such filings in a timely manner. Any failure or perceived failure by us to comply with such filing requirements under the Overseas Listings Rules may result in forced corrections, warnings and fines against us and could materially hinder our ability to offer or continue to offer our securities.

Regulations relating to Labor and Social Welfare

The Labor Contract Law

Pursuant to the Labor Contract Law of the PRC (《中华人民共和国劳动合同法》), which was issued on June 29, 2007, amended on December 28, 2012 and became effective on July 1, 2013, labor contracts shall be concluded in writing if employment relationships are to be or have been established between enterprises or institutions and the employees. Enterprises and institutions are forbidden to force employees to work beyond the time limit and employers shall pay employees for overtime work in accordance with national regulations. In addition, employee wages shall not be lower than local standards on minimum wages and shall be paid to employees in a timely manner.

According to the Labor Law of the PRC (《中华人民共和国劳动法》) which was promulgated on July 5, 1994 and last amended and came into effect on December 29, 2018, enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, educate employees in occupational safety and sanitation in the PRC. Occupational safety and sanitation facilities shall comply with state-fixed standards. Enterprises and institutions shall provide employees with a safe workplace and sanitation conditions which are in compliance with state stipulations and the relevant articles of occupational protection.

Social Insurance and Housing Fund

Pursuant to the Interim Regulations on Levying Social Insurance Premiums (《社会保险费征缴暂行条例》) promulgated on January 22, 1999 and revised on March 24, 2019, Decisions of the State Council on Modifying the Basic Endowment Insurance System for Enterprise Employees (《国务院关于完善企业职工基本养老保险制度的决定》) promulgated on December 3, 2005, Decision on Establishment of Basic Medical System for Urban Employee (《国务院关于建立城镇职工基本医疗保险制度的决定》) issued by State Council with effect from December 14, 1998, the Regulations on Unemployment Insurance (《失业保险条例》) effective from January 22, 1999, Regulations on Work-Related Injury Insurance (《工伤保险条例》) promulgated on April 27, 2003, amended on December 20, 2010, and became effective on January 1, 2011, and the Interim Measures concerning the Maternity Insurance for Enterprise Employees (《企业职工生育保险试行办法》) promulgated on December 14, 1994 with effect from January 1, 1995, employers are required to register with the competent social insurance authorities and provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance and medical insurance.

Pursuant to Opinions of the General Office of the State Council on Comprehensively Advancing Combined Implementation of Maternity Insurance and Basic Medical Insurance for Employees (《国务院办公厅关于全面推进生育保险和职工基本医疗保险合并实施的意见》), promulgated by the General Office of State Council on March 6, 2019, maternity insurance fund shall merge into the basic medical care insurance fund for employees so as to unify payment and harmonize consolidation level. The new ratio of employers' contribution to basic medical care insurance for employees is determined based on the aggregate of the ratios of employers' contribution to maternity insurance and basic medical care insurance for employees, and an individual is not required to pay for maternity insurance. Therefore, after March 6, 2019, our Company has no record of maternity insurance fund in the payment details of social security, since it has been merged into the basic medical care insurance fund.

Pursuant to the Social Insurance Law of the PRC (《中华人民共和国社会保险法》), which became effective on July 1, 2011 with last amendment on December 29, 2018, all employees are required to participate in basic pension insurance, basic medical insurance schemes and unemployment insurance, which must be contributed by both the employers and the employees. All employees are required to participate in work-related injury insurance and maternity insurance schemes, which must be contributed by the employers. Employers are required to complete registrations with local social insurance authorities. Moreover, employers must timely make all social insurance contributions. Except for mandatory exceptions such as force majeure, social insurance premiums may not be paid late, reduced or be exempted. Where an employer fails to make social insurance contributions in full and on time, the social insurance contribution collection agencies shall order it to make all or outstanding contributions within a specified period and impose a late payment fee at the rate of 0.05% per day from the date on which the contribution becomes due. If such employer fails to make the overdue contributions within such time limit, the relevant administrative department may impose a fine equivalent to 1—3 times the overdue amount.

Pursuant to the Emergency Notice on Practicing Principles of the State Council Executive Meeting and Stabilizing Work on Collecting Social Insurance Premiums (《人力资源社会保障部办公厅关于贯彻落实国务院常务会议精神切实做好稳定社保费征收工作的紧急通知》), promulgated by the Ministry of Human Resources and Social Security on September 21, 2018, local authorities are prohibited from organizing the centralized settlement of historical unpaid social insurance premiums of enterprises.

Pursuant to the Administrative Regulations on the Housing Provident Fund (《住房公积金管理条例》) effective from April 3, 1999, amended on March 24, 2002 and March 24, 2019, enterprises are required to register with the competent administrative centers of housing provident fund and open bank accounts for housing provident funds for their employees. Employers are also required to timely pay all housing fund contributions for their employees. Where an employer fails to submit and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit. Failing to do so at the expiration of the time limit will subject the employer to a fine of not less than RMB10,000 and up to RMB50,000. When an employer fails to pay housing provident fund due in full and in time, housing provident fund center is entitled to order it to rectify, failing to do so would result in enforcement exerted by the court.

Regulations relating to Tax

Enterprise income tax

According to the EIT Law, enacted on March 16, 2007, effective on January 1, 2008 and last amended on December 29, 2018 by the SCNPC and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中华人民共和国企业所得税法实施条例》), enacted on December 6, 2007, amended and came into effect on April 23, 2019 by the State Council, and its relevant implementation regulations, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside 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 corporate income tax rate of 25% is applicable. However, if nonresident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment institutions 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, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC.

Pursuant to the Notice on Preferential EIT Policies for Two Special Economic Development Zones of Kashi and Horgos in Xinjiang Uygur Autonomous Region (《关于新疆喀什霍尔果斯两个特殊经济开发区企业所得税优惠政策的通知》) promulgated by MOF and SAT on November 29, 2011 and the Implementation Opinions on Accelerating the Construction of Kashi and Horgos Economic Development Zones (《关于加快喀什、霍尔果斯经济开发区建设的实施意见》) promulgated by the Government of Xinjiang Uygur Autonomous Region of China on April 29, 2012, an enterprise established in Horgos or Kashi between January 1, 2010 and December 31, 2020 and fallen within the scope of the Catalogue of EIT Incentives for Industries Particularly Encouraged for Development by Poverty Areas of Xinjiang (新疆困难地区重点鼓励发展产业企业所得税优惠目录) shall be exempted from EIT for five years beginning from the first year in which the manufacturing or business operational revenue is earned. After the initial EIT exemption period, the enterprise is entitled to another five-year exemption on the local portion of its EIT.

Value-added Tax

Pursuant to the Provisional Regulations on VAT of the PRC (《中华人民共和国增值税暂行条例》) promulgated by the State Council on December 31, 1993, and subsequently amended on November 5, 2008, February 6, 2016 and November 19, 2017 respectively, and the Implementation Rules of the Provisional Regulations on VAT of the PRC (《中华人民共和国增值税暂行条例实施细则》) promulgated by MOF on December 25, 1993 and amended on December 15, 2008 and October 28, 2011 respectively, tax payers engaging in sale of goods, provision of processing services, repairs and replacement services or importation of goods within the territory of the PRC shall pay VAT.

On November 16, 2011, MOF and SAT jointly promulgated the Pilot Plan for Levying VAT in Lieu of Business Tax (《营业税改征增值税试点方案》). Starting from January 1, 2012, the PRC government has been gradually implementing a pilot program in certain provinces and municipalities to levy a 6% VAT on revenue generated from certain kinds of services in lieu of the business tax.

The Administrative Measures on Tax Exemption for Cross-border Acts Subject to VAT in the Pilot Scheme for Levying VAT in Place of Business Tax (for Trial Implementation) (《营业税改征增值税跨境应税行为增值税免税管理办法(试行)》), which was promulgated on May 6, 2016 by SAT and effective on May 1, 2016, and was amended on June 15, 2018, effective on the same day, provides that if a domestic enterprise provides cross-border taxable services such as technology transfer (provided to and received by overseas entities), technical consulting (provided to and received by overseas entities), and software service (provided to and received by overseas entities), technical consulting (provided to and received by overseas entities), the above mentioned cross-border taxable services shall be exempt from the VAT. Technical consulting services provided by a domestic enterprise are subject to zero-rated policies, but such taxpayer might choose to forfeit the application of zero rate and opt for the tax exemption.

On March 23, 2016, MOF and SAT jointly issued the Circular of Full Implementation of Business Tax to VAT Reform (the "Circular 36") (《关于全面推开营业税改征增值税试点的通知》), which was last amended by the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《财政部、税务总局、海关总署关于深化增值税改革有关政策的公告》) on March 20, 2019 and came into effect on April 1, 2019, confirms that business tax will be completely replaced by VAT from May 1, 2016. The Notice of MOF and SAT on the Adjustment to VAT Rates (《关于调整增值税税率的通知》), promulgated on April 4, 2018 and effective as of May 1, 2018, adjusted the applicative rate of VAT. The deduction rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. For the export goods to which a tax rate of 17% was originally applicable and the export rebate rate was 17%, the export rebate rate is adjusted to 16%. For the export goods and cross-border taxable activities to which a tax rate of 11% was originally applicable and the export rebate rate was 11%, the export rebate rate is adjusted to 10%.

Pursuant to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《关于深化增值税改革有关政策的公告》),which was promulgated by MOF, SAT and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, where (i) for VAT taxable sales or imports of goods originally subject to value-added tax rates of 16%, such tax rates shall be adjusted to 13%; (ii) for the exported goods originally subject to a tax rate of 16% and an export tax refund rate of 16%, the export tax refund rate shall be adjusted to 13%.

Dividend withholding tax

According to the EIT Law and its implementing rules, dividends paid to investors of an eligible PRC resident enterprise can be exempted from EIT and dividends paid to foreign investors are subject to a withholding tax rate of 10%, unless relevant tax agreements entered into by the PRC government provide otherwise.

The PRC and the government of Hong Kong entered into the Arrangement between the Mainland of the PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Incomes (《内地和香港特别行政区关于对所得避免双重征税和防止偷漏税的安排》), or the Arrangement, on August 21, 2006. According to the Arrangement, 5% withholding tax rate shall apply to the dividends paid by a PRC company to a Hong Kong resident, provided that such Hong Kong resident directly holds at least 25% of the equity interests in the PRC company, and 10% of withholding tax rate shall apply if the Hong Kong resident holds less than 25% of the equity interests in the PRC company.

Pursuant to the Circular on Relevant Issues Relating to the Implementation of Dividend Clauses in Tax Treaties (《关于执行税收协定股息条款有关问题的通知》), which was promulgated by SAT and became effective on February 20, 2009, all of the following requirements shall be satisfied where a fiscal resident of the other party to a tax agreement needs to be entitled to such tax agreement treatment as being taxed at a tax rate specified in the tax agreement for the dividends paid to it by a PRC resident company: (i) such a fiscal resident who obtains dividends shall be a company as provided in the tax agreement; (ii) owner's equity interests and voting shares of the PRC resident company directly owned by such a fiscal resident reaches a specified percentage; and (iii) the equity interests of the PRC resident company directly owned by such a fiscal resident, at any time during the 12 months prior to obtaining the dividends, reach a percentage specified in the tax agreement.

According to the Tentative Administrative Measures on Tax Convention Treatment for Non-Residents (《非居民享受税收协定待遇管理办法(试行)》), which was promulgated by SAT on August 24, 2009 and became effective on October 1, 2009, where a non-resident enterprise that receives dividends from a PRC resident enterprise wishes to enjoy the favorable tax benefits under the tax arrangements, it shall submit an application for approval to the competent tax authority. Without being approved, the non-resident enterprise may not enjoy the favorable tax treatment provided in the tax agreements.

The Tentative Administrative Measures on Tax Convention Treatment for Non-Residents (《非居民享受税收协定待遇管理办法(试行)》) was repealed by the Administrative Measures on Tax Convention Treatment for Non-Resident Taxpayers (《非居民纳税人享受税收协议待遇管理办法》), which was promulgated by SAT on August 27, 2015 and became effective on November 1, 2015 with last amendment on June 15, 2018, where a non-resident enterprise that receives dividends from a PRC resident enterprise, it could directly enjoy the favorable tax benefits under the tax arrangements at tax returns, and subject to the subsequent regulation of the competent tax authority. The Administrative Measures on Tax Convention Treatment for Non-Resident Taxpayers has subsequently been repealed by the Administrative Measures on Treaty Benefits Treatment for Non-Resident Taxpayers (《非居民纳税人享受协定待遇管理办法》), promulgated by SAT on October 14, 2019 and became effective on January 1, 2020, which still adopts the same provisions as the Administrative Measures on Tax Convention Treatment for Non-Resident Taxpayers.

PRC Laws and Regulations relating to Foreign Exchange

General Administration of Foreign Exchange

According to the *Regulations on the Control of Foreign Exchange* (《中华人民共和国外汇管理条例》), which were promulgated by the State Council on January 29, 1996, came into effect on April 1, 1996, and were amended on January 14, 1997, and August 5, 2008, payments for transactions that take place within the PRC must be made in RMB. Unless otherwise approved, PRC companies may not repatriate foreign currency payments received from abroad or retain the same abroad. RMB is convertible into other currencies for current account items, such as trade-related receipts and payments and payment of interest and dividends. The conversion of RMB into other currencies and remittance of the converted foreign currency outside the PRC for of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from the SAFE or its local office. According to regulations on foreign exchange settlement of FIEs, they may retain foreign exchange in accounts with designated foreign exchange banks under the current account items subject to a cap set by the SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaged in settlement and sale of foreign exchange pursuant to relevant SAFE rules and regulations. For foreign exchange proceeds under the capital accounts, approval from the SAFE is generally required for the retention or sale of such proceeds to a financial institution engaged in settlement and sale of foreign exchange.

SAFE Circular No. 21

On May 10, 2013, the SAFE promulgated the Circular of the SAFE on Printing and Distributing the *Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors and Relevant Supporting Documents* (《外国投资者境内直接投资外汇管理规定》) ("SAFE Circular No. 21"), which was amended on December 30, 2019. It provided for and simplified the operational steps and regulations on foreign exchange matters related to direct investment by foreign investors, including foreign exchange registration, account opening and use, receipt and payment of funds, and settlement and sales of foreign exchange.

SAFE Circular No. 59

Pursuant to the *Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment* (《国家外汇管理局关于进一步改进和调整直接投资外汇管理政策的通知》), promulgated by SAFE on November 19, 2012, which became effective on December 17, 2012, and was further amended on May 4, 2015, October 10, 2018, and December 30, 2019, respectively, approval is not required for opening a foreign exchange account and depositing foreign exchange into the accounts relating to the direct investments. SAFE Circular No. 59 also simplified foreign exchange-related registration required for the foreign investors to acquire the equity interests of Chinese companies and further improve the administration on foreign exchange settlement for FIEs.

SAFE Circular No. 13

Pursuant to the *Circular on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investment* (《国家外汇管理局关于进一步简化和改进直接投资外汇管理政策的通知》), effective from June 1, 2015, and amended on December 30, 2019, which cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration, the investors shall register with banks for direct domestic investment and direct overseas investment.

SAFE Circular No. 19

The *Notice of the State Administration of Foreign Exchange on Reforming the Mode of Management of Settlement of Foreign Exchange Capital of Foreign-Funded Enterprises*(《国家外汇管理局关于改革外商投资企业外汇资本金结汇管理方式的通知》), or the SAFE Circular No.19, which was promulgated by the SAFE on March 30, 2015, and became effective on June 1, 2015 and was amended on December 30, 2019 and March 23, 2023, provides that 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). Pursuant to the SAFE Circular No.19, for the time being, FIEs are allowed to settle 100% of their foreign exchange capitals on a discretionary basis; a foreign-invested enterprise shall truthfully use its capital for its own operational purposes within the scope of business; where an ordinary foreign-invested enterprise makes domestic equity investment with the amount of foreign exchanges settled, the invested enterprise shall 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.

Based on the foregoing, when setting up a new foreign-invested enterprise, the foreign invested enterprise shall register with the bank located at its registered place after obtaining the business license, and if there is any change in capital or other changes relating to the basic information of the foreign-invested enterprise, including without limitation any increase in its registered capital or total investment, the foreign invested enterprise shall register such changes with the bank located at its registered place after obtaining the approval from or completing the filing with competent authorities. Pursuant to the relevant foreign exchange laws and regulations, the above-mentioned foreign exchange registration with the banks will typically take less than four weeks upon the acceptance of the registration application. If we intend to provide funding to our WFOE through capital injection at or after their establishment, we shall register the establishment of and any follow-on capital increase in our wholly foreign owned subsidiaries with the State Administration for Industry and Commerce or its local counterparts, file such via the FICMIS and register such with the local banks for the foreign exchange related matters.

Offshore Investment

Circular 37

Under the *Circular of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles* (《关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知》), or the SAFE Circular 37, issued by the SAFE and effective on July 4, 2014, PRC residents are required to register with the local SAFE branch prior to the establishment or control of an offshore special purpose vehicle, or SPV, which is defined as offshore enterprises directly established or indirectly controlled by PRC residents for offshore equity financing of the enterprise assets or interests they hold in China. An amendment to registration or subsequent filing with the local SAFE branch by such PRC resident is also required if there is any change in basic information of the offshore company or any material change with respect to the capital of the offshore company. At the same time, the SAFE has issued the *Operation Guidance for the Issues Concerning Foreign Exchange Administration over Round-trip Investment* regarding the procedures for SAFE registration under the SAFE Circular 37, which became effective on July 4, 2014, as an attachment of Circular 37.

Under the relevant rules, any failure by any of our shareholders who is a PRC resident, or is controlled by a PRC resident, to comply with relevant requirements under these regulations could subject our SPV to restrictions imposed on foreign exchange activities, including restrictions on its ability to receive registered capital as well as additional capital from PRC resident shareholders, and contribute registered capital as well as additional capital to WFOE. If WFOE fails to obtain necessary registered capital within the approved business time limit, the industries and commercial administrative authorities might revoke its business license. Due to the failure by shareholders to complete the registration, WFOE’s ability to pay dividends or make distributions to our SPV is also restricted, and repatriation of profits and dividends derived from SPV by PRC residents to China are illegal. The offshore financing funds are also not allowed to be used in China. In addition, the failure of the PRC resident shareholders to complete the registration may subject the shareholders to fines less than RMB50,000, and the enterprises to fines less than RMB300,000.

Regulations relating to Foreign Investment

Investment activities in the PRC conducted by foreign investors and foreign-owned enterprises shall comply with the Catalogue for the Guidance of Foreign Investment Industries (Revised in 2017) (《外商投资产业指导目录(2017年修订)》) (the "Catalogue"), which was promulgated jointly by MOFCOM and National Development and Reform Commission ("NDRC") on June 28, 2017 and became effective on July 28, 2017, and which Catalogue contains specific provisions guiding market access of foreign capital. Under the Catalogue, foreign-invested industries are classified into two categories, namely (1) encouraged foreign-invested industries; and (2) foreign-invested industries which are subject to special administrative measures for access of foreign investment (the "Negative List"). The Negative List is further divided into restricted foreign-invested industries and prohibited foreign-invested industries, setting out restrictions such as shareholding requirements and qualifications of the senior management. Any industry not listed in the Negative List is a permitted industry.

On December 27, 2021, the Special Administrative Measures for the Access of Foreign Investment (Negative List) (外商投资准入特别管理措施(负面清单) (2021年版)) (the "Negative List 2021"), which was promulgated by NDRC and MOFCOM and became effective on January 1, 2022. Industries listed in the Negative List 2021 are divided into two categories with respect to foreign investment: restricted and prohibited. On March 12, 2022, the Negative List for Market Access (2022) (市场准入负面清单2022 年版) was promulgated by NDRC and MOFCOM, which sets forth prohibited investment industries and industries requiring special permission, applicable to both the PRC investors and foreign investors. Industries not listed in the Negative List 2021 and Negative List for Market Access (2022) are generally deemed as falling under a third "permitted" category and are generally open to foreign investment unless otherwise specifically restricted by other PRC regulations.

Our principal businesses are precluded from the Negative List 2021 and the Negative List for Market Access (2022) and is thus within a permitted industry for foreign investment.

Regulations relating to Foreign-Owned Enterprises

The establishment, operation and management of corporate entities in China are governed by the Company Law of the PRC (《中华人民共和国公司法》) (the "PRC Company Law"), which was promulgated by the SCNPC on December 29, 1993 and last amended and became effective on October 26, 2018. Under the PRC Company Law, companies are generally classified into two categories, i.e., limited liability companies and joint stock limited companies. The PRC Company Law also applies to foreign-invested limited liability companies. According to the PRC Company Law, any stipulations by other PRC laws governing foreign investment shall prevail over the PRC Company Law.

Pursuant to the Law on Wholly Foreign-owned Enterprises of the PRC (《中华人民共和国外资企业法》) (the "Law on Wholly Foreign-owned Enterprises of the PRC"), which was promulgated by the SCNPC on April 12, 1986, last amended on September 3, 2016 and became effective on October 1, 2016, where the establishment of wholly foreign-owned enterprises does not involve the implementation of special access administrative measures prescribed by the state, the establishment, breakup, merger, or any other major change and the operation period of such enterprises are subject to record-filing administration.

The Implementing Rules for the Law on Wholly Foreign-owned Enterprises of the PRC (《中华人民共和国外资企业法实施细则》) (the "Implementing Rules on Wholly Foreign-owned Enterprises") was promulgated by the State Council on December 12, 1990, then was amended on April 12, 2001 and February 19, 2014, and became effective on March 1, 2014. According to the Implementing Rules on Wholly Foreign-owned Enterprises, industries in which the establishment of wholly foreign-owned enterprises is prohibited or restricted shall be regulated in accordance with the provisions of the State about foreign investment orientation and the Catalogue.

The Law on Wholly Foreign-owned Enterprises of the PRC and the Implementing Rules on Wholly Foreign-owned Enterprises have been repealed by the Foreign Investment Law of the PRC (《中华人民共和国外商投资法》 (the "Foreign Investment Law"), which was adopted by the National People's Congress on March 15, 2019 and came into effect on January 1, 2020. According to the Foreign Investment Law, the State shall implement the management systems of pre-establishment national treatment and negative list for foreign investment. The pre-establishment national treatment refers to the treatment given to foreign investors and their investments during the investment access stage, which is not lower than that given to their domestic counterparts. The negative list refers to special administrative measures for the access of foreign investment in specific fields as stipulated by the State. The State shall give national treatment to foreign investment beyond the negative list. The organization form, institutional framework and standard of conduct of a foreign-funded enterprise shall be subject to the provisions of the PRC Company Law and the Partnership Enterprise Law of the PRC (《中华人民共和国合伙企业法》) and other laws. Foreign investors shall not invest in any field forbidden by the negative list for access of foreign investment. For any field restricted by the negative list, foreign investors shall conform to the investment conditions as required in the negative list, and fields not included in the negative list shall be managed under the principle that domestic investment and foreign investment shall be treated uniformly.

The Law on Sino-Foreign Equity Joint Ventures of the PRC (《中华人民共和国中外合资经营企业法》), the Law on Wholly Foreign-owned Enterprises of the PRC (《中华人民共和国外资企业法》) and the Law on Sino-Foreign Cooperative Joint Ventures of the PRC (《中华人民共和国中外合作经营企业法》) were repealed simultaneously when the Foreign Investment Law came into effect on January 1, 2020, and foreign-funded enterprises which were established in accordance with such laws before the implementation of the Foreign Investment Law may retain their original organization forms and other aspects for five years upon the implementation hereof.

PRC Regulations Relating to Offshore Investments by PRC Residents

SAFE promulgated Circular 37 in July 2014 that requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore SPV undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions.

Circular 37 was issued to replace Circular 75 (the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Round-trip Investments via Overseas Special Purpose Vehicles). SAFE further enacted the Notice on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment effective from June 1, 2015, which allows PRC residents or entities to register with qualified banks in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. However, remedial registration applications made by PRC residents that previously failed to comply with Circular 37 continue to fall under the jurisdiction of the relevant local branch of SAFE. In the event that a PRC shareholder holding interests in a SPV fails to fulfill the required SAFE registration, the PRC subsidiaries of that SPV may be prohibited from distributing profits to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the SPV may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls. As of the date of this annual report, four of our beneficial owners who are PRC residents have completed the registrations required by Circular 37.

Regulations relating to M&A and Overseas Listing

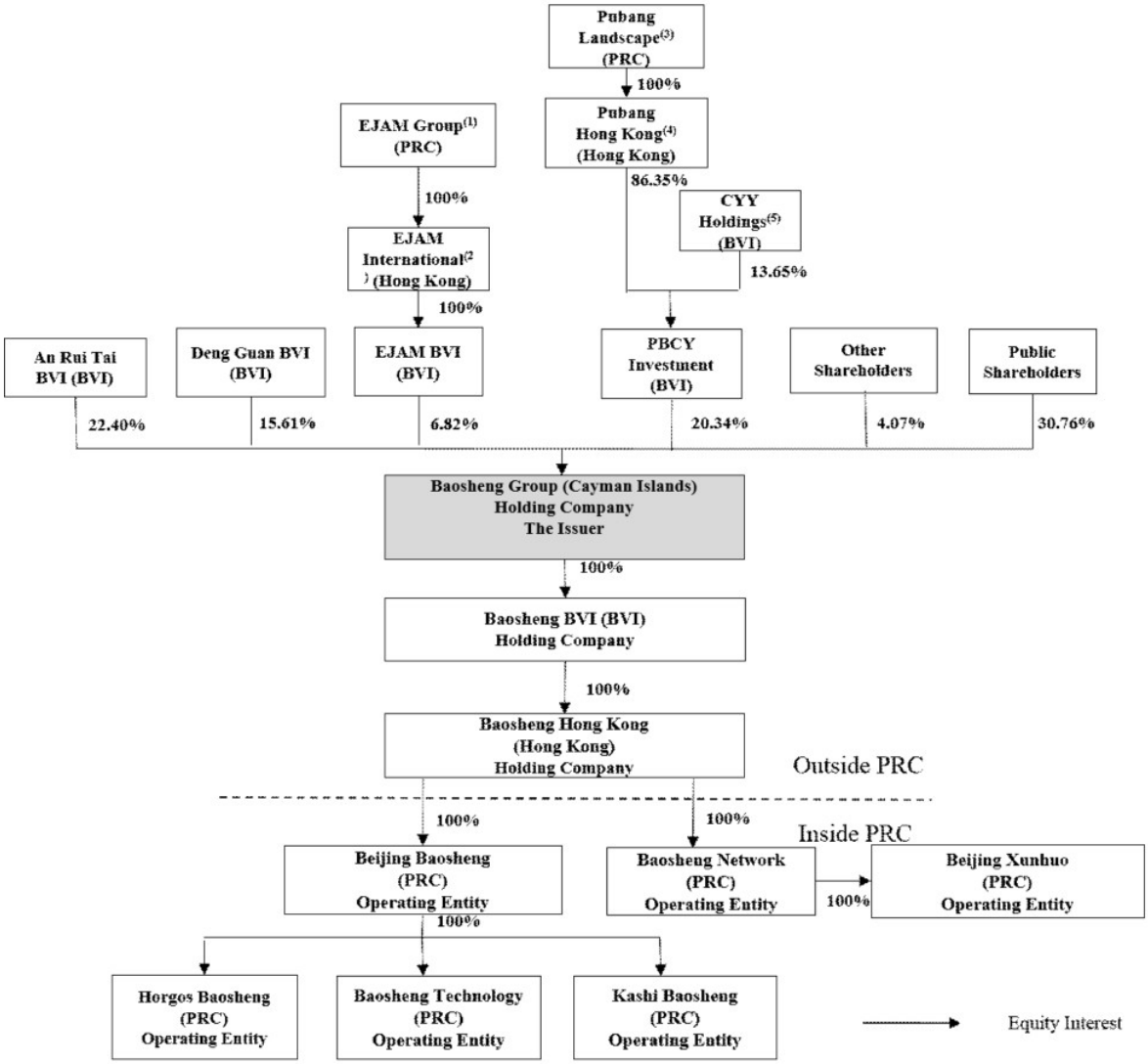
The M&A Rules was promulgated by six PRC ministries including MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, SAT, SAIC, CSRC and SAFE on August 8, 2006, became effective on September 8, 2006, and was amended and became effective on June 22, 2009. A foreign investor is required to comply with the M&A Rules when it: (1) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (2) subscribes for the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (3) establishes a foreign-invested enterprise through which it purchases the assets of any domestic enterprise and operates these assets; or (4) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise. The M&A Rules, among other things, further prescribed that a special purpose vehicle, formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals, shall be approved by MOFCOM prior to its establishment and obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

Pursuant to the Manual of Guidance on Administration for Foreign Investment Access (《外商投资准入管理指引手册》), which was issued and became effective on December 18, 2008 by MOFCOM, notwithstanding the fact that (1) the domestic shareholder is connected with the foreign investor or not; or (2) the foreign investor is the existing shareholder or the new investor, the M&A Rules shall not apply to the transfer of an equity interest in an incorporated foreign-invested enterprise from the domestic shareholder to the foreign investor.

Following the promulgation of the Foreign Investment Law, the Measures on Reporting of Foreign Investment Information (effective from January 1, 2020) and other relevant regulations recently in China, certain provisions of the M&A Rules, which are in conflict with the new foreign investment rules, are no longer enforceable. For example, mergers and acquisitions by foreign investor of a PRC entity which is not an affiliate to the foreign investor and does not engage in any business on the Negative Lists, including Negative List 2021 and Negative List for Market Access (2022) for foreign investment will not be subject to the approval process as prescribed by the M&A Rules. However, given the M&A Rules is not officially abolished and due to lack of official interpretation and guidance, the M&A Rules might still be enforceable against the transaction parties in terms of price evaluation, payment terms, and certain other aspects that the new foreign investment rules are silent on.

C. Organizational Structure

The following diagram illustrates our current corporate structure, which includes our significant subsidiaries as of the date of this annual report:



For details of each shareholder's ownership, please refer to the beneficial ownership table in "Item 6. Directors, Senior Management and Employees — 6.E. Share Ownership."

Notes:

1. "EJAM Group" represents EJAM Group Co., Ltd., a joint stock company established in the PRC with limited liability on November 23, 2010, whose shares are quoted on the National Equities Exchange and Quotations (全国中小企业股份转让系统) (stock code: 834498), and is a financial investor of our Company and one of our pre-IPO investors.

2. "EJAM International" represents EJAM International Limited, a company formed in Hong Kong with limited liability in November 2015 and is a direct wholly owned subsidiary of EJAM Group.

3. "Pubang Landscape" represents Pubang Landscape Architecture Co., Ltd., a joint stock company established in the PRC with limited liability on July 19, 1995, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002663.SZ), and is a financial investor of our Company and one of our pre-IPO investors.

4. "Pubang Hong Kong" represents Pubang Landscape Architecture (HK) Co., Ltd., a company formed in Hong Kong with limited liability in September 2013 and is a direct wholly owned subsidiary of Pubang Landscape.

5. "CYY Holdings" represents CYY Holdings Limited, a business company formed in the BVI with limited liability in November 2013 and is wholly owned by Mr. Yick Yan Chan.

D. Property, Plants and Equipment

Our corporate headquarter is located in Beijing, China. We use the ten properties we own and two properties we lease from an unrelated third party in Horgos as office spaces with an aggregate gross floor area of approximately11,737.51 ft^2.We use a property we own in Beijing as office space, with a total gross floor area of 8,167.98 ft^2. We lease four properties as office spaces in Beijing, Shanghai, and Kashi, from unrelated third parties under operating lease agreements. We believe that our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate future growth.

ITEM 4.A. UNRESOLVED STAFF COMMENTS

None.

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 elsewhere in this annual report. This annual report contains forward-looking statements. See "Forward-Looking Information" in this annual report. 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

Overview

We are an online marketing solution provider based in China. We are dedicated to helping advertisers manage their online marketing activities to achieve their business goals. Founded in 2014, our business has grown rapidly from a start-up online marketing agency to a multi-channel online marketing solution provider. We advise advertisers on online marketing strategies, offer value-added advertising optimization services and facilitate the deployment of online ads in various forms such as search ads, in-app ads, mobile app ads and social media marketing ads. At the same time, as authorized agencies of some popular online media, we help online media to procure advertisers and facilitate ad deployment on their advertising channels.

Along with the further penetration of the Internet, particularly on mobile devices, we believe an increasing number of advertisers would use online advertising channels because of their unlimited geographic coverage, promptness and inclusivity. With our experience in the online advertising industry and insights on industry trends, we are well-positioned to capture the opportunities offered by the continued rapid growth of the online marketing industry.

Our service categories

Our advertising services are classified into two categories:

- SEM services, which include the deployment of ranked search ads and other display search ads offered by search engine operators; and

- Non-SEM services, which include social media marketing, in-feed advertising, and mobile app advertising by deploying ads on media such as social platforms, short-video platforms, news portals, and mobile apps in the forms of in-feed ads, banner ads, button ads, interstitial ads, and posts on selected social media accounts.

We regard our business value as revolving around our ability to serve the needs of two major business stakeholders: advertisers and media. On one hand, with our experience and insights in the online advertising industry, we help advertisers to effectively carry out their advertising campaigns by offering advices on online advertising strategies, carrying out advertising optimization and facilitating the deployment of online ads. On the other hand, we help media to connect with advertisers and facilitate the monetization of their advertising resources.

We have built a broad and diverse advertiser base from a broad range of industries, including ecommerce and online service platforms, online travel agencies, financial services, online gaming, car services and advertising agencies, among others. For the years ended December 31, 2022, 2021 and 2020, the number of advertisers (including direct advertisers and third party advertising agencies subscribing our services on behalf of their advertising clients) were 228, 462 and 410, respectively. Our gross billing were $54.6 million, $54.7 million and $134.9 million, respectively. For the years ended December 31, 2022, 2021 and 2020, top five advertisers contributed 47.2%, 44.8% and 47.5% of total gross billing, respectively.

We earn rebates and incentives from media or their authorized agencies (collectively “publishers”) for procuring advertisers to place ads with them, or net fees from advertisers when we purchase ad inventory and advertising services from media and other advertising service providers on their behalf. As such, our customers are comprised of publishers and advertisers. We recognize revenues on a net basis as either rebates and incentives from publishers or net fees from advertisers. For the years ended December 31, 2022, 2021 and 2020, we generated rebates and incentives from publishers of $1.9 million, $3.7 million and $9.4 million, respectively, and net fees from advertisers of $0.5 million, $0.2 million and $2.5 million, respectively.

For the years ended December 31, 2022 and 2021, our gross billing kept stable at $54.6 million and $54.7 million, respectively. However as affected by termination of authorized agency agreement with Sogou in March 2021, we did not earn gross billings or revenues from Sogou and experienced a decrease in both the number of advertisers and the amount of revenues.

For the years ended December 31, 2021 and 2020, our gross billing kept stable at $54.7 million and $134.9 million, respectively. For the year ended December 31, 2021, our decrease in gross billings and revenues as compared with those of the year ended December 31, 2020 was mainly caused by the decrease in gross billing and revenue from Sogou. Sogou was our top publisher for the year ended December 31, 2020. For the years ended December 31, 2020, Sogou contributed gross billing of $82.2 and revenues of $8.1 million, respectively. However, our annual authorized agency agreement with Sogou expired in March 2021, which was not renewed subsequently. We did not act as the authorized agent of Sogou since April 2021. As a result of this, our revenue generated from SEM services with Sogou for the year ended December 31, 2021 declined substantially as compared with the year ended December 31, 2020.

In addition, in the first half of 2021, we entered into authorized agency agreements with both Alibaba and ByteDance, respectively, focusing on the advertising agency services for advertisers in the education industry. However, due to the spread of unofficial news (which was officially announced in July 2021) related to new governmental regulations restricting off-campus tutoring for students undergoing compulsory education in the education industry since mid-April 2021, our advertisers in the education industry adopted conservative business strategies and decreased their advertising spends. As a result, the purchasing orders from our advertisers were negatively impacted and the rebates and incentives earned from Alibaba and ByteDance were below expectations.

Gross billing and media costs

Gross billing is defined as the actual dollar amount of advertising spend of our advertisers, net of any rebates and discounts given by us to the advertisers (if any). We use gross billing to assess the business growth, market share and scale of operations.

Media cost represents the cost for acquisition of ad inventory or other advertising services from media and other advertising service providers, offset by rebates and incentives we receive from the relevant media and advertising service providers (if any).

Factors Affecting Our Results of Operations and Trend Information

Size and spending of advertiser base

We earn revenue in the form of (i) rebates and incentives offered by publishers for procuring advertisers to place ads with them, which are usually calculated with reference to the advertising spend of the advertisers and are closely correlated to the gross billing from advertisers, netting of rebates to advertisers (if any); and (ii) the net fees from advertisers, which are essentially the fees we charge advertisers (i.e. gross billing) net of the media costs and other costs of procuring advertising services we incur on their behalf. Accordingly, our revenue base and our profitability are very much driven by our gross billing with advertisers, and the relevant media's rebate policies which determine, among other things, the rates of rebates we receive from media (or their authorized agencies). The rebates and incentives we receive from media are calculated as a percentage of the total advertising spend of the advertisers procured by us in a given period, with the percentage typically ranging from 10% to 20%. See "Item 4. Information on the Company—B. Business Overview — Revenue Model and Payment Cycle — *Rebates and incentives from publishers — Rebates and incentives offered by media (or their authorized agencies)*" for details.

The willingness of advertisers to spend their online advertising budget through us is critical to our business and our ability to generate gross billing. Our advertisers' demand for advertising services can be influenced by a variety of factors including:

1 Macro-economic and social factors: domestic, regional and global social, economic and political conditions (such as concerns over a severe or prolonged slowdown in China's economy and threats of political unrest), economic and geopolitical challenges (such as trade disputes between countries such as the United States and China), economic, monetary and fiscal policies (such as the introduction and winding-down of qualitative easing programs).

2 Industry-related factors: such as the trends, preferences and habits of audiences towards online media and their receptiveness towards online advertising as well as the development of emerging and varying forms of online media and contents.

3 Advertiser-specific factors: an advertiser's specific development strategies, business performance, financial condition and sales and marketing plans.

A change in any of the above factors may result in significant cutbacks on advertising budgets by advertisers, which would not only result in a reduction of our revenue, but would also weaken our negotiating position with media on rebate policies and negatively impact our ability to earn advertising spend-driven rebates and incentives from media.

Rebate policies offered from publishers and those offered to advertisers

Publishers may change the rebate and incentive policies offered to us based on prevailing economic outlook, competitive landscape of the online advertising market, and their own business strategy and operational targets. For instance, a media may reduce the rate of rebate offered to us for reason of changes in its business strategies, resource reallocation, increased popularity and demand for their media resources, etc., or may adjust their incentive programs or their benchmarks and measuring parameters for incentive offerings based on their changing marketing and target audience strategies. If media impose rebate and incentive policies that are less favorable to us, our revenue, results of operations and financial condition may be adversely affected.

On the other hand, we may offer rebates to our advertisers. The level of rebates we offer to our advertisers is determined case by case with reference to the rebates and incentives we are entitled to receive from the relevant media (or its authorized agency), an advertiser's committed total spend, our business relationships with such advertiser and the competitive landscape in the online advertising industry. If it emerges that an increase in the rate of rebate to our advertisers is necessary for us to remain competitive or align with the emerging competitive environment, our revenue and profitability may reduce.

Our ability to attract new media and to maintain relationship with existing media

We have established and maintained relationships with a wide range of media and their authorized agencies, as well as agencies of KOLs, which offer our advertisers diverse choices of ad formats, including search ads, in-feed ads, mobile app ads and social media ads. Our future growth will depend on our ability to maintain our relationships with existing media partners as well as building partnerships with new media.

In particular, we act as authorized agency for some popular online media to help them procure advertisers to buy their ad inventory and facilitate ad deployment on their advertising channels. As media's authorized agency, our relationships with the media are mainly governed by agency agreements which provide for, among other things, credit periods and the rebate polices offered to us. These agency agreements typically have a term of one year, and are subject to renewal upon expiry. The commercial terms under the agency agreements are subject to renegotiation when they are renewed. Besides, media usually retain the right to terminate the authorized agency relationship based on business needs at their discretion.

If any media ends its cooperative relationship with us or terminates our authorized agency status, or imposes commercial terms which are less favorable to us, or we fail to secure partnerships with new media partners, we may lose access to the relevant advertising channels, sustain advertiser deflection, and suffer revenue drop.

Impact of COVID-19 on our business

Our business could be adversely affected by the effects of epidemics. Due to the COVID-19 pandemic, we have taken measures to reduce the impact of the COVID-19 outbreak, including, but not limited to, upgrading our telecommuting system, monitoring employees' health on a daily basis and optimizing technology system to support potential growth in user traffic. As the Chinese government have lifted the COVID-19 related restrictive measures, we expect our gross billing and revenues on a net basis will continue to increase in the long-term. The extent to which COVID-19 impacts our results of operations will depend on the future development of the circumstances, which is highly uncertain and cannot be predicted with confidence at this time.

We earned gross billing in the amount of $54.6 million for the year ended December 31, 2022, a decrease of $0.1 million, or 0.3%, from $54.7 million for the year ended December 31, 2021. Due to the higher media costs charged by publishers, our revenues on a net basis for the year ended December 31, 2022 decreased by approximately $1.5 million, or 38.3%, as compared with the fiscal year ended December 31, 2021. In addition to the impact of COVID-19, which led to decreased orders from our advertisers, the decrease of gross billing and revenues was mainly due to the fact that we did not act as the authorized agent of Sogou since April 2021, which was our top publisher for the year ended December 31, 2020. For the year ended December 31, 2020, SEM services with Sogou contributed gross billings of $82.2 million and $107.0 million, respectively, while for the years ended December 31, 2021 and 2022, SEM services with Sogou contributed gross billings of $18.2 million and $nil, respectively. The sharp decrease in gross billings resulted in a decrease of rebates and incentives earned from Sogou, which were both calculated as a percentage of gross billings. For the year ended December 31, 2022, we did not earn revenues from Sogou. For the year ended December 31, 2021, our revenues from Sogou were $2.0 million, representing a decrease of $6.1 million from $8.1 million for the year ended December 31, 2020.

Additionally, as affected by the COVID-19 pandemic and stricter governmental regulations against education industry, financial industry and gaming industry, our advertisers slowed down the payments processing procedures. For the year ended December 31, 2022, we witnessed a longer turnover days in accounts receivable due from mobile app ads advertisers. To mitigate the adverse impact on our cash flows, we reduced our services provided to mobile apps customers in the fiscal year 2022. In addition, we also provided higher allowance on doubtful accounts of accounts receivable, prepayments and other current assets.

Results of Operations for the Years Ended December 31, 2022 and 2021

The following table summarizes the results of our operations during the years ended December 31, 2022 and 2021, respectively, and provides information regarding the dollar and percentage increase or (decrease) during such years.

	For the years ended December 31,		Variance	
	2022	2021	Amount	%
Revenues	$ 2,415,098	$ 3,911,560	$ (1,496,462)	(38.3)%
Cost of revenues	(2,446,941)	(2,077,516)	(369,425)	17.8 %
Gross (loss) profit	**(31,843)**	**1,834,044**	**(1,865,887)**	**(101.7)%**
Operating expenses				
Selling and marketing expenses	(764,258)	(1,086,078)	321,820	(29.6)%
General and administrative expenses	(2,811,215)	(2,856,789)	45,574	(1.6)%
Provision for doubtful accounts	(20,460,667)	(6,880,008)	(13,580,659)	197.4 %
Impairment of property and equipment	—	(434,878)	434,878	(100.0)%
Total operating expenses	**(24,036,140)**	**(11,257,753)**	**(12,778,387)**	**113.5 %**
Loss from operations	**(24,067,983)**	**(9,423,709)**	**(14,644,274)**	**155.4 %**
Other income (expenses)				
Interest income (expense), net	16,397	(57,109)	73,506	(128.7)%
Change in fair value of warrant liabilities	1,912	2,367,632	(2,365,720)	(99.9)%
Subsidy income	3,089	574,878	(571,789)	(99.5)%
Other income (expenses), net	307,748	(209,145)	516,893	(247.1)%
Total other income, net	**329,146**	**2,676,256**	**(2,347,110)**	**(87.7)%**
Loss before income taxes	**(23,738,837)**	**(6,747,453)**	**(16,991,384)**	**251.8 %**
Income tax expense	—	—	—	0 %
Net loss	**$ (23,738,837)**	**$ (6,747,453)**	**$ (16,991,384)**	**251.8 %**

Revenues

We primarily generate our revenues from providing online marketing solutions. We recognize all our revenues on a net basis, which comprises of (i) rebates and incentives offered by publishers for procuring advertisers to place ads with them, which are typically calculated with reference to the advertising spend of our advertisers and are closely correlated to our gross billing from advertisers; and (ii) net fees from advertisers, which are essentially the fees we charge our advertisers (i.e. gross billing) net of the media costs we incurred on their behalf.

Our total revenues decreased by $1.5 million or 38.3%, from $3.9 million for the year ended December 31, 2021, to $2.4 million for the year ended December 31, 2022. The following table sets forth a breakdown of our revenues:

	For the Years Ended December 31,				Variance	
	2022	%	2021	%	Amount	%
Rebates and incentives offered by publishers	$ 1,930,188	79.9 %	$ 3,663,168	93.6 %	$ (1,732,980)	(47.3)%
Net fees from advertisers	484,910	20.1 %	248,392	6.4 %	236,518	95.2 %
Total	**$ 2,415,098**	**100.0 %**	**$ 3,911,560**	**100.0 %**	**$ (1,496,462)**	**(38.3)%**

The rebates and incentives offered by publishers decreased by $1.7 million, or 47.3%, from $3.7 million for the year ended December 31, 2021 to $1.9 million for the year ended December 31, 2020, which was mainly caused by the net effect of i) a decrease of $2.2 million in revenue from Sogou, as the authorized agency agreement between the Company and Sogou expired on March 31, 2021. We did not generate revenues from Sogou for the year ended December 31, 2022, and ii) an increase of $0.6 million in rebates and incentives offered by new media publishers. For the year ended December 31, 2022, the Company obtained two new media publishers which offered rebates of incentives of $0.6 million to the Company.

The net fees from advertisers increased by $0.3 million, or 95.2%, to $0.5 million for the year ended December 31, 2022 from $0.2 million for the year ended December 31, 2021. The increase was mainly caused by the increase of $0.4 million in net fees earned from advertisers for news feed ads services which is an increasingly popular advertising type among advertisers.

The following table sets forth a breakdown of revenues by services offered during the years ended December 31, 2022 and 2021:

	For the years ended December 31,		Variance	
	2022	2021	Amount	%
SEM services				
Gross billing	$ 12,900,814	$ 22,618,957	$ (9,718,143)	(43.0)%
Less: Media costs	12,579,451	20,169,837	(7,590,386)	(37.6)%
(as % of gross billing)	97.5 %	89.2 %		
Revenue from SEM services	**$ 321,363**	**$ 2,449,120**	**$ (2,127,757)**	**(86.9)%**
Non-SEM services				
Gross billing	$ 41,682,263	$ 32,113,575	$ 9,568,688	29.8 %
Less: Media costs	39,588,528	30,651,135	8,937,393	29.2 %
(as % of gross billing)	95.0 %	95.4 %		
Revenue from Non-SEM services	**$ 2,093,735**	**$ 1,462,440**	**$ 631,295**	**43.2 %**
Revenues	**$ 2,415,098**	**$ 3,911,560**	**$ (1,496,463)**	**(38.3)%**

The revenues from SEM services consist of rebates and incentives offered by publishers. The revenues from SEM services decreased by $2.1 million, or 86.9%, to $0.3 million for the year ended December 31, 2022 from $2.4 million for the year ended December 31, 2021. The decrease in revenues from SEM services was primarily due to a decrease of $2.2 million in revenues from Sogou as we have not provided agency services to Sogou since April 2021.

The revenues from non-SEM services consist of both rebates and incentives offered by publishers and the net fees from advertisers. The revenues from non-SEM services increased by $0.6 million, or 43.2%, to $2.1 million for the year ended December 31, 2022 from $1.5 million for year ended December 31, 2021. Such an increase was mainly attributable to an increase in rebates and incentives offered by new media publishers. For the year ended December 31, 2022, the Company obtained two new media publishers which offered rebates of incentives of $0.6 million to the Company.

Cost of revenues

Our total cost of revenues increased by $0.3 million or 17.8%, from $2.1 million for the year ended December 31, 2021, to $2.4 million for the year ended December 31, 2022. The following table sets forth a breakdown of our cost of revenues by services offered for the years ended December 31, 2022 and 2021:

	For the years ended December 31,				Variance	
	2022	%	2021	%	Amount	%
SEM services	$ 325,600	13.3 %	$ 1,662,013	80.0 %	$ (1,336,413)	(80.4)%
Non-SEM services	2,121,341	86.7 %	415,503	20.0 %	1,705,838	410.5 %
Total	**$ 2,446,941**	**100.0 %**	**$ 2,077,516**	**100.0 %**	**$ 369,425**	**17.8 %**

Given that the revenues are recognized on a net basis, the cost of revenues was primarily comprised of payroll and welfare expenses incurred by staff responsible for advertiser services and media relations, and taxes and surcharges.

The increase was primarily attributable to an increase of staff costs by $0.4 million, or 17.8%, as a result of hiring additional employees (based on monthly average headcount) for agency services for Alibaba and ByteDance since April 2021. The Company employed staff who were expert in producing short video clips and flow media for these two customers. However, as they were affected by the Chinese government's policies on the educational industry, the two customers contributed less revenue than previously forecasted, leading to a loss in gross profit for the year ended December 31, 2022.

Gross profit

As a result of changes in revenue and cost of revenues, our gross profit decreased by $1.8 million, or 101.7% from $1.8 million for the year ended December 31, 2021 to $31,843 for the year ended December 31, 2022. The following table sets forth a breakdown of gross profit by services offered for the year ended December 31, 2022 and 2021:

	For the years ended December 31,				Variance	
	2022	%	2021	%	Amount	%
SEM services	$ (4,237)	13.3 %	$ 787,107	42.9 %	$ (791,344)	(100.5)%
Non-SEM services	(27,606)	86.7 %	1,046,937	57.1 %	(1,074,543)	(102.6)%
Total	**$ (31,843)**	**100.0 %**	**$ 1,834,044**	**100.0 %**	**$ (1,865,887)**	**(101.7)%**

Operating expenses

Our operating expenses increased by $11.0 million, or 98.2%, from $11.3 million for the year ended December 31, 2021, to $22.3 million for the year ended December 31, 2022. The following table sets forth a breakdown of our operating expenses for the years ended December 31, 2022 and 2021:

	For the years ended December 31,				Variance	
	2022	%	2021	%	Amount	%
Revenues	**$ 2,415,098**	**100 %**	**$ 3,911,560**	**100 %**	**$ (1,496,462)**	**(38.3)%**
Operating expenses						
Selling and marketing expenses	764,258	31.6 %	1,086,078	27.8 %	(321,820)	(29.6)%
General and administrative expenses	2,811,215	116.4 %	2,856,789	73.0 %	(45,574)	(1.6)%
Provision for doubtful accounts	20,460,667	847.2 %	6,880,008	175.9 %	13,580,659	197.4 %
Impairment of property and equipment	—	0.0 %	434,878	11.1 %	(434,878)	(100.0)%
Total operating expenses	**$ 24,036,140**	**995.2 %**	**$ 11,257,753**	**287.8 %**	**$ 12,778,387**	**113.5 %**

Selling and marketing expenses

Selling and marketing expenses primarily included payroll and welfare expenses incurred by sales and marketing personnel, business travel expenses, and entertainment expenses. Selling expenses decreased by $0.3 million, or 29.6%, from $1.1 million for the year ended December 31, 2021 to $0.8 million for the year ended December 31, 2022. This decrease in selling expenses was primarily due to a decrease of $0.3 million in salary and welfare expenses because of resignation of sales staff who were hired to promote advertisers for ByteDance, a newly acquired customer in the year 2021. However the publisher was underperformed as affected by the Chinese government's policies on the educational industry and contributed less to our revenue in the fiscal year ended December 31, 2022 than expected.

General and administrative expenses

General and administrative expenses primarily consist of payroll and welfare expenses incurred by administration department as well as management, operating lease expenses for office rentals, depreciation and amortization expenses, travelling and entertainment expenses, and consulting and professional fees. General and administrative expenses kept stable at $2.8 million and $2.9 million for the years ended December 31, 2022 and 2021, respectively.

Provision for doubtful accounts

The following table sets forth a breakdown of provision for doubtful accounts for the years ended December 31, 2022 and 2021:

	For the years ended December 31,		Variances	
	2022	2021	Amount	%
Provision for doubtful accounts receivables	$ 19,276,587	$ 4,155,246	$ 15,121,341	363.9 %
Provision for doubtful prepayments	1,196,563	2,668,421	(1,471,858)	(55.2)%
Provision for doubtful other current assets	(12,483)	56,341	(68,824)	(122.2)%
	$ 20,460,667	**$ 6,880,008**	**$ 13,580,659**	**197.4 %**

Provision for doubtful accounts receivables

Provision for doubtful accounts receivable increased by $15.1 million, or 363.9%, from $4.2 million for the year ended December 31, 2021 to $19.3 million for the year ended December 31, 2022. The increase was primarily because some of our mobile app ads advertisers were adversely affected by both the COVID-19 pandemic and stricter governmental regulations affecting the financial and insurance industry, education industry and gaming industry. Accordingly, our advertisers in these industries slowed down payments of accounts receivables and required us to provide longer credit terms. We provided increasing allowances on accounts receivables due from these advertisers according to the Company's provision policy.

Provision for doubtful prepayments

Provision for doubtful prepayments was $1.2 million and $2.7 million for the years ended December 31, 2022 and 2021. Such prepayments were made to certain publishers for purpose of lock in media cost. However as they were affected by COVID-19, the Company did not place advertising service orders with these publishers over the past two years, and the Company provided full allowance against these prepayments because the prepayment aged over two years and the Company was uncertain if it could obtain the services underlying the prepayments or to be refunded.

Other income (expenses), net

For the year ended December 31, 2022, other income, net primarily consisted of nondeductible input value-added taxes of $0.4 million. For the year ended December 31, 2021, other expenses, net primarily consisted of loss from nonrefundable rental deposits of $0.1 million and nondeductible input value-added taxes of $0.1 million.

Income tax expense

For the years ended December 31, 2022 and 2021, we incurred net operating losses and were not subject to or subject to minimal income tax expenses due to tax payments in quarterly tax return.

Net Loss

As a result of the foregoing, we reported a net loss of $23.7 million for the year ended December 31, 2022, as compared to a net loss of $6.7 million for the year ended December 31, 2021.

Results of Operations for the Years Ended December 31, 2021 and 2020

The following table summarizes the results of our operations during the years ended December 31, 2021 and 2020, respectively, and provides information regarding the dollar and percentage increase or (decrease) during such years.

	For the years ended December 31,		Variance	
	2021	2020	Amount	%
Revenues	$ 3,911,560	$ 11,911,229	$ (7,999,669)	(67.2)%
Cost of revenues	(2,077,516)	(1,256,353)	(821,163)	65.4 %
Gross profit	**1,834,044**	**10,654,876**	**(8,820,832)**	**(82.8)%**
Operating expenses				
Selling and marketing expenses	(1,086,078)	(947,834)	(138,244)	14.6 %
General and administrative expenses	(2,856,789)	(2,103,263)	(753,526)	35.8 %
Provision for doubtful accounts	(6,880,008)	(1,960,604)	(4,919,404)	250.9 %
Impairment of property and equipment	(434,878)	—	(434,878)	100 %
Total operating expenses	**(11,257,753)**	**(5,011,701)**	**(6,246,052)**	**124.6 %**
(Loss) Income from operations	**(9,423,709)**	**5,643,175**	**(15,066,884)**	**(267.0)%**
Other income (expenses)				
Interest expense, net	(57,109)	(183,896)	126,787	(68.9)%
Change in fair value of warrant liabilities	2,367,632	—	2,367,632	100 %
Subsidy income	574,878	955,439	(380,561)	(39.8)%
Other (expenses) income, net	(209,145)	638,611	(847,756)	(132.7)%
Total other income, net	**2,676,256**	**1,410,154**	**1,266,102**	**89.8 %**
(Loss) Income before income taxes	**(6,747,453)**	**7,053,329**	**(13,800,782)**	**(195.7)%**
Income tax expense	—	(108,638)	108,638	(100.0)%
Net (loss) income	**$ (6,747,453)**	**$ 6,944,691**	**$ (13,692,144)**	**(197.2)%**

Revenues

We primarily generate our revenues from providing online marketing solutions. We recognize all our revenues on a net basis, which comprises of (i) rebates and incentives offered by publishers for procuring advertisers to place ads with them, which are typically calculated with reference to the advertising spend of our advertisers and are closely correlated to our gross billing from advertisers; and (ii) net fees from advertisers, which are essentially the fees we charge our advertisers (i.e. gross billing) net of the media costs we incurred on their behalf.

Our total revenues decreased by $8.0 million or 67.2%, from $11.9 million for the year ended December 31, 2020, to $3.9 million for the year ended December 31, 2021. The following table sets forth a breakdown of our revenues:

	For the Years Ended December 31,				Variance	
	2021	%	2020	%	Amount	%
Rebates and incentives offered by publishers	$ 3,663,168	93.6 %	$ 9,430,758	79.2 %	$ (5,767,590)	(61.2)%
Net fees from advertisers	248,392	6.4 %	2,480,471	20.8 %	(2,232,079)	(90.0)%
Total	**$ 3,911,560**	**100.0 %**	**$ 11,911,229**	**100.0 %**	**$ (7,999,669)**	**(67.2)%**

The rebates and incentives offered by publishers decreased by $5.7 million, or 61.2%, from $9.4 million for the year ended December 31, 2020 to $3.7 million for the year ended December 31, 2021, which was mainly caused by the decrease of $6.1 million in revenue from Sogou, as the authorized agency agreement between the Company and Sogou expired on March 31, 2021. Sogou was our top publisher for the year ended December 31, 2020. In the first half of 2021, we entered into authorized agency agreements with both Alibaba and ByteDance, respectively, focusing on the provision of advertising agency services for advertisers in the education industry. However, due to the spread of unofficial news (which was officially announced in late July 2021) related to new governmental regulations restricting off-campus tutoring for students undergoing compulsory education in on the education industry since mid-April 2021, our advertisers in the education industry adopted conservative business strategies and decreased the number of their advertising services orders. As a result, the purchasing orders from our advertisers were negatively impacted and the rebates and incentives we earned from Alibaba and ByteDance were below expectations.

The net fees from advertisers decreased by $2.3 million, or 90.0%, to $0.2 million for the year ended December 31, 2021 from $2.5 million for the year ended December 31, 2020. The decrease was mainly caused by the decrease of $2.3 million in net fees earned from advertisers for mobile app ad services. Because advertisers of mobile app ad services were affected by the COVID-19 pandemic and required a long extension of credit from us, we reduced the amount of services rendered to such advertisers for the year ended December 31, 2021.

The following table sets forth a breakdown of revenues by services offered during the years ended December 31, 2021 and 2020:

	For the years ended December 31,		Variance	
	2021	2020	Amount	%
SEM services				
Gross billing	$ 22,618,957	$ 83,441,991	$ (60,823,034)	(72.9)%
Less: Media costs	20,169,837	75,276,377	(55,106,540)	(73.2)%
(as % of gross billing)	89.2 %	90.2 %		
Revenue from SEM services	**$ 2,449,120**	**$ 8,165,614**	**$ (5,716,494)**	**(70.0)%**
Non-SEM services				
Gross billing	$ 32,113,575	$ 51,442,185	$ (19,328,610)	(37.6)%
Less: Media costs	30,651,135	47,696,570	(17,045,435)	(35.7)%
(as % of gross billing)	95.4 %	92.7 %		
Revenue from Non-SEM services	**$ 1,462,440**	**$ 3,745,615**	**$ (2,283,175)**	**(61.0)%**
Revenues	**$ 3,911,560**	**$ 11,911,229**	**$ (7,999,669)**	**(67.2)%**

The revenues from SEM services consist of rebates and incentives offered by publishers. The revenues from SEM services decreased by $5.8 million, or 70.0%, to $2.4 million for the year ended December 31, 2021 from $8.2 million for the year ended December 31, 2020. The decrease in revenues from SEM services was primarily due to a decrease of $6.1 million, or 75.8% of revenues from Sogou as we has not provided agency services to Sogou since April 2021.

The revenues from non-SEM services consist of both rebates and incentives offered by publishers and the net fees from advertisers. The revenues from non-SEM services decreased by $2.2 million, or 61.0%, to $1.5 million for the year ended December 31, 2021 from $3.7 million for year ended December 31, 2020. Such decrease was mainly due to a decrease of $2.3 million in revenues generated from mobile app ads placed by our existing advertisers, as their business operations were affected by the COVID-19 pandemic and required longer credit term. As such, the Company reduced its provision of mobile app services for the year ended December 31, 2021.

Cost of revenues

Our total cost of revenues increased by $0.8 million or 65.4%, from $1.3 million for the year ended December 31, 2020, to $2.1 million for the year ended December 31, 2021. The following table sets forth a breakdown of our cost of revenues by services offered for the years ended December 31, 2021 and 2020:

	For the years ended December 31,				Variance	
	2021	%	2020	%	Amount	%
SEM services	$ 1,662,013	80.0 %	$ 1,005,082	80.0 %	$ 656,931	65.4 %
Non-SEM services	415,503	20.0 %	251,271	20.0 %	164,232	65.4 %
Total	**$ 2,077,516**	**100.0 %**	**$ 1,256,353**	**100.0 %**	**$ 821,163**	**65.4 %**

Given that the revenues are recognized on a net basis, the cost of revenues was primarily comprised of payroll and welfare expenses incurred by staff responsible for advertiser services and media relations, and taxes and surcharges.

The increase was primarily attributable to an increase of staff costs by $0.9 million, or 76.3%, as a result of an increase of 46 additional employees (based on monthly average headcount) hired for agency services for Alibaba and ByteDance. The Company employed staff who were expert in producing short video clips and flow media for these two customers. However, as they were affected by the Chinese government's policies on the educational industry, the two customers contributed less revenue than previously forecasted.

Gross profit

As a result of changes in revenue and cost of revenues, our gross profit decreased by $8.8 million, or 82.8% from $10.7 million for the year ended December 31, 2020 to $1.8 million for the year ended December 31, 2021. The following table sets forth a breakdown of gross profit by services offered for the year ended December 31, 2021 and 2020:

	For the years ended December 31,				Variance	
	2021	%	2020	%	Amount	%
SEM services	$ 787,107	42.9 %	$ 7,160,532	67.2 %	$ (6,373,425)	(89.0)%
Non-SEM services	1,046,937	57.1 %	3,494,344	32.8 %	(2,447,407)	(70.0)%
Total	**$ 1,834,044**	**100.0 %**	**$ 10,654,876**	**100.0 %**	**$ (8,820,832)**	**(82.8)%**

Operating expenses

Our operating expenses increased by $6.3 million, or 124.6%, from $5.0 million for the year ended December 31, 2020, to $11.3 million for the year ended December 31, 2021. The following table sets forth a breakdown of our operating expenses for the years ended December 31, 2021 and 2020:

	For the years ended December 31,				Variance	
	2021	%	2020	%	Amount	%
Revenues	**$ 3,911,560**	**100 %**	**$ 11,911,229**	**100 %**	**$ (7,999,669)**	**(67.2)%**
Operating expenses						
Selling and marketing expenses	1,086,078	27.8 %	947,834	8.0 %	138,244	14.6 %
General and administrative expenses	2,856,789	73.0 %	2,103,263	17.7 %	753,526	35.8 %
Provision for doubtful accounts	6,880,008	175.9 %	1,960,604	16.5 %	4,919,404	250.9 %
Impairment of property and equipment	434,878	11.1 %	—	0 %	434,878	100 %
Total operating expenses	**$ 11,257,753**	**287.8 %**	**$ 5,011,701**	**42.1 %**	**$ 6,246,052**	**124.6 %**

Selling and marketing expenses

Selling and marketing expenses primarily included payroll and welfare expenses incurred by sales and marketing personnel, business travel expenses, and entertainment expenses. Selling expenses increased by $0.2 million, or 14.6%, from $0.9 million for the year ended December 31, 2020 to $1.1 million for the year ended December 31, 2021. This increase in selling expenses was primarily due to an increase of $0.4 million in salary and welfare expenses because we employed more sales staff to provide agency services for ByteDance, a newly acquired customer in the year 2021, and we did not enjoy the COVID-19 related temporary social insurance contribution exemption as we did in 2020, partially offset by a decrease of $0.2 million in entertainment expenses as we decreased our marketing and promotion expenditures as a result of decrease of revenues.

General and administrative expenses

General and administrative expenses primarily consist of payroll and welfare expenses incurred by administration department as well as management, operating lease expenses for office rentals, depreciation and amortization expenses, travelling and entertainment expenses, and consulting and professional fees. General and administrative expenses increased by $0.8 million, or 35.8%, from $2.1 million for the year ended December 31, 2020 to $2.9 million for the year ended December 31, 2021. The increase was primarily due to (i) $0.3 million incurred by us for directors and officers insurance since our listing on NASDAQ in February 2021, and (ii) an increase of $0.3 million in rental expenses as in March 2021, we relocated to a new office space with a higher monthly rent.

Provision for doubtful accounts

The following table sets forth a breakdown of provision for doubtful accounts for the years ended December 31, 2021 and 2020:

	For the years ended December 31,		Variances	
	2021	2020	Amount	%
Provision for doubtful accounts receivables	$ 4,155,246	$ 1,960,604	$ 2,194,642	111.9 %
Provision for doubtful prepayments	2,668,421	—	2,668,421	100 %
Provision for doubtful other current assets	56,341	—	56,341	100 %
	$ 6,880,008	**$ 1,960,604**	**$ 4,919,404**	**250.9 %**

Provision for doubtful accounts receivables

Provision for doubtful accounts receivable increased by $2.2 million, or 111.9%, from $2.0 million for the year ended December 31, 2020 to $4.2 million for the year ended December 31, 2021. The increase was primarily because some of our mobile app ads advertisers were adversely affected by both the COVID-19 pandemic and stricter governmental regulations affecting the financial and insurance industry, education industry and gaming industry. Accordingly, our advertisers in these industries slowed down payments of accounts receivables and required us to provide longer credit terms. We provided increasing allowances on accounts receivables due from these advertisers according to the Company's provision policy.

Provision for doubtful prepayments

Provision for doubtful prepayments was $2.7 million and $nil for the years ended December 31, 2021 and 2020. Such prepayments were made to certain publishers for purpose of lock in media cost. However as they were affected by COVID-19, the Company did not place advertising service orders with these publishers over the past two years, and the Company provided full allowance against these prepayments because the prepayment aged over two years and the Company was uncertain if it could obtain the services underlying the prepayments or to be refunded.

Impairment of property and equipment

For the year ended December 31, 2021, the Company provided impairment of $0.4 million on 1,000 miners accordingly to its subsequent sale price. These miners were not put into use during the year ended December 31, 2021, and was sold in the end of February 2022.

Interest expense, net

Interest expense primarily arise from the loans we obtained from bank borrowings. Interest expense, net decreased by $0.1 million, or 68.9%, from $0.2 million for the year ended December 31, 2020 to $0.1 million for the year ended December 31, 2021, which was mainly attributable to a decrease of the weighted average outstanding loan balance from $2.7 million for the year ended December 31, 2020 to $2.3 million for the year ended December 31, 2021, and a decrease of the weighted average interest rate from 5.78% for the year of 2020 to 4.01% for the year of 2021.

Change in fair value of warrant liabilities

The change in fair value of warrant liability for the year ended December 31, 2021 represents a net remeasurement gain of $2.4 million for the private placement warrants, which were issued to two investors in connection with our private placement of $10.0 million on March 18, 2021. The fair value of the warrants as of March 18, 2021 and December 31, 2021 was estimated to be $2.4 million and $3 thousand, respectively, by using the Black-Scholes valuation model. The change in fair value as of December 31, 2021 as compared to that of March 18, 2021 amounted to $2.4 million, which was recognized in the consolidated statements of operations.

Subsidy income

Subsidy income for the year ended December 31, 2021 primarily consisted of subsidy income from local tax authority of $0.6 million. Subsidy income for the year ended December 31, 2020 primarily consisted of subsidy income from local tax authority of $0.9 million and $0.03 million received from a local government to promote and attract investment and setting up of business.

Other (expenses) income, net

For the year ended December 31, 2021, other expenses, net primarily consisted of loss from nonrefundable rental deposits of $0.1 million and nondeductible input value-added taxes of $0.1 million. Other income, net primarily consisted of gain from disposal of the intangible asset, copyrights, of $0.6 million for the year ended December 31, 2020.

Income tax expense

Income tax expense was $nil for the year ended December 31, 2021, as compared to income tax benefits of $0.1 million for the year ended December 31, 2020. For the year ended December 31, 2021, we incurred net operating losses and were not subject to income tax expenses. For the year ended December 31, 2020, the income tax expense arose from the valuation allowance on deferred tax assets recognized for Beijing Baosheng as of December 31, 2019 due to uncertainties surrounding future utilization.

Net (Loss) Income

As a result of the foregoing, we reported a net loss of $6.7 million for the year ended December 31, 2021, as compared to a net income of $6.9 million for the year ended December 31, 2020.

B. Liquidity and Capital Resources

Liquidity and Capital Resources

To date, we have financed the operations primarily through cash flow from operations, loans from third parties, and proceeds raised in our initial public offering. We plan to support our future operations primarily from cash generated from our operations and cash on hand, borrowings from third parties and bank borrowings, and proceeds from equity instrument financing, where necessary.

On December 22, 2022, Baosheng Network entered into a bank loan agreement with Bank of Beijing under which Beijing Baosheng borrowed a one-year loan of RMB10.0 million (approximately $1.4 million). The interest rate for the borrowing was fixed at 3.65% per annum. The loan is guaranteed by two third parties, for whom the Company involved a third party counter-guarantor. In addition, the Company pledged its properties with the counter guarantor.

The Company had a net loss of $22.5 million and $6.7 million for the years ended December 31, 2022 and 2021, and the Company had a history of cash outflows, reporting cash outflows of $31.2 million and $3.4 million from operating activities for the years ended December 31, 2021 and 2020, respectively. These factors raise a substantial doubt about the Company's ability to continue as a going concern.

As December 31, 2022, in addition to cash of $6.8 million, our total gross accounts receivable were $49.8 million, and our total media deposit balance was $1.3 million. Cash generated from the collection of such receivables and deposits will be used in our operation as working capital.

As of December 31, 2022, our working capital was $38.7 million. Our working capital needs are influenced by the size of our operations, the volume and dollar value of our sales contracts, the performance on our customer contracts, and the timing for collecting accounts receivable and media deposits, and repayment of accounts payable and advertiser deposits.

Substantially all of our current operations are conducted in China and all of our revenue, expenses, cash and cash equivalents are denominated in RMB. Due to the PRC exchange control regulations that restrict our ability to convert RMB into U.S. dollars, we may have difficulty distributing any dividends outside of China. On December 31, 2018, the Company's board of directors approved a resolution to pay a cash dividend of RMB 50.0 million (equivalent to $7.3 million) to our shareholders at the time of record, out of the retained earnings balance. As our shareholders are in the form of limited companies, income taxes are exempted in accordance with PRC tax laws. During the year ended December 31, 2022, 2021 and 2020, the Company paid dividends of $1.2 million, $2.2 million, and $nil to its shareholders. As of December 31, 2022, the Company had no outstanding dividends payable.

The Company intends to meet the cash requirements for the next 12 months from the issuance date of this report through a combination of application of credit terms, bank loans, and principal shareholder's financial support.

However, future financing requirements will depend on many factors, including the scale and pace of the expansion of the Company's advertising business, the expansion of the Company's sales and marketing activities, and potential investments in, or acquisitions of, businesses or technologies. Inability to obtain credit terms from medias or access to financing on favorable terms in a timely manner or at all would materially and adversely affect the Company's business, results of operations, financial condition, and growth prospects.

We have limited financial obligations denominated in U.S. dollars, thus the foreign currency restrictions and regulations in the PRC on the dividends distribution will not have a material impact on our liquidity, financial condition, and results of operations.

Cash Flows

The following table presents the summary of our cash flows for the periods indicated:

	For the Years Ended December 31,		
	2022	2021	2020
Net Cash Provided by (Used in) Operating Activities	$ 1,601,481	$ (31,213,199)	$ (3,393,204)
Net Cash (Used in) Provided by Investing Activities	(3,777,782)	(6,414,339)	1,244,612
Net Cash Provided by Financing Activities	295,765	36,085,744	772,373
Effect of exchange rate changes on cash and cash equivalents	(323,238)	152,389	631,527
Net (decrease) in cash, cash equivalents and restricted cash	(2,203,774)	(1,389,405)	(744,692)
Cash, cash equivalents and restricted cash at beginning of year	8,882,851	10,272,256	11,016,948
Cash, cash equivalents and restricted cash at end of year	**$ 6,679,077**	**$ 8,882,851**	**$ 10,272,256**

Operating Activities

Net cash provided by operating activities was $1.6 million for the year ended December 31, 2022, mainly derived from (i) net loss of $23.7 million for the year adjusted for noncash provision for doubtful accounts of $20.5 million, (ii) net changes in our operating assets and liabilities, principally comprising of (a) a decrease in accounts receivable of $1.4 million because of collections; (b) a decrease of advances from advertisers of $0.8 million due to the intense competition in the advertising agency industry, which resulted in less advances required; and (c) a decrease in prepayment of $6.9 million and accounts payable to third parties of $2.4 million as a result of the decrease of purchases of ads on behalf of advertisers.

Net cash used in operating activities was $31.2 million for the year ended December 31, 2021, mainly derived from (i) net loss of $6.7 million for the year adjusted for noncash provision for doubtful accounts receivable and prepayments of $4.2 million and $2.7 million, respectively, as well as the change in fair value of warrant liabilities of $2.4 million, and (ii) net changes in our operating assets and liabilities, principally comprising of (a) a decrease in accounts receivable of $6.1 million as a result of decrease of revenues; (b) an increase of customer deposits of $5.0 million due to the intense competition in the advertising agency industry and less advances required; and (c) an increase in prepayment of $5.8 million and a decrease in accounts payable of $23.8 million due to the increasing prepayment requirements by publishers from the Company.

Net cash used in operating activities was $3.4 million for the year ended December 31, 2020, mainly derived from (i) net income of $6.9 million for the year adjusted for noncash provision for doubtful accounts of $2.0 million, and an increase in accounts receivable of $12.5 million because customers delayed repayments as affected by COVID-19.

We generally grant a credit term of up to 180 days to advertisers. The turnover days for accounts receivable for the years ended December 31, 2022, 2021 and 2020 were 369 days, 442 days, and 167 days, respectively. The long turnover days of accounts receivable for the year of 2022 and 2021 was mainly due to a slowdown in payment from our mobile apps customers, who were severely affected by the COVID-19 pandemic and required a longer term for extension of credit from us. Our turnover days for accounts receivable is calculated as the average of the beginning and ending balance of the gross carrying amount of accounts receivable for the year, divided by our gross billing for the year, multiplied by 365 days.

We are generally granted credit term of up to 90 days by publishers for our SEM services, and credit term ranging from prepayments to 180 days for our non -SEM services. The turnover days for accounts payable for the years ended December 31, 2022, 2021 and 2020 were 72 days, 172 days, 103 days, respectively. The increase of turnover days of accounts payable for the year of 2021 was mainly caused by increase of media costs of non-SEM services as a percentage of the total media costs. Our turnover days for accounts payable is calculated as the average of the beginning and ending balance of the carrying amount of accounts payable for the year, divided by our media costs for the year, multiplied by 365 days.

Investing Activities

Net cash used in investing activities amounted to $3.8 million for the year ended December 31, 2022, primarily including the purchase of property and equipment of $1.5 million, purchases of short-term investments of $5.2 million and investment in an investee of $0.8 million, partially offset by proceeds of $1.9 million from redemption of short-term investments and repayment of loans of $1.6 million from related parties.

Net cash used in investing activities amounted to $6.4 million for the year ended December 31, 2021, primarily including purchase of property and equipment of $1.1 million, purchase of intangible assets of $3.8 million, and investment of $1.6 million in one investee over which the Company owned 10% equity interest.

Net cash provided by investing activities amounted to $1.2 million for the year ended December 31, 2020, primarily including proceeds of $1.2 million from sales of copyrights to a third party.

Financing Activities

Net cash provided by financing activities amounted to $0.3 million for the year ended December 31, 2022, primarily consisting of proceeds from bank borrowing of $1.5 million, partially offset by payment of dividends of $1.2 million to shareholders.

Net cash provided by financing activities amounted to $36.1 million for the year ended December 31, 2021, primarily consisting of net proceeds of $30.7 million from issuance of ordinary shares in our initial public offering, including over-allotment shares, net proceeds of $9.9 million from issuance of ordinary shares in a private placement, and proceeds from bank borrowing of $7.8 million, partially offset by repayment of bank borrowings of $9.3 million, repayment of related party loans of $0.7 million and repayment of dividends of $2.2 million to shareholders.

Net cash provided by financing activities amounted to $0.8 million for the year ended December 31, 2020, primarily consisting of proceeds from third-party loans of $6.6 million and bank borrowing of $1.4 million, partially offset by repayment of third parties loans of $6.9 million and payment of issuance costs related to our initial public offering of $0.4 million.

Capital Expenditures

Our capital expenditures were $1.5 million $1.9 million, and $1,007 in fiscal years ended December 31, 2022, 2021 and 2020, respectively. We intend to fund our future capital expenditures with our existing cash balance and cash flow from operating activities. We will continue to make capital expenditures to meet the expected growth of our business

Holding Company Structure

Baosheng Media Group Holdings Limited is a holding company with no material operations of its own. We conduct our operations primarily through our subsidiaries in China. As a result, our ability to pay dividends depends upon dividends paid by our PRC subsidiaries. In addition, our PRC subsidiaries are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with the Accounting Standards for Business Enterprise as promulgated by the Ministry of Finance of the PRC, or PRC GAAP. Pursuant to the law applicable to China's foreign investment enterprise, foreign investment enterprise in the PRC have to make appropriation from their after-tax profit, as determined under PRC GAAP, to reserve funds including (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of our subsidiary. Appropriation to the other two reserve funds are at our subsidiary's discretion.

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, we are not aware of any trends, uncertainties, demands, commitments or events for the fiscal year ended December 31, 2022 that are reasonably likely to have a material effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP, which requires our management to make estimates that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet dates, as well as the reported amounts of revenues and expenses during the reporting periods. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations would be affected. We base our estimates on our own historical experience and other assumptions that we believe are reasonable after taking account of our circumstances and expectations for the future based on available information. We evaluate these estimates on an ongoing basis.

Our expectations regarding the future are based on available information and assumptions that we believe to be reasonable, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations. When reading our consolidated financial statements, you should consider our selection of critical accounting policies, the judgment and other uncertainties affecting the application of such policies and the sensitivity of reported results to changes in conditions and assumptions.

When reading our consolidated financial statements, you should consider our selection of critical accounting policies, the judgment and other uncertainties affecting the application of such policies and the sensitivity of reported results to changes in conditions and assumptions. Our critical accounting policies and practices include the following: (i) revenue recognition; (ii) accounts receivable, net; and (iii) income taxes. See Note 2—Summary of Significant Accounting Policies to our consolidated financial statements for the disclosure of these accounting policies. We believe the following accounting estimates involve the most significant judgments used in the preparation of our financial statements.

While management believes its judgments, estimates and assumptions are reasonable, they are based on information presently available and actual results may differ significantly from those estimates under different assumptions and conditions. We believe that the following critical accounting estimates involve the most significant judgments used in the preparation of our financial statements.

Allowance against accounts receivable

Accounts receivable are recognized and carried at the gross billing amount less an allowance for any uncollectible accounts due from the advertisers.

We determine the adequacy of allowance for doubtful accounts based on individual account analysis, historical collection trends and aging of accounts receivables. We establish a provision for doubtful receivables when there is objective evidence that we may not be able to collect amounts due. The allowance is based on management’s best estimate of specific losses on individual exposures. The provision is recorded against accounts receivables balances, with a corresponding charge recorded in the consolidated statements of income and comprehensive income. Actual amounts received may differ from management’s estimate of credit worthiness and the economic environment. Delinquent account balances are written-off against the allowance for doubtful accounts after management has determined that the likelihood of collection is not probable.

For the years ended December 31, 2022, 2021 and 2020, we provided allowance against accounts receivable of $19,276,587, $4,155,246 and $1,960,604, respectively. For the years ended December 31, 2022, 2021 and 2020, we wrote off allowance against accounts receivable of $7,239,204, $2,562,857 and $nil, respectively.

Valuation of deferred tax assets

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. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

As of December 31, 2022 and 2021, deferred tax assets from the net operating loss carryforwards amounted to $1.2 million and $1.6 million, respectively. We have recognized a valuation allowance of $1.2 million, $1.6 million and $nil for the years ended December 31, 2022, 2021 and 2020, respectively.

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 PRC operating entities in 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 RMB 100,000 ($15,000). In the case of transfer pricing issues, the statute of limitation is ten years. There is no statute of limitation in the case of tax evasion. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred.

We did not accrue any liability, interest or penalties related to uncertain tax positions in its provision for income taxes line of its consolidated statements of income for the years ended December 31, 2022, 2021 and 2020, respectively. We do not expect that its assessment regarding unrecognized tax positions will materially change over the next 12 months.

Recent accounting pronouncements

A list of recently issued accounting pronouncements that are relevant to us is included in note 2 to our consolidated financial statements included elsewhere in this prospectus.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers as of the date of this annual report.

Name	Age	Position(s)
Shasha Mi	36	Chairperson of the board and Chief Executive Officer
Sheng Gong	41	Director
Yue Jin	41	Chief Financial Officer
Kun Zhang	41	Independent Director
Guangyao Zhu	41	Independent Director
Changhong Jiang	46	Independent Director

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

Shasha Mi, age 36, serves as the Company's Chief Executive Officer, the Chairperson of the Board of Directors, and director since July 2022. Ms. Shasha Mi has more than ten years of management experience in the online advertising industry. Since August 2021, Ms. Shasha Mi has served as the Chief Executive Officer and the chairperson of the board of Beijing Baosheng Network Technology Co., Ltd., a limited liability company formed in the China and an indirect wholly-owned subsidiary of the Company. Ms. Shasha Mi is responsible for designing business strategies for Baosheng Network, overseeing the execution of business strategies, and managing the daily operations of Baosheng Network. From August 2017 to July 2021, Ms. Shasha Mi served as the chairperson of the board of directors of Beijing Baosheng. From August 2016 to June 2017, Ms. Shasha Mi served as the vice president at Jiangsu Wansheng Weiye Network Technology Co., Ltd., an online advertising company in the PRC. From May 2012 to July 2016, Ms. Shasha Mi served as the sales director at Beijing Qihoo Technology Co., Ltd. Ms. Shasha Mi obtained her bachelor's degree in accounting from Beijing Union University in 2008. Ms. Mi is pursuing her master's degree in business administration from Tsinghua University and expects to obtain her degree in 2023.

Sheng Gong, age 41, serves as our director and the national sales director of our SEM advertising, and is primarily responsible for overseeing the business development, sales and marketing of our SEM services. Mr. Sheng Gong has over 10 years of experience in business development and sales and marketing in the media industry in China. Since August 2021, Mr. Sheng Gong has served as the legal corporate representative and director of Baosheng Network, responsible for overseeing the company's business development, client relations, and management functions. From June 2018 to July 2021, Mr. Sheng Gong served as the head of business department of the Beijing branch company of Horgos Baosheng. Prior to that, Mr. Sheng Gong served as a director, head of business development, and legal corporate representative of Beijing Baosheng from May 2016 to May 2018. Mr. Sheng Gong received a bachelor's degree in computer application from Beijing Jianshe University in the PRC in 2004.

Yue Jin, age 41, serves as our chief financial officer and our financial director. Mr. Yue Jin is responsible for managing our finances, evaluating our financial risks and opportunities, and is responsible for financial reporting. Mr. Yue Jin has over 10 years of financial experience. Prior to joining us in January 2020 as the financial director of Beijing Baosheng, Mr. Yue Jin served as the financial director at Using Media Group from November 2018 to December 2019. From May 2011 to October 2018, Mr. Yue Jin served as the financial manager and vice financial director at Beijing Zoom Interactive Online Marketing Technology Co., Ltd. Mr. Yue Jin received a diploma from Renmin University in the PRC in 2003 with a major in financial accounting and received a bachelor's degree in accounting from Capital University of Economics and Business in Beijing in 2012.

Kun Zhang, age 41, has served as the Company's independent director since August 2021. Mr. Kun Zhang has 17 years of experience in corporate finance, investment banking and business management. From 2016 to present, Mr. Zhang has been working as the General Manager for Guangzhou Aidi Auto Tech Development Co., Ltd. From November 2009 to December 2015, Mr. Kun Zhang worked for Eastman Chemical Company (NYSE: EMN), one of the Fortune 500 companies, as a business director. Mr. Kun Zhang graduated from Xi'An University of Science and Technology with a bachelor's degree in environmental engineering the PRC in 2003, and obtained an advanced MBA degree from the School of Economics and Management, Tsinghua University in the PRC in 2018.

Guangyao Zhu, age 41, has served as the Company's independent director since September 2022. Mr. Zhu has served as the chairman at Beijing Mingdi Technology and Trade Development Co., Ltd., a company that invests in the business of landscaping, construction, and construction supplies since October 2021. Since December 2018, Mr. Guangyao Zhu has served as the deputy secretary general at the artificial intelligence education special committee of the China Electronics Chamber of Commerce, where Mr. Zhu was primarily responsible for outreach activities of the special committee. From September 2017 to November 2018, Mr. Zhu served as the chairman of the board of directors at Beijing Kunyue Education Technology Co., Ltd., a company investing in Sino-foreign cooperative education and school-enterprise cooperative education, where Mr. Zhu was mainly responsible for overseeing the company's daily operations and making strategic decisions for the company. Mr. Zhu obtained his bachelor's degree in English from Beijing Foreign Studies University in the PRC in 2003 and his master's degree in international trade from the University of Murcia in Spain in 2022.

Changhong Jiang, age 46, has served as the Company's independent director since February 2022. Mr. Changhong Jiang has over 15 years of experience in corporate finance and auditing and is familiar with the reporting requirements of U.S. GAAP. Since June 2019, Mr. Changhong Jiang has served as the deputy general manager, board secretary and partner of Beijing Zhongke Natong Electronic Technology Co., Ltd., where he mainly oversees the company's initial public offering process. From December 2015 to May 2019, Mr. Jiang served as the financial director of Tianjin Taida Energy Group Co., Ltd, overseeing the company's financial management, financing, budgeting and auditing functions. Mr. Changhong Jiang obtained his associate degree in accounting from Beijing Forestry University in the PRC in 2004 and bachelor's degree in labor and social security from Jilin University in the PRC in 2015.

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	0	4	0	1
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction	0			
LGBTQ+	0			
Did Not Disclose Demographic Background	5			

Family Relationships

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

B. Compensation

For the fiscal year ended December 31, 2022, we paid an aggregate of $106,041.20 in cash to our executive officers, and we paid $59,663.75 in cash to our non-executive directors. 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 subsidiary is 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.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period, which will be automatically renewed for additional one-year terms unless either party provides a two-month prior written notice 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 their employment, conviction of a criminal offense, willful disobedience of a lawful and reasonable order, fraud or dishonesty, receiving bribes, or severe neglect of his or her duties. An executive officer may terminate his or her employment at any time with a three-month prior written notice. Each executive officer has agreed 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.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agreed to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

C. Board Practices

Board of directors

Our board of directors consists of five directors, including three independent directors. A director is not required to hold any shares in our company to qualify to serve as a director. A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract or arrangement with our company is required to declare the nature of his interest at a meeting of our directors. A director may vote in respect of any contract, proposed contract or arrangement notwithstanding that he may be interested therein, and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of our directors at which any such contract, proposed contract or arrangement is considered. Our directors may exercise all the powers of our company to borrow money, mortgage or charge its undertaking, property and uncalled capital, and to issue debentures or other securities whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third party. None of our directors has a service contract with us that provides for benefits upon termination of service.

Committees of the board of directors

We have established the following committees in our board of directors: an audit committee, a compensation committee and a nominating and corporate governance committee. The committees operate in accordance with terms of reference established by our board of directors.

Audit Committee. Our audit committee consists of Changhong Jiang, Guangyao Zhu, and Kun Zhang. Changhong Jiang is the chairman of our audit committee. We have determined that Changhong Jiang, Guangyao Zhu, and Kun Zhang satisfy the "independence" requirements of the Nasdaq corporate governance rules and Rule 10A-3 under the Securities Exchange Act. Our board also has determined that Mr. Changhong Jiang qualifies as an audit committee financial expert within the meaning of the SEC rules or possesses financial sophistication within the meaning of the Nasdaq corporate governance 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 any audit problems or difficulties and management's response with the independent auditors;
- 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 Kun Zhang, Guangyao Zhu, and Changhong Jiang. Mr. Kun Zhang is the chairperson of our compensation committee. We have determined that Kun Zhang, Guangyao Zhu, and Changhong Jiang satisfy the "independence" requirements of the Nasdaq corporate governance rules and Rule 10C-1 under the Securities Exchange Act. 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 recommending compensation packages for our most senior executive officers to the board;

- approving and overseeing compensation packages for our executives other than the most senior executive officers;
- reviewing and recommending to the board with respect to the compensation of our directors;
- 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 Guangyao Zhu, Changhong Jiang, and Kun Zhang. Mr. Guangyao Zhu is the chairperson of our nominating and corporate governance committee. Guangyao Zhu, Changhong Jiang, and Kun Zhang satisfy the "independence" requirements of the Nasdaq corporate governance rules. 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.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly, and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also have a duty to exercise skills they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than what may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care, and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time, and the class rights vested thereunder in the holders of the shares. Our company has the right to seek damages if a duty owed by our directors is breached. A shareholder may in certain circumstances have rights to damages if a duty owed by the directors is breached.

Our board of directors has all powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;

- appointing officers and determining the terms of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our Company; and
- approving the transfer of shares in our Company, including the registration of such shares in our share register.

Terms of Directors and Executive Officers

Our directors may be elected by a resolution of our board of directors or by an ordinary resolution of our shareholders. Our directors are not subject to a term of office and hold office until such time as they are removed from office by ordinary resolution of our shareholders. A director will cease to be a director if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found by our company to be or becomes of unsound mind; (iii) resigns his or her office by notice in writing to our company; or (iv) without special leave of absence from our board, is absent from three consecutive board meetings and our directors resolve that his office be vacated.

Our officers are elected by and serve at the discretion of the board of directors.

D. Employees

As of December 31, 2020, 2021 and 2022, we had a total of 78, 128 and 59 employees, all of which are located in China. The following table sets forth the breakdown of our employees by function as of December 31, 2022:

	As of December 31, 2022	
	Number	% of Total
Functions:		
Sales and marketing	10	17 %
Advertiser services	4	7 %
Ad optimization	33	56 %
Media relationships	3	5 %
Management and administration	9	15 %
Total	**59**	**100 %**

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives.

We primarily recruit our employees in China through direct hiring. We provide robust training programs for new employees that we hire. We also conduct regular and specialized internal training to meet the need of our employees in different departments. We believe such training program is effective in equipping our employees with the skill set and work ethics we require.

As required under PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity and unemployment benefit plans.

We enter into standard contracts and agreements regarding confidentiality, intellectual property, employment, ethic policies and non-competition with most of our executive officers, managers and employees. These contracts typically include a non-competition provision effective during and up to one year after termination of their employment with us and a confidentiality provision effective during and up to one year after their employment with us.

Our employees have not formed any employee union or association. We believe we maintain a good working relationship with our employees and we have not experienced any difficulty in recruiting staff for our operations as of the date of this annual report.

E. Share Ownership

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our Ordinary Shares as of April 18, 2023 by:

- each of our directors and executive officers; and
- each of our principal shareholders who beneficially own more than 5% of our total outstanding Ordinary Shares.

The calculations in the table below are based on 1,534,487 Ordinary Shares issued and outstanding as of April 18, 2023.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned		
	Number	Percentage of Total Ordinary Shares*	Percentage of aggregate voting power**
Directors and Executive Officers: †			
Shasha Mi	—	—	—
Sheng Gong (1)	34,375	2.24 %	0 %
Yue Jin	—	—	—
Guangyao Zhu	—	—	—
Kun Zhang	—	—	—
Changhong Jiang	—	—	—
All directors and executive officers as a group:	34,375	2.26 %	0 %
5% Shareholders:			
An Rui Tai BVI (2)	343,750	22.40 %	22.40 %
Deng Guan BVI (3)	239,584	15.61 %	15.61 %
PBCY Investment (4)	312,500	20.37 %	20.37 %
EJAM BVI (5)	104,645	6.82 %	6.82 %

Notes:

* For each person included in this column, percentage ownership is calculated by dividing the number of Ordinary Shares beneficially owned by such person by the sum of the total number of outstanding shares.

** For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Ordinary Shares as a single class.

† The business address for our directors and executive officers is East Floor 5, Building No. 8, Xishanhui, Shijingshan District, Beijing, People's Republic of China.

(1) Represents the number of Ordinary Shares beneficially owned by Mr. Sheng Gong through An Rui Tai BVI, a business company incorporated under the laws of the BVI, which is owned as to 10% by Mr. Sheng Gong. The registered address of An Rui Tai BVI is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands.

(2) Represents the number of Ordinary Shares beneficially owned by An Rui Tai BVI, a business company incorporated under the laws of the BVI, which is owned as to 90% by Ms. Wenxiu Zhong and 10% by Mr. Sheng Gong. The registered address of An Rui Tai BVI is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands.

(3) Represents the number of Ordinary Shares beneficially owned by Deng Guan BVI, a business company incorporated under the laws of the BVI and is wholly owned by Mr. Hui Yu. The registered address of Deng Guan BVI is Craigmuir Chambers, Road Town, Tortola VG 1110, British Virgin Islands.

(4) Represents the number of Ordinary Shares beneficially owned by PBCY Investment, a business company incorporated under the laws of the BVI and is owned as to 86.35% by Pubang Landscape through Pubang Hong Kong and 13.65% by CYY Holdings. The registered address of PBCY Investment is Craigmuir Chambers, Road Town, Tortola VG 1110, British Virgin Islands.

(5) Represents the number of Ordinary Shares beneficially owned by EJAM BVI, a business company incorporated under the laws of the BVI and wholly owned by EJAM International, which is a direct wholly owned subsidiary of EJAM Group. The registered address of EJAM BVI is Craigmuir Chambers, Road Town, Tortola VG 1110, British Virgin Islands.

As of the date of this annual report, approximately 30.30% of our issued and outstanding Ordinary Shares are held in the United States by one record holder (Cede and Company).

None of our shareholders has informed us that it is affiliated with a member of Financial Industry Regulatory Authority, or FINRA.

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

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

Material Transactions with Related Parties

For the years ended December 31, 2022, 2021 and 2020, our transactions with related parties were summarized in the below table:

1) Nature of relationships with related parties

Name	Relationship with the Company
EJAM GROUP Co., Ltd. ("EJAM Group")	Indirectly hold a 6.8% equity interest in the Company
Pubang Landscape Architecture (HK) Company Limited ("Pubang Hong Kong")	Indirectly hold a 20.4% equity interest in the Company
Horgos Zhijiantiancheng	Controlled by EJAM Group
Guangzhou Yijiantiancheng Technology Co., Ltd. ("Guangzhou Yijiantiancheng")	Controlled by EJAM Group
Horgos Meitui Network Technology Co., Ltd. ("Horgos Meitui")	Controlled by EJAM Group, and was disposed of by EJAM Group on March 24, 2020
Ms. Wenxiu Zhong	Former chairperson of the Board of Directors, former CEO and indirect equity shareholder of the Company
Anruitai Investment Limited ("Anruitai")	90% owned by Ms. Wenxiu Zhong and 10% owned by Mr. Sheng Gong, the Director and indirect equity shareholder of the Company

2) Transactions with related parties

	For the Years Ended December 31,		
	2022	2021	2020
Gross billing from a related party			
Horgos Zhijiantiancheng	$ —	$ 83,909	$ —
Guangzhou Yijiantiancheng	—	8,743	—
	$ —	$ 92,652	$ —
Services purchased from related parties			
Horgos Zhijiantiancheng	$ 4,464,919	$ 11,298,397	$ —

3) Balances with related parties

As of December 31, 2022 and 2021, the balances due from related parties were as follows:

	December 31, 2022	December 31, 2021
Media deposits		
Horgos Zhijiantiancheng (a)	$ 104,390	$ 1,426,419
Prepayments		
Horgos Zhijiantiancheng (a)	$ 3,314,744	$ 2,361,779
Due from related parties		
Ms. Wenxiu Zhong (b)	$ —	$ 1,720,102
Anruitai Investment Limited	28,667	28,667
	$ 28,667	$ 1,748,769

(a) Horgos Zhijiantiancheng is both a media and advertiser with the Company. For the years ended December 31, 2022 and 2021, the Company provided services to Horgos Zhijiantiancheng and paid media deposits with Horgos Zhijiantiancheng.

(b) As of December 31, 2021, the Company had amount due from Ms. Wenxiu Zhong of $1,734,604 with the amount due to Ms. Wenxiu Zhong of $14,502 being net off on the consolidated balance sheet. In connection with the lawsuit case filed by Ms. Chen Chen in June 2019, Ms. Wenxiu Zhong promised to unconditionally, irrevocably and personally bear all the potential economic expenses and losses arising from two lawsuits filed by Ms. Chen Chen against Beijing Baosheng and Baosheng Hong Kong. On February 8, 2022, the final judgment was enforced by the court with a total of RMB10,917,701 (approximately $1,713,225) applied to the satisfaction of such judgment and the payment in full of the related fees and expenses. Accordingly, Beijing Baosheng requested Ms. Wenxiu Zhong to perform her obligations under the Guarantee Letter by reimbursing Beijing Baosheng's litigation costs, including, but not limited to, the amount of damages imposed by the courts, court expenses, and attorney fees. As of December 31, 2021, the Company recorded a receivable of RMB11,053,940 ($1,734,604) due from Ms. Wenxiu Zhong. As of March 7, 2022, Ms. Wenxiu Zhong fully settled such balance by making cash payments in aggregate amount of RMB11,053,940 ($1,734,604).

Employment Agreements and Indemnification Agreements

See "Item 6. Directors, Senior Management and Employees—B. Compensation of Directors and Executive Officers—Employment Agreements and Indemnification Agreements."

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.

Legal Proceedings

We may from time to time become a party to various legal administrative proceedings arising in our ordinary course of our business. As of the date of this annual report, we were a party to one pending and one recently decided material legal proceedings. As we routinely enter into business contracts with our advertisers, we have been and may continue to be involved in legal proceedings arising from contract disputes.

In 2019, Horgos Baosheng brought a breach of contract claim against Qingdao Xingyuan Automobile Information Technology Co., Ltd. ("Qingdao Xingyuan") and sought recovery of RMB3.85 million in aggregate. On December 21, 2020, the reviewing court entered a judgment, ruling in favor of Horgos Baosheng and requiring Qingdao Xingyuan to compensate Horgos Baosheng RMB3.25 million and an extra penalty calculated based on the loan prime rate from August 28, 2019 to the actual date of payment. As of the date of this annual report, the judgment is under the stage of enforcement.

In April 2020, Beijing Baosheng brought a breach of contract claim against Guangzhou Aiyou Information Technology Co. Ltd. ("Guangzhou Aiyou") and sought recovery of RMB1,255,000 in aggregate. On August 22, 2020, the Beijing arbitration committee entered a judgment, ruling in favor of Beijing Baosheng and requiring Guangzhou Aiyou to compensate Beijing Baosheng RMB1,255,000, with a penalty of RMB592,360, and an extra daily penalty of 0.05%, calculated from April 21, 2020 to the actual date of payment, and arbitration-related expenses. On November 17, 2020, Beijing Baosheng filed a request with Guangzhou Intermediate People's Court, seeking to mandatorily enforce the judgment. As of the date of this annual report, the judgment is under the stage of enforcement.

In June 2021, Baosheng Technology brought a breach of contract claim against Beijing 5198 Technology Co., Ltd. ("5198") and Jiangxi Wanda Shikong Technology Co., Ltd. ("Wanda Shikong") in the Beijing Haidian District People's Court through the first hearing and sought recovery of RMB5,933,200 (approximately $931,429) and related liquidated damages. 5198 and Wan Shikong had paid RMB5,000,000 (approximately $784,929) as a security deposit to Baosheng Technology and Baosheng Technology believes that such security deposit can be used to offset the RMB5,933,200 recovery. In the meantime, the Company has requested the court to froze the two bank accounts of 5198 and Wanda Shikong with a total amount of RMB378,337 (approximately $53,393). On March 7, 2022, the court held the second hearing. On April 20, 2022, taking into account the defendant parties' financial situation as well as the long-term business relationship among the parties, Baosheng decided to withdraw its action against 5198 and only sought recovery of RMB370,000 (approximately $56,024) from Wanda Shikong. Wanda Shikong made no objection to the changed claims. Both parties agreed to resolve this dispute through court mediation. Subsequently, on April 24, 2022, the court issued a civil mediation statement confirming that the parties had reached the following agreement: (1) Wanda Shikong shall pay Beijing Baosheng RMB370,000 (approximately $56,024) by April 26, 2022, and (2) the litigation-related expenses shall be borne by Beijing Baosheng. On August 22, 2022, Beijing Baosheng received the full payment of RMB370,000 (approximately $56,024) from Wanda Shikong.

In January 2022, Beijing Baosheng brought a breach of contract claim against Beijing Hekai Qianyu Intelligent Technology Co., Ltd. ("Hekai Qianyu") and Beijing Zhigu Education Technology Co., Ltd. ("Zhigu Education") and Mr. Hongpeng Yao (the legal representatives of both Hekai Qianyu and Zhigu Education) in the Beijing Dongcheng District People's Court and sought recovery of RMB756, 000 (approximately $118,681) and related liquidated damages. Beijing Baosheng subsequently withdraw its action against Zhigu Education and agreed to resolve this dispute with the other two defendants through court mediation. On March 25, 2022, the court issued a civil mediation statement confirming that the parties had reached the following agreement: (1) Hekai Qianyu shall pay Beijing Baosheng RMB756,000 (approximately $118,681) by April 24, 2022, and in case of any late payment of the foregoing, an additional daily penalty calculated from April 25, 2022 to the actual date of payment shall be imposed; (2) Mr. Hongpeng Yao assumes jointly and several liability for the payment under item (1); and (3) the litigation-related expenses shall be borne by Hekai Qianyu and Mr. Hongpeng Yao. On April 25, 2022, Beijing Baosheng filed a request with the court, seeking to mandatorily enforce the settlement. As of the date of this annual report, the settlement is under the stage of enforcement, and Beijing Baosheng has not yet received any payment from the defendants.

In March 2022, Beijing Baosheng brought a breach of contract claim against Beijing Aipu New Media Technology Co., Ltd. ("Aipu") in the Beijing Haidian District People's Court and sought recovery of RMB1,783,834.04 (approximately $270,102) and related liquidated damages. On March 14, 2022, Beijing Baosheng applied for reservation of Aipu's property in an amount of RMB1,783,834.04 (approximately $270,102) and said application was approved by the court on March 17, 2022. On February 10, 2023, Beijing Baosheng applied for extension for reservation of Aipu' s property in an amount of RMB1,783,834.04 (approximately $270,102). As of the date of this annual report, Beijing Baosheng is waiting for the court's approval on the extension of reservation.

In December 2022, the Beijing Chaoyang District People's Court accepted a breach of contract case filed by Beijing Baosheng, as the complainant and Beijing Zhijin Dapeng Education Technology Co., Ltd ("Dapeng"), as the defendant. In this case, Beijing Baosheng sought recovery of RMB435,731.02 (approximately $63,271) and related liquidated damages from Dapeng. Later in February 2023, Beijing Baosheng submitted additional evidence to the court. As of the date of this annual report, Beijing Baosheng is waiting for the court's notice on the subsequent procedures.

In November 2022, Beijing Baosheng brought a breach of contract claim against Shanghai Yituo Information Technology Co., Ltd ("Yituo") in the Shanghai Jinshan District People's Court and sought recovery of RMB50,843.31 (approximately $7,383) and related liquidated damages. The court held the hearings on February 14, 2023 and March 27, 2023. The court entered a judgment on April 11, 2023, ruling in favor of Beijing Baosheng. The judgment was served to Beijing Baosheng on April 24, 2023, and will become final and binding on the parties if Yituo does not file any appeals against the judgement before May 9, 2023.

In April 2022, the Beijing Haidian District People's Court accepted a breach of contract case, filed by Beijing Baosheng as the complainant and Beijing Kaikeba Technology Co., Ltd. ("Beijing Kaikeba"), Huike Education Technology Group Co., Ltd., Hangzhou Kaikeba Technology Co., Ltd. ("HZ Kaikeba"), and Fang Yechang, as the defendants. In this case, Beijing Baosheng sought recovery of RMB34,436,345.13 (approximately $5,010,488.22) and related liquidated damages from Beijing Kaikeba, HZ Kaikeba, and Fang Yechang. As of the date of this annual report, Beijing Baosheng is waiting for the court's notice on the subsequent procedures. On February 27, 2023, the People's Court of Hangzhou Yuhang District ruled to accept the bankruptcy liquidation case of HZ Kaikeba and requested the creditors of HZ Kaikeba file their claims by April 21, 2023. Beijing Baosheng has filed its creditor claims involved in this case against HZ Kaikeba following the bankruptcy procedures. As of the date of this annual report, Beijing Baosheng is waiting for the bankruptcy administrator to confirm its rights as a creditor.

In April 2022, the Beijing Haidian District People's Court accepted a breach of contract case filed by Beijing Baosheng, as the complainant, and Beijing Kaikeba, HZ Kaikeba, and Fang Yechang, as the defendants. In this case, Beijing Baosheng sought recovery of RMB4,756,957.57 (approximately $692,137.33) and related liquidated damages from defendants. As of the date of this annual report, Beijing Baosheng is waiting for the court's notice on the subsequent procedures. On February 27, 2023, the People's Court of Hangzhou Yuhang District ruled to accept the bankruptcy liquidation case of HZ Kaikeba and requested the creditors of HZ Kaikeba file their claims by April 21, 2023. Beijing Baosheng has filed its creditor claims involved in this case against HZ Kaikeba following the bankruptcy procedures. As of the date of this annual report, Beijing Baosheng is waiting for the bankruptcy administrator to confirm its rights as a creditor.

In April 2022, the Beijing Dongcheng District People's Court accepted a breach of contract case filed by Beijing Baosheng, as the complainant, and Beijing Kaikeba, as the defendant. In this case, Beijing Baosheng sought recovery of RMB2,197,472.35 (approximately $319,732.23) and related liquidated damages from Beijing Kaikeba. On July 11, 2022, the court issued a civil mediation statement confirming that the parties had reached an agreement that, among others, Beijing Kaikeba agreed to pay Beijing Baosheng the service fee for the period from January 1, 2022 to March 31, 2022, in an amount of RMB 2,197,472.35 (approximately $317,974.25) in three installments by the end of 2022. As of the date of this annual report, Beijing Baosheng has not received any payment from Beijing Kaikeba. Given that Beijing Kaikeba currently has no assets, the court enforcement procedures against Beijing Kaikeba has been terminated in April 2023. In the event that the court or Beijing Baosheng locates any asset of Beijing Kaikeba, Beijing Baosheng will be able to apply for resumption of the enforcement procedures against Beijing Kaikeba.

On November 10, 2022, the Beijing Shijingshan District People's Court accepted a contract claim case filed by Beijing Baosheng, as the complainant, and Fang Yechang and his spouse, as defendants. In this case, Beijing Baosheng requested the defendants to assume joint and several guarantee liability for Beijing Kaikeba's debt to Beijing Baosheng in an amount of RMB2,197,472.35 (approximately $319,732.23). As of the date of this annual report, Baosheng is waiting for the court's notice on the hearing.

On April 6, 2023, the Longhua District People's Court of Shenzhen City, Guangdong Province accepted a case filed by Shenzhen Pusi Technology Co., Ltd ("Shenzhen Pusi"), as the complainant, and Beijing Baosheng, as the defendant. In this case, Shenzhen Pusi sought recovery of RMB160,964.7 (approximately $23,291.59) and related liquidated damages from Beijing Baosheng. The court hearing will be held on May 8, 2023.

Dividend Policy

We do not have any present plan to pay any cash dividends on our Ordinary Shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We rely principally on dividends from our PRC subsidiary for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiary to pay dividends to us.

Our board of directors has discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, 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. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our board of directors may deem relevant.

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. Offering and Listing Details

Our Ordinary Shares have been listed on the Nasdaq Capital Market since February 8, 2021. Our Ordinary Shares trade under the symbol "BAOS."

B. Plan of Distribution

Not applicable.

C. Markets

Our Ordinary Shares have been listed on the Nasdaq Capital Market since February 8, 2021. Our Ordinary Shares trade under the symbol "BAOS."

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 an exempted company with limited liability incorporated under the laws of the Cayman Islands and our affairs are governed by our Amended and Restated Memorandum and Articles of Association, as amended and restated from time to time, and Companies Act (As Revised) of the Cayman Islands, which we refer to as the Companies Act or the Cayman Companies Act below, and the common law of the Cayman Islands.

Our Amended and Restated Memorandum and Articles of Association is filed as Exhibit 1.1 to this annual report. Our shareholders adopted our Amended and Restated Memorandum and Articles of Association by a special resolution on July 20, 2020 and effective on February 10, 2021.

The following are summaries of material provisions of our Amended and Restated Memorandum and Articles of Association and the Companies Act insofar as they relate to the material terms of our Ordinary Shares.

Board of Directors

See "Item 6. Directors, Senior Management and Employees."

Ordinary Shares

General

Our authorized share capital is US$60,000 divided into 6,250,000 Ordinary Shares, par value $0.0096 per share. All of our issued and outstanding Ordinary Shares are fully paid and non-assessable. Certificates representing the Ordinary Shares are issued in registered form.

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) the Company's 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 the funds of our Company lawfully available therefor. 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

Subject to any rights or restrictions as to voting attached to any shares, unless any share carries special voting rights, on a show of hands every shareholder who is present in person and every person representing a shareholder by proxy shall have one vote per Ordinary Share. On a poll, every shareholder who is present in person and every person representing a shareholder by proxy shall have one vote for each 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.

Variation 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 with the consent in writing of all of the holders of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The necessary quorum shall be one or more persons holding or representing by proxy at least one-third in nominal or par value amount of the issued shares of the relevant class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those shareholders who are present shall form a quorum).

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 or subsequent to them or the redemption or purchase of any shares of any class by our company. The rights conferred upon the holders of the shares of any class issued shall not be deemed to be varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Alteration of Share Capital

Subject to the Cayman Companies Act, our shareholders 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, our shareholders may, by special resolution, reduce its share capital in any way.

Liquidation

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.

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 calendar 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, at their discretion, 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 or other longer period as specified in the notice 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 capital 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 our 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 Ordinary Shares complies with applicable rules of Nasdaq, a shareholder may transfer Ordinary Shares to another person by completing an instrument of transfer in a common form or in a form prescribed by Nasdaq or in any other form approved by the directors, executed:

(a) where the Ordinary Shares are fully paid, by or on behalf of that shareholder; and

(b) where the 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 an Ordinary Share until the name of the transferee is entered into the register of members of the Company.

Where the Ordinary Shares in question are not listed on or subject to the rules of Nasdaq, our board of directors may, in its absolute discretion, decline to register any transfer of any 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 Ordinary Share unless:

(a) the instrument of transfer is lodged with us, accompanied by the certificate for the 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 Ordinary 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 Ordinary Shares are to be transferred does not exceed four; and

If our directors refuse to register a transfer, they are required, within one month 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.

The registration of transfers may, on prior 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 of members may not be closed, for more than 30 calendar days in any year.

Inspection of Books and Records

Holders of our Ordinary Shares will have no general right under the Cayman Companies Act to inspect or obtain copies of our register of members or our corporate records (other than the memorandum and the articles, any special resolutions passed by such companies, the registers of mortgages and charges of such companies and a list of current directors of such companies). Under Cayman Islands law, the names of our current directors can be obtained from a search conducted at the Registrar of Companies.

General Meetings

As a Cayman Islands exempted company, we are not obligated by the Cayman Companies Act to call annual general meetings; accordingly, we may, but shall not be obliged to, in each year hold a general meeting as an annual general meeting. Any annual general meeting held shall be held at such time and place as may be determined by our board of directors. All general meetings other than annual general meetings shall be called extraordinary general meetings.

The directors may convene general meetings whenever they think fit. General meetings shall also 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 one-third (1/3) 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 21 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 21 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.

At least 7 calendar days' notice of general meetings shall be given to shareholders entitled to attend and vote at such meeting. The notice shall specify the place, the day and the hour of the meeting and the general nature of that business. In addition, if a resolution is proposed as a special resolution, the text of that resolution shall be given to all shareholders. Notice of every general meeting shall also be given to the directors and our auditors.

Subject to the Cayman Companies Act and with the consent of the shareholders who, individually or collectively, hold at least two-thirds (2/3rd) of the voting rights of all those who have a right to vote in the case of an extraordinary general meeting, and by all the shareholders in the case of an annual general meeting, a general meeting may be convened on shorter notice.

A quorum shall consist of the presence (whether in person or represented by proxy) of one or more shareholders holding shares that represent not less than one-third of the outstanding shares carrying the right to vote at such general meeting.

If, within 15 minutes from the time appointed for the general meeting, or at any time during the meeting, a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be cancelled. In any other case it shall stand adjourned to the same time and place seven days or to such other time or place as is determined by the directors.

The chairman may, with the consent of a meeting at which a quorum is present, adjourn the meeting. When a meeting is adjourned for seven days or more, notice of the adjourned meeting shall be given in accordance with the articles.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before, or on, the declaration of the result of the show of hands) demanded by the chairman of the meeting or by at least two shareholders having the right to vote on the resolutions or one or more shareholders present who together hold not less than ten percent of the voting rights of all those who are entitled to vote on the resolution. Unless a poll is so 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 favor of, or against, that resolution.

If a poll is duly demanded it shall be taken in such manner as the chairman directs and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

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.

Anti-Takeover Provisions

Some provisions of our memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Exempted Company

We are an exempted company with limited liability incorporated under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

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," "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions" or elsewhere in this annual report.

D. Exchange Controls

See "Item 4. Information on the Company—B. Business Overview—Regulation—PRC Laws and Regulations relating to Foreign Exchange."

E. Taxation

The following summary of the Cayman Islands, PRC and U.S. federal income tax considerations of an investment in the Ordinary Shares 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 summary does not deal with all possible tax considerations relating to an investment in the Ordinary Shares, such as the tax considerations under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China 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. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our 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 Ordinary Shares, as the case may be, nor will gains derived from the disposal of our Ordinary Shares be subject to Cayman Islands income or corporate tax.

People's Republic of China Taxation

The following brief description of Chinese enterprise laws 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."

Enterprise Income Tax

According to the EIT Law, which was promulgated by the Standing Committee of the National People's Congress on March 16, 2007, and became effective on January 1, 2008, and last amended on December 29, 2018, and the Implementation Rules of the EIT Law, or the Implementation Rules, which were promulgated by the State Council on December 6, 2007, and last amended on April 23, 2019, 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 an exempted company with limited liability 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 a PRC subsidiary to its 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 Baosheng 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 Baosheng 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 Baosheng 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 Baosheng 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 provides 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%. Beijing Dacheng, 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, Beijing Dacheng 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 this annual report. Therefore, Beijing Dacheng 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—3.D. Risk Factors—*Risks Relating to Doing Business in China—Under the Enterprise Income Tax Law, we may be classified as a 'Resident Enterprise' of China. Such classification will likely result in unfavorable tax consequences to us and our non-PRC shareholders*."

Currently, as resident enterprises in the PRC, Beijing Baosheng 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 RMB1 million is subject to a reduced rate of 5% and the part between RMB1 million and 3 million is subject to a reduced rate of 10%. 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 Baosheng 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 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.

Value-added Tax

Pursuant to the Provisional Regulations on Value-Added Tax of the PRC, or the VAT Regulations, which were promulgated by the State Council on December 13, 1993, and took effect on January 1, 1994, and were amended on November 5, 2008, February 6, 2016, and November 19, 2017, respectively, and the Rules for the Implementation of the Provisional Regulations on Value Added Tax of the PRC, which were promulgated by MOF, on December 25, 1993, and were amended on December 15, 2008, and October 28, 2011, respectively, entities and individuals that sell goods or labor services of processing, repair or replacement, sell services, intangible assets, or immovables, or import goods within the territory of the People's Republic of China are taxpayers of value-added tax. The VAT rate is 17% for taxpayers selling goods, labor services, or tangible movable property leasing services or importing goods, except otherwise specified; 11% for taxpayers selling transportation services, postal services, basic telecommunications, construction, real estate leasing services, sales of real estate, transfer of land use right; 6% for taxpayers selling services or intangible assets.

According to Provisions in the Notice on Adjusting the Value added Tax Rates (Cai Shui [2018] No. 32), or the Notice, issued by SAT and MOF, where taxpayers make VAT taxable sales or import goods, the applicable tax rates shall be adjusted from 17% to 16% and from 11% to 10%, respectively. The Notice took effect on May 1, 2018, and the adjusted VAT rates took effect at the same time.

The Notice of the Ministry of Finance and SAT on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner on March 23, 2016, which took effect on May 1, 2016. Pursuant to such circular, the Value Added Tax Pilot Program has been applicable nationwide since May 1, 2016.

According to the VAT Regulations and the related rules, as of the date of this annual report, as taxpayers selling services, Beijing Baosheng and its consolidated affiliated entities are generally subject to 6% VAT rate.

Dividend Withholding Tax

The EIT Law provides that since 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 an Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes, or 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%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, or the SAT Circular 81, issued on February 20, 2009, by SAT, 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 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 applicants who intend 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.

As of the date of this annual report, when considered as a non-PRC resident investor, which is much more likely to happen than not, Baosheng Hong Kong shall be subject to the dividend withholding tax at the rate of 10%. See "Item 3. Key Information—D. Risk Factors" and "Item 10. Additional Information—E. Taxation." Upon identified as the Hong Kong resident enterprise stipulated by the Double Tax Avoidance Arrangement and other applicable laws, the withholding tax may be reduced to 5%.

Hong Kong Taxation

Entities incorporated in Hong Kong are subject to profits tax in Hong Kong at the rate of 16.5%. Under Hong Kong tax laws, our Hong Kong subsidiaries are exempted from Hong Kong income tax on its foreign-derived income. In addition, payments of dividends from our Hong Kong subsidiaries to us are not subject to any withholding tax in Hong Kong.

United States Federal Income Tax Considerations

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 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 Ordinary Shares);
- persons who acquired our Ordinary Shares pursuant to the exercise of any employee share option or otherwise as compensation;
- persons holding our Ordinary Shares through partnerships or other pass-through entities;
- beneficiaries of a Trust holding our Ordinary Shares; or
- persons holding our Ordinary Shares through a Trust.

The discussion set forth below is addressed only to U.S. Holders that purchase 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 Ordinary Shares.

Material Tax Consequences Applicable to U.S. Holders of Our Ordinary Shares

The following sets forth the material U.S. federal income tax consequences related to the ownership and disposition of our Ordinary Shares. It is directed to U.S. Holders (as defined below) of our 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 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 (defined below) that hold 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 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 entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our Ordinary Shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding our Ordinary Shares and their partners are urged to consult their tax advisors regarding an investment in our Ordinary Shares.

Taxation of Dividends and Other Distributions on our Ordinary Shares

Subject to the passive foreign investment company (PFIC) rules (defined below) discussed below, the gross amount of distributions made by us to you with respect to the 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.

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 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 (defined below) 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 Ordinary Shares are readily tradable on an established securities market in the United States. Under U.S. Internal Revenue Service authority, 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 includes the Nasdaq Stock Market. You are urged to consult your tax advisors regarding the availability of the lower rate for dividends paid with respect to our 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 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 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 intend to 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 Ordinary Shares

Subject to the passive foreign investment company 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 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 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.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year if, applying applicable look-through rules, either (i) 75% or more of its gross income for such year consists of certain types of "passive" income or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income (the "asset test"). For this purpose, cash and assets readily convertible into cash are categorized as passive assets and the company's goodwill and other unbooked intangibles not reflected on its balance sheet are taken into account. Passive income generally includes, among other things, dividends, interest, income equivalent to interest, rents, 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 a proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock. In determining the value and composition of our assets for purposes of the PFIC asset test, the value of our assets must be determined based on the market value of our 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 we do not expect to be treated as 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 our current taxable year or any future taxable year. Depending on the amount of assets held for the production of passive income, it is possible that, for our current taxable year or 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. 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 Ordinary Shares, our PFIC status will depend in large part on the market price of our Ordinary Shares. Accordingly, fluctuations in the market price of the 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 our liquid assets. 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 Ordinary Shares from time to time) that may not be within our control. If we are a PFIC for any year during which you hold Ordinary Shares, we will continue to be treated as a PFIC for all succeeding years during which you hold Ordinary Shares. If we cease to be a PFIC and you did not previously make a timely "mark-to-market" election as described below, however, you may avoid some of the adverse effects of the PFIC regime by making a "purging election" (as described below) with respect to the Ordinary Shares.

If we are a PFIC for your taxable year(s) during which you hold 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 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 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 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 Ordinary Shares cannot be treated as capital, even if you hold the 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) 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 Ordinary Shares as of the close of such taxable year over your adjusted basis in such 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 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 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 Ordinary Shares, are treated as ordinary income. Ordinary loss treatment also applies to any loss realized on the actual sale or disposition of the Ordinary Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Ordinary Shares. Your basis in the 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 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 Ordinary Shares are regularly traded on the Nasdaq Capital Market and if you are a holder of Ordinary Shares, the mark-to-market election would be available to you were we to be or become a PFIC.

Alternatively, a U.S. Holder of stock in a PFIC may make a "qualified electing fund" election under Section 1295(b) of the US 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 currently intend to prepare or provide the information that would enable you to make a qualified electing fund election. If you hold 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 Ordinary Shares, including regarding distributions received on the Ordinary Shares and any gain realized on the disposition of the 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 Ordinary Shares, then such 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 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 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 Ordinary Shares for tax purposes.

IRC Section 1014(a) provides for a step-up in basis to the fair market value for our Ordinary Shares when inherited from a decedent that was previously a holder of our 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 Ordinary Shares, or a mark-to-market election and ownership of those 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 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 Ordinary Shares.

You are urged to consult your tax advisors regarding the application of the PFIC rules to your investment in our Ordinary Shares and the elections discussed above.

Information Reporting and Backup Withholding

Dividend payments with respect to our Ordinary Shares and proceeds from the sale, exchange or redemption of our 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 US 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. However, transactions effected through certain brokers or other intermediaries 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 Ordinary Shares, subject to certain exceptions (including an exception for 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 Ordinary Shares.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We previously filed with the SEC registration statement on Form F-1 (File Number 333-239800), as amended, to register our Ordinary Shares in relation to our initial public offering.

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we are required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information filed with the SEC can be obtained over the internet at the SEC's website at www.sec.gov. The SEC also maintains a web site at 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 under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and 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 U.S. companies whose securities are registered under the Exchange Act.

In accordance with Nasdaq Stock Market Rule 5250(d), we will post this annual report on Form 20-F on our website at http://ir.bsacme.com/.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We are exposed to interest rate risk while we have short-term bank loans outstanding. The loan terms are typically 12 months and interest rates for our short-term loans are typically fixed for the terms of the loans.

Liquidity Risk

We are also exposed to liquidity risk which is risk that it we will be unable to provide sufficient capital resources and liquidity to meet our commitments and business needs. Liquidity risk is controlled by the application of financial position analysis and monitoring procedures. When necessary, we will turn to other financial institutions and related parties to obtain short-term funding to cover any liquidity shortage.

Foreign Exchange Risk

While our reporting currency is the U.S. dollar, almost all of our consolidated revenues and consolidated costs and expenses are denominated in RMB. All of our assets are denominated in RMB. As a result, we are exposed to foreign exchange risk as our revenues and results of operations may be affected by fluctuations in the exchange rate between the U.S. dollar and RMB. If the RMB depreciates against the U.S. dollar, the value of our RMB revenues, earnings and assets as expressed in our U.S. dollar financial statements will decline. We have not entered into any hedging transactions in an effort to reduce our exposure to foreign exchange risk.

Inflation Risk

To date, inflation in China has not materially affected our results of operations. Although we have not been materially affected by inflation in the past, we can provide no assurance that we will not be affected by higher rates of inflation in China in the future. Although we have not been materially affected by inflation in the past, we may be affected if China experiences higher rates of inflation in the future.

Seasonality

We have experienced, and expect to continue to experience, seasonal fluctuations in our results of operations, due to seasonal changes in our advertisers' budgets and spending on advertising campaigns. For example, our revenues tend to increase as advertising spend rises in holiday seasons with consumer holiday spending, or closer to end-of-year in fulfillment of their annual advertising budgets.

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

Material Modifications to the Rights of Security Holders

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: 333-239800) in relation to the initial public offering of 6,000,000 Ordinary Shares at an initial public offering price of $5.00 per Ordinary Share. Our initial public offering closed on February 10, 2021. Univest Securities, LLC was the representative of the underwriters for our initial public offering. On March 3, 2021, Univest Securities, LLC exercised the over-allotment option in full to purchase an additional 900,000 Ordinary Shares.

We received net proceeds of approximately $30.2 million, after deducting underwriting discounts and estimated offering expenses payable by us. The registration statement was declared effective by the SEC on February 5, 2021. The total expense incurred for our Company's account in connection with our initial public offering was approximately $4.3 million, which included approximately $2.4 million in underwriting discounts for the initial public offering and approximately $1.9 million in other costs and expenses for our initial public offering. 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. As of the date of this annual report, we used about $28.3 million of the net proceeds we received from our initial public offering as working capital and for general corporate purposes. We still intend to use the proceeds from our initial public offering as disclosed in our registration statement on Form F-1 (File No.: 333-239800).

On March 18, 2021, we issued a total of 1,960,784 units (the "Units") to Orient Plus International Limited and Union High-Tech Development Limited through a private placement, with each Unit consisting of one Ordinary Share and one Warrant to purchase one half of one Ordinary Share at an exercise price of $5.61 per Ordinary Share. We received net proceeds of $9.9 million in this private placement. We may receive up to an aggregate of approximately $5.5 million from exercise of the Warrants for cash. As of the date of this annual report, no warrants have been exercised, and we have spent all of the proceeds from this private placement for working capital and for general corporate purposes. We intend to use the proceeds from the exercise of the Warrants for working capital and for general corporate purposes.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management has concluded that, due to the material weaknesses identified below, as of December 31, 2022, our disclosure controls and procedures were not effective in ensuring that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act was recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.

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 defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Rule 13a-15(c) of the Exchange Act, our management conducted an evaluation of our company's internal control over financial reporting as of December 31, 2022 based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was not effective as of December 31, 2022.

In accordance with reporting requirements set forth by the SEC, a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our company's annual consolidated financial statements will not be prevented or detected on a timely basis.

The material weakness identified relate to (i) our lack of sufficient financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to properly address complex U.S. GAAP accounting issues and to prepare and review our consolidated financial statements and related disclosures to fulfill U.S. GAAP and SEC financial reporting requirements, and (ii) our lack of comprehensive accounting policies and procedures manual in accordance with U.S. GAAP. Due to the foregoing material weakness, management concluded that as of December 31, 2022, our internal control over financial reporting was ineffective.

To remedy our identified material weakness identified to date, we plan to undertake steps to strengthen our internal control over financial reporting, including (i) recruiting more financial reporting and accounting personnel who have adequate U.S. GAAP knowledge; and (ii) implementing regular and continuous U.S. GAAP accounting and financial reporting training programs for our accounting and financial personnel.

However, we cannot assure you that we will remediate our material weakness in a timely manner, or at all. See "Item 3. Key Information —D. Risk Factors—Risks Related to Our Business—*We have identified material weaknesses in our internal control over financial reporting. If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud*."

Attestation Report of the Registered Public Accounting Firm

As a company with less than $1.235 billion in revenue for our last fiscal year, we qualify as an "emerging growth company" pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, in the assessment of the emerging growth company's internal control over financial reporting. This annual report on Form 20-F does not include an attestation report of our registered public accounting firm because we are an emerging growth company.

Changes in Internal Control over Financial Reporting

Other than as described above, 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 16.A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Changhong Jiang, chairman of our audit committee and an independent director (under the standards set forth in Nasdaq Stock Market Rule 5605(a)(2) and Rule 10A-3 under the Exchange Act), is an audit committee financial expert.

ITEM 16.B. CODE OF ETHICS

Our board of directors has adopted a code of business conduct and ethics that applies to all of our directors, officers, employees, including certain provisions that specifically apply to our principal executive officer, principal financial officer or controller and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as Exhibit 99.1 of our registration statement on Form F-1 (File Number: 333-239800), as amended, initially filed with the SEC on July 10, 2020.

ITEM 16.C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by YCM CPA INC. and Friedman LLP, our independent registered public accounting firms, for the periods indicated.

	For the Years Ended December 31,	
	2022	2021
Audit fees[1] -Friedman LLP	$ 300,000	$ 345,000
Audit fees[1] -YCM CPA Inc.	40,000	—
Audit-Related fees[2]	—	—
Tax fees[3]	—	—
All other fees[4]	—	—
Total	$ 340,000	$ 345,000

Note:

(1) "Audit fees" refer to the aggregate fees billed for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements, review of the interim financial statements and for the audits of the financial statements in connection with the initial public offering, as well as the issuance of comfort letter in connection with the initial public offering and consent letter for shelf registration.

(2) "Audit-related fees" means the aggregate fees billed for professional services rendered by our principal accounting firm for the assurance and related services, which mainly included the audit and review of financial statements and are not reported under "Audit fees" above.

(3) "Tax fees" means the aggregate fees billed for professional services rendered by our principal accounting firm for tax compliance, tax advice and tax planning.

(4) "Other fees" means the aggregate fees incurred in each of the fiscal years listed for the professional tax services rendered by our principal accounting firm other than services reported under "Audit fees," "Audit-related fees" and "Tax fees."

From January 20, 2020 to July 20, 2022, the policy of our audit committee was to pre-approve all audit and non-audit services provided by Friedman LLP, our former independent registered public accounting firm including audit services, audit-related services, tax services, and other services as described above.

Since July 20, 2022, the policy of our audit committee is to pre-approve all audit and non-audit services provided by YCM CPA INC., our independent registered public accounting firm including audit services, audit-related services, tax services, and other services as described above.

ITEM 16.D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16.E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16.F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

On July 20, 2022, we terminated Friedman LLP, our former independent registered public accounting firm, effective immediately, and appointed YCM CPA INC. as our independent registered public accounting firm, effective immediately. The appointment of YCM CPA INC. was made after careful consideration and evaluation process by the Company and was approved by the board of directors of the Company on July 20, 2022. The Company's decision to make this change was not the result of any disagreement between the Company and Friedman LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

The audit report of Friedman LLP on the consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2021 and 2020 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles, except that the audit report on the consolidated financial statements of the Company for the year ended December 31, 2021 contained an uncertainty about the Company's ability to continue as a going concern.

During the fiscal years ended December 31, 2020 and 2021 and through the subsequent interim period prior to the engagement of YCM CPA INC., neither the Company, nor someone on behalf of the Company, consulted YCM CPA INC. regarding either (a) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on the Company's consolidated financial statements, and neither a written report was provided to the Company or oral advice was provided that YCM CPA INC. concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or (b) any matter that was the subject of a disagreement as defined in Item 16F(a)(1)(iv) of Form 20-F and related instructions to Item 16F of Form 20-F, or any reportable events as described in Item 16F(a)(1)(v) of Form 20-F.

The details of the Company's change of auditor is described on its current report on Form 6-K filed with the SEC on July 21, 2022 (File No. 001-39977), which is incorporated by reference herein.

ITEM 16.G. CORPORATE GOVERNANCE

As a Cayman Islands company listed on the Nasdaq Capital Market, we are subject to the Nasdaq Capital Market corporate governance listing standards. However, Nasdaq Capital Market rules 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 Capital Market corporate governance listing standards.

Pursuant to the home country rule exemption set forth under Nasdaq Listing Rule 5615, we elected to be exempt from the requirement under Nasdaq Listing Rule 5635(d) to obtain shareholder approval for a business combination and to obtain shareholder approval for the issuance of 20% or more of our outstanding ordinary shares. As a result, our shareholders may be afforded less protection than they would have otherwise enjoy under Nasdaq's corporate governance requirements applicable to U.S. domestic issuers. See "Item 3. Key Information—D. Risk Factors— *As a foreign private issuer, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq Stock Market corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with corporate governance listing standards*."

ITEM 16.H. MINE SAFETY DISCLOSURE

Not applicable.

Item 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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 Baosheng Media Group Holdings Limited are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description
1.1*	Amended and Restated Memorandum and Articles of Association
2.1*	Registrant's Specimen Certificate for Ordinary Shares
2.2	Form of Warrant (incorporated herein by reference to Exhibit 4.2 to our registration statement on Form F-1 (File No. 254449), filed with the SEC on March 18, 2021)
2.3*	Description of Securities
4.1	Form of Employment Agreement by and between executive officers and the Registrant (incorporated herein by reference to Exhibit 10.1 to our registration statement on Form F-1 (File No. 333-239800), as amended, initially filed with the SEC on July 10, 2020)
4.2	Form of Indemnification Agreement with the Registrant's directors and officers (incorporated herein by reference to Exhibit 10.2 to our registration statement on Form F-1 (File No. 333-239800), as amended, initially filed with the SEC on July 10, 2020)
4.3*	English Translation of Service Framework Contract by and between Nanjing Lingxing Technology Co., Ltd. and Beijing Baosheng Network Technology Co., Ltd., as amended, dated April 3, 2023
4.4*	English Translation of Channel Cooperation Agreement by and between Horgos Zhijian Tiancheng Technology Co., Ltd. and Beijing Baosheng Network Technology Co., Ltd., dated January 1, 2023
4.5*	English Translation of Agent and Service Agent Cooperation Agreement by and between Beijing Baosheng Technology Co., Ltd. and Guangzhou Juyao Information Technology Co., Ltd., dated January 1, 2023
4.6*	English Translation of Business Cooperation Agreement on Agent Data Promotion of Ocean Engine by and among Xiamen Today's Headline Information Technology Co., Ltd., Beijing Baosheng Technology Co., Ltd. and Beijing Baosheng Network Technology Co., Ltd., dated January 1, 2023
4.7*	English Translation of Network Promotion Service Agreement by and between Jiangsu Manyun Software Technology Co., Ltd. and Beijing Baosheng Technology Co., Ltd., dated March 6, 2023
8.1	List of Subsidiaries of the Registrant (incorporated herein by reference to Exhibit 8.1 to our annual report on Form 20-F (File No. 001-39977), filed with the SEC on May 17, 2022)
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to our registration statement on Form F-1 (File No. 333-239800), as amended, initially filed with the SEC on July 10, 2020)
12.1*	Certification by the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

12.2*	Certification by the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification by the Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Certification by the Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Beijing Dacheng Law Offices, LLP
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith.

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.

Baosheng Media Group Holdings Limited

By: */s/ Shasha Mi*
Name: Shasha Mi
Title: Chief Executive Officer and Chairperson of the Board of Directors
(Principal Executive Officer)

Date: May 8, 2023

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YCM CPA INC.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of
Baosheng Media Group Holdings Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Baosheng Media Group Holdings Limited and subsidiaries (collectively, the "Company") as of December 31, 2022, and the related consolidated statements of operations and comprehensive income (loss), change in shareholders' equity, and cash flows for the year ended December 31, 2022, and the related notes (collectively referred to as the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flow for year ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 and 15, the Company adjusted all shares and per share data periods presented for the shares re-designation. We audited the adjustments that were applied to restate the disclosure for share re-designation reflected in the December 31, 2021 and 2020 consolidated financial statements to retrospectively apply the effects of the share re-designation that occurred subsequent to the years ended December 31, 2021. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the December 31, 2021 and 2020 consolidated financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the December 31, 2021 and 2020 consolidated financial statements taken as a whole.

Going Concern Matter

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, the Company has suffered a net loss of $23,738,837 for the year ended December 31, 2022. This factor raises a substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. 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 audit 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 audit included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated financial statements. Our audit also included evaluating the

accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audits provide a reasonable basis for our opinion.

/s/ YCM CPA, Inc.
We have served as the Company's auditor since 2022.
PCAOB ID 6781
Irvine, California
May 8, 2023

FRIEDMAN LLP®
ACCOUNTANTS AND ADVISORS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of

Baosheng Media Group Holdings Limited

Opinion on the Financial Statements

We have audited, before the effects of the retrospective adjustments related to the 2022 Share Consolidation, Increase in Share Capital and 2023 Share Consolidation as discussed in Note 1 and Note 15, the accompanying consolidated balance sheets of Baosheng Media Group Holdings Limited and its subsidiaries (collectively, the "Company") as of December 31, 2021, and the related consolidated statements of operations and comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2021, and the related notes (collectively referred to as the consolidated financial statements) (the 2021 and 2020 consolidated financial statements before the effects of the retrospective adjustments related to the 2022 Share Consolidation, Increase in Share Capital and 2023 Share Consolidation as discussed in Note 1 and Note 15 to the consolidated financial statements are not presented herein). In our opinion, the consolidated financial statements, before the effects of the retrospective adjustments related to the 2022 Share Consolidation, Increase in Share Capital and 2023 Share Consolidation as discussed in Note 1 and Note 15, present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to the retrospective adjustments related to 2022 Share Consolidation, Increase in Share Capital and 2023 Share Consolidation as discussed in Note 1 and Note 15 to the consolidated financial statements, and accordingly, we do not express an opinion or any other form of assurance about whether such retrospective adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by other auditors.

Going Concern Matter

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, the Company has suffered a net loss of $6,747,453 for the year ended December 31, 2021 and has a negative cash flow of $31,213,199 and $3,393,204 from operating activities for the years ended December 31, 2021 and 2020, respectively. These factors raise a substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Friedman LLP

New York, New York

May 16, 2022

We have served as the Company's auditor from 2020 through 2022.

BAOSHENG MEDIA GROUP HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEETS
As of December 31, 2022 and 2021
(Expressed in U.S. dollar, except for the number of shares)

	December 31, 2022	December 31, 2021
ASSETS		
Current Assets		
Cash and cash equivalents	$ 6,679,077	$ 4,751,538
Restricted cash	—	4,131,313
Short-term investments	3,082,990	—
Accounts receivable, net	32,101,818	56,363,183
Prepayments - third parties	803,956	9,376,247
Prepayments - a related party	3,314,744	2,361,779
Media deposits - third parties	1,281,434	1,244,704
Media deposits - a related party	104,390	1,426,419
Due from related parties	28,667	1,748,769
Other current assets	2,742,406	4,797,022
Total Current Assets	**50,139,482**	**86,200,974**
Long-term investment	2,261,787	1,569,218
Property and equipment, net	2,351,328	1,378,457
Intangible assets, net	558,226	775,603
Prepayments for licensed copyrights	2,735,592	2,960,789
Right of use assets	—	1,195,092
Total Assets	**$ 58,046,415**	**$ 94,080,133**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Bank borrowings	$ 1,449,864	$ —
Accounts payable	8,853,669	12,161,957
Advance from advertisers	748,039	1,622,458
Advertiser deposits	541,444	916,531
Dividends payable	—	1,255,375
Income tax payable	257,262	278,440
Due to related parties	14,499	—
Operating lease liabilities, current	—	515,592
Warrant liabilities	832	2,744
Accrued expenses and other liabilities	744,181	2,728,300
Total Current Liabilities	**12,609,790**	**19,481,397**
Operating lease liabilities, noncurrent	—	537,447
Total Liabilities	**12,609,790**	**20,018,844**
Commitments and Contingencies		
Shareholders' Equity		
Ordinary Share (par value $0.0096 per share, 6,250,000 shares authorized; 1,534,487 shares issued and outstanding at December 31, 2022 and 2021, respectively)*	14,731	14,731
Additional paid-in capital	41,564,418	41,564,418
Statutory reserve	898,133	898,133
Retained earnings	5,257,627	28,996,464
Accumulated other comprehensive (loss) income	(2,298,284)	2,587,543
Total Shareholders' Equity	**45,436,625**	**74,061,289**
Total Liabilities and Shareholders' Equity	**$ 58,046,415**	**$ 94,080,133**

* Retrospectively restated to give effect to a share consolidation at a ratio of one-for-three and one fifth (3.2) ordinary shares effective on May 24, 2022, an increase in the Company's share capital from $50,000 to $60,000, and a share consolidation at a ratio of one-for-six (6) ordinary shares effective on March 21, 2023 (Note 15).

The accompanying notes are an integral part of the consolidated financial statements

BAOSHENG MEDIA GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME
For the Years Ended December 31, 2022, 2021, and 2020
(Expressed in U.S. dollar, except for the number of shares)

	For the Years Ended December 31,		
	2022	2021	2020
Revenues	$ 2,415,098	$ 3,911,560	$ 11,911,229
Cost of revenues	(2,446,941)	(2,077,516)	(1,256,353)
Gross (loss) profit	**(31,843)**	**1,834,044**	**10,654,876**
Operating Expenses			
Selling and marketing expenses	(764,258)	(1,086,078)	(947,834)
General and administrative expenses	(2,811,215)	(2,856,789)	(2,103,263)
Provision for doubtful accounts	(20,460,667)	(6,880,008)	(1,960,604)
Impairment of property and equipment	—	(434,878)	—
Total Operating Expenses	**(24,036,140)**	**(11,257,753)**	**(5,011,701)**
(Loss) Income from Operations	**(24,067,983)**	**(9,423,709)**	**5,643,175**
Other Income (Expenses)			
Interest income (expense), net	16,397	(57,109)	(183,896)
Changes in fair value of warrant liabilities	1,912	2,367,632	—
Subsidy income	3,089	574,878	955,439
Other income (expenses), net	307,748	(209,145)	638,611
Total Other Income, Net	**329,146**	**2,676,256**	**1,410,154**
(Loss) Income Before Income Taxes	**(23,738,837)**	**(6,747,453)**	**7,053,329**
Income tax benefit	—	—	(108,638)
Net (Loss) Income	**$ (23,738,837)**	**$ (6,747,453)**	**$ 6,944,691**
Other Comprehensive (Loss) Income			
Foreign currency translation adjustment	(4,885,827)	1,393,597	2,531,676
Comprehensive (Loss) Income	**$ (28,624,664)**	**$ (5,353,856)**	**$ 9,476,367**
Weighted average number of ordinary share outstanding			
Basic and Diluted*	1,534,487	1,459,390	1,062,502
(Loss) Earnings per share			
Basic and Diluted*	$ (15.47)	$ (4.62)	$ 6.54

* Retrospectively restated to give effect to a share consolidation at a ratio of one-for-three and one fifth (3.2) ordinary shares effective on May 24, 2022 and a share consolidation at a ratio of one-for-six (6) ordinary shares effective on March 21, 2023 (Note 15).

The accompanying notes are an integral part of the consolidated financial statements

BAOSHENG MEDIA GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended December 31, 2022, 2021, and 2020
(Expressed in U.S. dollar, except for the number of shares)

	Ordinary Shares		Additional Paid-in	Statutory	Retained	Accumulated Other Comprehensive	Total
	Shares*	Amount	Capital	Reserve	Earnings	(Loss) Income	Equity
Balance as of January 1, 2020	**1,062,502**	**$ 10,200**	**$ 3,814,665**	**$ 898,133**	**$ 35,472,246**	**$ 1,893,783**	**$ 79,784,574**
Net income	—	—	—	—	6,944,691	—	6,944,691
Appropriation to statutory reserve	—	—	—	217,259	(217,259)	—	—
Foreign currency translation adjustments	—	—	—	—	—	2,531,676	2,531,676
Balance as of December 31, 2020	**1,062,502**	**$ 10,200**	**$ 3,814,665**	**$ 898,133**	**$ 35,743,917**	**$ 1,193,946**	**$ 41,660,861**
Issuance of ordinary shares in connection with initial public offering ("IPO")	312,500	3,000	26,079,224	—	—	—	26,082,224
Issuance of ordinary shares in connection with over-allotment of IPO	46,875	450	4,154,537	—	—	—	4,154,987
Issuance of ordinary shares in connection with a private placement	112,610	1,081	7,515,992	—	—	—	7,517,073
Net loss	—	—	—	—	(6,747,453)	—	(6,747,453)
Foreign currency translation adjustments	—	—	—	—	—	1,393,597	1,393,597
Balance as of December 31, 2021	**1,534,487**	**$ 14,731**	**$ 41,564,418**	**$ 898,133**	**$ 28,996,464**	**$ 2,587,543**	**$ 74,061,289**
Net loss	—	—	—	—	(23,738,837)	—	(23,738,837)
Foreign currency translation adjustments	—	—	—	—	—	(4,885,827)	(4,885,827)
Balance as of December 31, 2022	**1,534,487**	**$ 14,731**	**$ 41,564,418**	**$ 898,133**	**$ 5,257,627**	**$ (2,298,284)**	**$ 45,436,625**

* Retrospectively restated to give effect to a share consolidation at a ratio of one-for-three and one fifth (3.2) ordinary shares effective on May 24, 2022, and a share consolidation at a ratio of one-for-six (6) ordinary shares effective on March 21, 2023 (Note 15).

The accompanying notes are an integral part of the consolidated financial statements

BAOSHENG MEDIA GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022, 2021 and 2020
(Expressed in U.S. dollar, except for the number of shares)

	For the Years Ended December 31,		
	2022	2021	2020
Cash Flows from Operating Activities:			
Net (loss) income	$ (23,738,837)	$ (6,747,453)	$ 6,944,691
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:			
Depreciation and amortization expenses	387,020	286,874	449,035
Amortization of right-of-use assets	513,218	731,923	92,979
Loss from disposal of property and equipment	1,275	—	—
Provision for doubtful accounts of accounts receivables	19,276,587	4,155,246	1,960,604
Provision for doubtful accounts of prepayments	1,196,563	2,668,421	—
Provision for doubtful accounts of other current assets	(12,483)	56,341	—
Changes in fair value of short-term investments	(17,335)	—	—
Loss from disposal of property and equipment	—	14,810	—
Impairment of property and equipment	—	434,878	—
Gain from disposal of intangible assets	—	—	(639,792)
Changes in fair value of warrant liabilities	(1,912)	(2,367,632)	—
Issuance cost in connection with warrant liabilities	—	34,927	—
Deferred tax expenses (benefits)	—	—	108,638
Changes in operating assets and liabilities:			
Notes receivable	—	—	57,936
Accounts receivable	1,197,088	6,069,121	(12,463,921)
Prepayments - third parties	6,859,021	(5,802,836)	(153,907)
Prepayments - a related party	(1,160,912)	(2,333,148)	—
Media deposits - third parties	(134,687)	5,686,916	2,280,182
Media deposits - a related party	1,243,870	(1,409,128)	—
Other current assets	1,745,634	(1,353,409)	(590,378)
Accounts payable	(2,442,824)	(23,769,006)	(2,730,134)
Advance from advertisers	(769,787)	(1,722,679)	2,506,020
Advertiser deposits	(313,009)	(5,029,471)	(1,063,757)
Income tax payable	—	(302,038)	121,077
Accrued expenses and other liabilities	(1,848,320)	354,692	(182,909)
Operating lease liabilities	(378,689)	(870,548)	(89,568)
Net Cash Provided by (Used in) Operating Activities	**1,601,481**	**(31,213,199)**	**(3,393,204)**
Cash Flows from Investing Activities:			
Purchases of property and equipment	(1,514,414)	(1,101,948)	(1,007)
Purchases of intangible assets	(13,463)	(837,299)	—
Proceeds from disposal of property and equipment	222,916	—	—
Proceeds from disposal of intangible assets	—	—	1,245,619
Prepayments for licensed copyrights	—	(2,924,897)	—
Purchases of short-term investments	(5,215,262)	—	—
Redemption of short-term investments	1,931,936	—	—
Purchase of long-term investments	(832,219)	(1,550,195)	—
Repayment of loans from related parties	1,642,724	—	—
Net Cash (Used in) Provided by Investing Activities	**(3,777,782)**	**(6,414,339)**	**1,244,612**
Cash Flows from Financing Activities:			
Issuance of ordinary shares pursuant to initial public offering, net of issuance costs	—	26,507,760	—
Issuance of ordinary shares pursuant to over-allotment, net of issuance costs	—	4,154,987	—
Issuance of units pursuant to a private placement, net of issuance costs	—	9,852,486	—
Capital injection from shareholders	—	—	—
Proceeds from bank borrowings	1,486,105	7,750,977	1,448,394
Repayment of bank borrowings	—	(9,301,172)	—
Proceeds from borrowings from third parties	—	—	6,611,917
Repayment of borrowings to third parties	(1,456)	—	(6,901,596)
Proceeds from borrowings from related parties	—	—	36,115
Repayment of borrowings to related parties	—	(709,021)	—
Payment of issuance cost related to initial public offering	—	—	(422,457)
Payments of dividends to shareholders	(1,188,884)	(2,170,273)	—
Net Cash Provided by Financing Activities	**295,765**	**36,085,744**	**772,373**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(323,238)	152,389	631,527
Net (decrease) increase in cash, cash equivalents and restricted cash	(2,203,774)	(1,389,405)	(744,692)
Cash, cash equivalents and restricted cash at beginning of year	8,882,851	10,272,256	11,016,948
Cash, cash equivalents and restricted cash at end of year	$ 6,679,077	$ 8,882,851	$ 10,272,256
Reconciliation of cash, cash equivalents and restricted cash to the consolidated balance sheets			
Cash and cash equivalents	$ 6,679,077	$ 4,751,538	$ 6,576,658
Restricted cash	—	4,131,313	3,695,598
Total cash, cash equivalents and restricted cash	**$ 6,679,077**	**$ 8,882,851**	**$ 10,272,256**
Supplemental Cash Flow Information			
Cash paid for interest expense	$ —	$ 88,518	$ 191,486
Cash paid for income tax	$ 2,158	$ —	$ —
Non-cash operating, investing and financing activities			
Right of use assets obtained in exchange for operating lease obligations	$ 4,299	$ 1,574,311	$ 355,450
Settlement of borrowings from a third party by netting off against accounts receivable due from a third party	$ —	$ —	$ 4,055,502

The accompanying notes are an integral part of the consolidated financial statements

1. ORGANIZATION AND BUSINESS DESCRIPTION

Baosheng Media Group Holdings Limited ("Baosheng Group") was incorporated on December 4, 2018 under the laws of the Cayman Islands as an exempted company with limited liability.

Baosheng Group owns 100% of the equity interests of Baosheng Media Group Limited ("Baosheng BVI"), an entity incorporated under the laws of British Virgin Islands ("BVI") on December 14, 2018.

Baosheng BVI owns 100% of the equity interests of Baosheng Media Group (Hong Kong) Holdings Limited ("Baosheng HK"), a business company incorporated in accordance with the laws and regulations of Hong Kong on January 7, 2019. On March 21, 2021, Baosheng HK established Beijing Baosheng Network Technology Co., Ltd. ("Baosheng Network"), a wholly owned subsidiary in China. On April 2, 2022, Baosheng Network set up a wholly owned subsidiary, Beijing Xunhuo E-commerce Co., Ltd. ("Beijing Xunhuo").

Beijing Baosheng Technology Company Limited ("Beijing Baosheng") was established in October 17, 2014 under the laws of the People's Republic of China ("China" or the "PRC") with a registered capital of $289,540 (RMB 2,000,000). Beijing Baosheng has three wholly-owned subsidiaries, Horgos Baosheng Advertising Co., Ltd. ("Horgos Baosheng"), Kashi Baosheng Information Technology Co., Ltd. ("Kashi Baosheng"), and Baosheng Technology (Horgos) Co., Ltd. ("Baosheng Technology"), which were established on August 30, 2016, May 15, 2018 and January 2, 2020 in China, respectively.

On January 21, 2019, Baosheng HK entered into an equity transfer agreement with Beijing Baosheng and the shareholders of Beijing Baosheng. Pursuant to the equity transfer agreement, each of the shareholders of Beijing Baosheng transferred to Baosheng HK their respective equity interests in Beijing Baosheng at a consideration aggregating $13,844,895 (RMB94,045,600), determined by reference to the evaluation of the equity interest of Beijing Baosheng as of June 30, 2018 (the "reorganization"). Upon completion of such transfers, Beijing Baosheng became a direct wholly-owned subsidiary of Baosheng HK and an indirect-wholly owned subsidiary of the Company.

On June 4, 2019, Baosheng Group completed the reorganization of entities under common control of its then existing shareholders, who collectively owned 100% of the equity interests of Beijing Baosheng prior to the reorganization. Baosheng Group, Baosheng BVI and Baosheng HK were established as holding companies of Beijing Baosheng and its subsidiaries, and all of these entities are under common control which results in the consolidation of Beijing Baosheng and its subsidiaries, which have been accounted for as a reorganization of entities under common control at carrying value.

The consolidated financial statements are prepared on the basis as if the reorganization became effective as of the beginning of the first period presented in the consolidated financial statements.

Baosheng Group, Baosheng BVI, Baosheng HK, Beijing Baosheng and its subsidiaries (herein collectively referred to as the "Company") are engaged in providing online marketing channels to advertisers for them to manage their online marketing activities.

Share consolidation and increase in authorized share capital

On May 11, 2022, the Board of Directors resolved to approve a share consolidation at a ratio of one-for-three and one fifth (3.2) ordinary shares with a par value of US$0.0005 each in the Company's issued and unissued share capital into one ordinary share with a par value of US$0.0016 ("2022 Share Consolidation"), for which the Company obtained shareholder approval on April 28, 2023. Immediately following the 2022 Share Consolidation, the authorized share capital of the Company was US$50,000 divided into 31,250,000 ordinary shares of a par value US$0.0016 each. The 2022 Share Consolidation became effective on May 24, 2022.

1. ORGANIZATION AND BUSINESS DESCRIPTION (CONTINUED)

On March 6, 2023, the Company effected an increase in its authorized share capital from US$50,000 divided into 31,250,000 ordinary shares of a par value US$0.0016 each to US$60,000 divided into 37,500,000 ordinary shares of a par value US$0.0016 each(the "Increase in Share Capital"), and on March 21, 2023, the Company effected a share consolidation at a ratio of one-for-six, such that each (6) ordinary shares with a par value of US$0.0016 each in the Company's issued and unissued share capital were consolidated into one ordinary share with a par value of US$0.0096 ("2023 Share Consolidation"). Immediately following the Increase in Share Capital and 2023 Share Consolidation, the authorized share capital of the Company was increased from US$50,000 to US$60,000, divided into 6,250,000 ordinary shares of a par value US$0.0096 each. The Company believes it is appropriate to reflect the Increase in Share Capital, 2022 Share Consolidation and 2023 Share Consolidation on a retroactive basis pursuant to ASC 260. The Company has retroactively restated all shares and per share data for all periods presented. As a result, the Company had 6,250,000 authorized shares, par value of US$0.0096, of which 1,534,487 shares were issued and outstanding as of December 31, 2022 and 2021, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the Securities Exchange Commission ("SEC").

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries. All intercompany transactions and balances among the Company and its subsidiaries have been eliminated upon consolidation.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities on the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, management reviews these estimates and assumptions using the currently available information. Changes in facts and circumstances may cause the Company to revise its estimates. The Company bases its estimates on past experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Estimates are used when accounting for items and matters including, but not limited to, determinations of the useful lives and valuation of long-lived assets, estimates of allowances for doubtful accounts, valuation allowance for deferred tax assets, fair value of warrant liabilities, revenue recognition, and other provisions and contingencies.

Cash and cash equivalents

Cash and cash equivalents primarily consist of bank deposits, as well as highly liquid investments, with original maturities of three months or less, which are unrestricted as to withdrawal and use. The Company maintains most of the bank accounts in the PRC. Cash balances in bank accounts in PRC are not insured by the Federal Deposit Insurance Corporation or other programs.

Restricted cash

Restricted cash represents cash or cash equivalents at banks subject to withdrawal restrictions. As of December 31, 2021, the Company had restricted cash in bank accounts in the amount of $4,131,313, which were frozen by a local court (Note 17). As of December 31, 2022, all frozen accounts have all been unfrozen.

Short-term investments

Short-term investments consist of US Treasury Bills and investments in trading securities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

US Treasury Bills

The Company purchased US Treasury Bills with variable interest rates during the year of 2022. US Treasury bills were redeemable within a period of three through six months. In accordance with ASC 825, Financial Instruments, for financial products with variable interest rates referenced to performance of underlying assets, the Company elected the fair value method at the date of initial recognition and carries these investments at fair value with fair value change gains or losses recorded in the investment income in the consolidated statements of operations and comprehensive (loss) income. As of December 31, 2022, the Company had US Treasury Bills of $987,600, including gross unrealized gains of $7,135.

Investments in trading securities

Trading securities are investments in publicly-listed equity securities through various open market transactions. During the year ended December 31, 2022, the Company purchased certain publicly-listed equity securities through various open market transactions and accounted for such investments as “short-term investments” and subsequently measure the investments at fair value. The Company made a gain of $10,200 in investment in trading securities for the year ended December 31, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts receivable, net of provision for doubtful accounts

Accounts receivable are recorded at the gross billing amount less an allowance for any uncollectible accounts due from the advertisers for the acquisition of ad inventory and other advertising services on their behalf. Accounts receivable do not bear interest. Management reviews the adequacy of the allowance for doubtful accounts on an ongoing basis, using historical collection trends and aging of receivables. Management also periodically evaluates individual customer's financial condition, credit history and the current economic conditions to make adjustments in the allowance when necessary. An allowance for doubtful accounts is made and recorded into general and administrative expenses based on any specifically identified accounts receivable that may become uncollectible. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Prepayments

Prepayments represent amounts advanced to media or their authorized agencies (collectively "publishers") for running of advertising campaigns of the advertisers. The publishers usually require advance payments when the Company orders advertising campaign services on behalf of its advertisers, and the prepayments will be utilized to offset the Company's future payments. These amounts are unsecured, non-interest bearing and generally short-term in nature, which are reviewed periodically to determine whether their carrying value has become impaired. As of December 31, 2022 and 2021, the Company accrued allowances of doubtful accounts of $2,153,390 and $2,701,166, respectively, against prepayments.

Media deposits

Media deposits represent performance security deposit upon becoming an authorized agency of the relevant media (platforms where online advertisement is delivered) as a guarantee of performance and obligations and deposit associated with committed advertising spend on behalf of selected advertisers as required by certain media before running their advertising campaigns, which are paid to media pursuant to the terms of the framework agreements and contracts.

In the event that the advertisers or their advertising agencies on behalf of their advertising clients (collectively the "advertisers") commit to spending a guaranteed minimum amount on a particular media with the Company, the Company enters into a back-to-back framework agreement with the relevant publishers committing the same level of guaranteed minimum spend and securing a preferential rebate policy applicable to the advertising spend of that advertiser. With the committed minimum spend, the Company is entitled to enjoy certain rebates and discounts and usually be required to pay a deposit of up to 10% of the guaranteed minimum spend. If the Company fails to fulfil the committed minimum spend, the Company would not be entitled to the additional rebates and discounts, and any deposit that has been paid may be forfeited or deducted to pay up the additional amount without the benefit of the additional rebates and discounts.

The media may deduct damages from performance security deposit if the Company has breached the agency agreement or authorized agency management rules and conditions formulated by media.

As of December 31, 2022 and 2021, the balances of media deposits paid to third parties were $1,281,434 and $1,244,704, respectively. As of December 31, 2022 and 2021, the balances of media deposits paid to a related party were $104,390 and $1,426,419, respectively.

Operating leases

The Company leases its offices, which are classified as operating leases in accordance with Topic 842. Under Topic 842, lessees are required to recognize the following for all leases (with the exception of short-term leases) on the commencement date: (i) lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (ii) right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At the commencement date, the Company recognizes the lease liability at the present value of the lease payments not yet paid, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate for the same term as the underlying lease. The right-of-use asset is recognized initially at cost, which primarily comprises the initial amount of the lease liability, plus any initial direct costs incurred, consisting mainly of brokerage commissions, less any lease incentives received. All right-of-use assets are reviewed for impairment. There was no impairment for right-of-use lease assets as of December 31, 2022 and 2021.

Property and equipment, net

Property and equipment primarily consist of property, leasehold improvement, office equipment and electronic equipment, which is stated at cost less accumulated depreciation and impairment losses. Depreciation is provided using the straight-line method based on the estimated useful life. The useful lives of property and equipment as follows:

Property	20 years
Office equipment	5 years
Electronic equipment	3 years
Vehicle	4 years
Leasehold improvement	Shorter of useful life or lease term

Expenditures for repairs and maintenance, which do not materially extend the useful lives of the assets, are expensed as incurred. Expenditures for major renewals and betterments which substantially extend the useful life of assets are capitalized. The cost and related accumulated depreciation of assets disposed of or retired are removed from the accounts, and any resulting gain or loss is reflected in the consolidated statement of income and other comprehensive income in other income or expenses.

Intangible assets, net

Purchased intangible assets primarily consist of copyrights and software, which are recognized and measured at fair value upon acquisition. Separately identifiable intangible assets that have determinable lives continue to be amortized over their estimated useful lives using the straight-line method based on their estimated useful lives as. The estimated useful lives of copyrights and software range from 3 to 10 years.

Long-term investment

The Company elects to record the equity investment in a privately held company, over which the Company had no control or significant influence, using the measurement alternative at cost, less impairment, with subsequent adjustments for observable price changes resulting from orderly transactions for identical or similar investments of the same issuer. Suh equity investment accounted for using the measurement alternative is subject to periodic impairment review. The Company's impairment analysis considers both qualitative and quantitative factors that may have a significant effect on the fair value of the equity investment. As of December 31, 2022 and 2021, the Company did not record impairment loss against the long-term investment.

Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Impairment of $nil, $434,878, and $nil was recognized on property and equipment for the years ended December 31, 2022, 2021 and 2020, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertiser deposits

The advertiser deposits represented deposits made by the advertisers who undertake a minimum total advertising spend as a condition for enjoying rebates and discounts. The Company generally requires these advertisers to place deposits with the Company at a percentage (usually up to 10%) of the committed spend, which usually equals to the amount of deposit payable to the media under the corresponding framework agreement with the media specific to such advertiser (see note 2 – media deposits). If the advertiser fails to reach the committed minimum spend upon expiry or termination of the framework agreement; (i) the advertiser would not be entitled to the rebates and discounts under the preferential pricing policy, if any; (ii) the advertiser's deposit may be forfeited or deducted to pay up the additional amount it should pay without the benefits of rebates or discounts.

As of December 31, 2022 and 2021, the balances of advertiser deposits were $541,444 and $916,531, respectively.

Warrant Liabilities

The Company evaluates the stock purchase warrants under Accounting Standards Codification ("ASC") 815-40, Derivatives and Hedging—Contracts in Entity's Own Equity. Warrants recorded as liabilities are recorded at their fair value and remeasured on each reporting date with change in estimated fair value of common stock warrant liability in the consolidated statement of operations.

Revenue recognition

The Company early adopted ASC 606, Revenue from Contracts with Customers ("ASC 606") on January 1, 2018, using the modified retrospective approach for contracts that were not completed as of December 31, 2017. ASC 606 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. In according with ASC 606, revenues are recognized when control of the promised services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

The Company identified each distinct service, or each series of distinct services that are substantially the same and that have the same pattern of transfer to the customer, as a performance obligation. Transaction price is allocated among different performance obligations identified in one contract, by using expected cost plus margin approach, if the standalone selling price of each performance obligation is not observable.

The Company applied 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.

The Company has advertising agency revenues from search engine marketing ('SEM", a form of online marketing that involves the promotion of websites by increasing their visibility in search engine results pages and search-related products and services) services and non-SEM services, including deployment of in-feed and mobile app ads on other media and social media marketing services in relation to running advertising campaigns on selected social media accounts. The Company acts as an agent between media or their authorized agencies (collectively "publishers") and advertisers by helping publishers procure advertisers and facilitate ad deployment on their advertising channels, and purchasing ad inventories and advertising services from publishers for advertisers. The Company places orders with publishers as per request from advertisers. Each order is materialized by a contract and explicitly quotes one agency service to arrange for the advertising service to be provided by a third party publisher for a period of ad term. The Company provides advices and services on advertising strategies and ad optimization to advertisers to improve the effectiveness of their ads, all of which are highly interrelated and not separately identifiable. The Company's overall promise represents a combined output that is a single performance obligation; there is no multiple performance obligations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company evaluated its advertising agency contracts and determined that it was not acting as principal in these arrangements with publishers and advertisers since it never takes control of the ad inventories at any time. The Company collects the costs of purchasing ad inventories and advertising services from advertisers on behalf of publishers. The Company generates advertising agency revenues either by charging additional fees to advertisers or receiving rebates and incentives offered by publishers. Accordingly, both advertisers and publishers can be identified as customers, depending on the revenue model applicable to the relevant services.

The Company recognizes revenues on a net basis, which equal to: (i) rebates and incentives offered by publishers, netting the rebates to advertises (if any); and (ii) net fees from advertisers.

Rebates and incentives offered by publishers

Rebates and incentives offered by publishers are determined based on the contract terms with publishers and their applicable rebate policies, which typically in the form of across-the-board standard-rate rebates, differential standard-rate rebates and progressive-rate rebates. Rebates and incentives offered by publishers are accounted for as variable consideration. The Company accrues and recognizes revenues in the form of rebates and incentives based on its evaluation as to whether the contractually stipulated thresholds of advertising spend are likely to being reached, or other benchmarks or certain prescribed classification are likely to being qualified (e.g. the number of new advertisers secured, growth in actual advertising spend), and to the extent that a significant reversal of cumulative revenue would not occur in future periods. These evaluations are based on the past experience and regularly monitoring of various performance factors set within the rebate policies (e.g. accumulated advertising spend, number of new advertisers). At the end of each subsequent reporting period, the Company re-evaluates the probability of achieving such advertising spend volume and any related constraint, and if necessary, adjusts the estimate of the amount of rebates and incentives. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenues and earnings in the period of adjustment. The rebates and incentives are generally ascertained and settled on a quarterly or annual basis. Historically, adjustments to the estimations for the actual amounts have been immaterial. These rebates and incentives take the form of cash which, when paid, are applied to set off accounts payable with the relevant publishers or settled separately; or can be in the form of ad currency units which will be deposited in the account in the back-end platform of the media, and can then be utilized to acquire their ad inventory.

The Company may offer rebates to advertisers on a case by case basis, generally with reference to the rebates and incentives offered by publishers, the advertiser's committed total spend, and the business relationships with such advertiser. The rebates offered by the Company to advertisers are in the form of cash discounts or ad currency units that can be utilized to acquire ad inventory from relevant media, both of which are account for as a deduction of revenues.

Net fees from advertisers

Net fees from advertisers are the difference between the gross billing amount charged to the advertisers and the costs of purchasing ad inventories and advertising services on their behalf.

The publishers do not receive the benefits from the Company's facilitation services until the publishers deliver advertising services to the advertisers. The Company recognizes advertising agency revenues when it transfers the control of the facilitation service commitments, i.e., when the publishers deliver advertising services to the advertisers. Under the CPC and CPA pricing model of media, the Company recognizes revenues at the point of time as the publishers deliver advertising services at the point in time. Under the CPT pricing model of media, the publishers deliver advertising services over time when the advertising links are displayed over the contract periods, and therefore the Company recognizes revenue on a straight-line basis over the contracted display period. During the years ended December 31, 2022, 2021 and 2020, revenues from the advertising services under CPT pricing model that the Company arranged are immaterial.

The Company records revenues and costs on a net basis and the related accounts receivable and payable amounts on a gross basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The gross billing amounts charged to the advertisers are collected either in advance to provision of services or after the services. Accounts receivable represent the gross billing charged to advertisers that the Company has an unconditional right to consideration (including billed and unbilled amount) when the Company has satisfied its performance obligation. Payment terms and conditions of accounts receivables vary by customers, and terms typically include a requirement for payment within a period from three to six months. The Company has determined that all the contracts generally do not include a significant financing component. The Company does not have any contract assets since revenue is recognized when control of the promised services is transferred and the payment from customers is not contingent on a future event. In cases where the gross billing amounts are collected in advance, the amounts are recorded as "advance from advertisers" in the consolidated balance sheets. Advance from advertisers related to unsatisfied performance obligations at the end of the year is recognized as revenue when the Company delivers the services to its advertisers. The fees are non-refundable. In cases where amounts are collected after the services, accounts receivable are recognized upon delivery of ad inventories and advertising services to the advertisers. The gross billing amounts are determinable at the inception of the services.

The cost of purchasing ad inventories and advertising services are recorded as accounts payable or a deduction against prepayments in cases where prepayments are required by the publishers.

The following table identifies the disaggregation of our revenue for the years ended December 31, 2022, 2021 and 2020, respectively.

	For the Years Ended December 31,		
	2022	2021	2020
Nature of Revenue:			
Rebates and incentives offered by publishers	$ 1,930,188	$ 3,663,168	$ 9,430,758
Net fees from advertisers	484,910	248,392	2,480,471
Total	**$ 2,415,098**	**$ 3,911,560**	**$ 11,911,229**
Category of Revenue:			
SEM services	$ 321,363	$ 2,449,120	$ 8,165,614
Non-SEM services	2,093,735	1,462,440	3,745,615
Total	**$ 2,415,098**	**$ 3,911,560**	**$ 11,911,229**

Value added taxes

The Company's PRC subsidiaries are subject to value added tax ("VAT") and related surcharges based on gross service price depending on the type of services provided in the PRC ("output VAT"), and the VAT may be offset by VAT paid by the Company on service purchases ("input VAT"). The applicable rate of output VAT or input VAT for the Company is 6%. Gross billing charged to advertisers, which is reflected as accounts receivable on gross basis in the consolidated balance sheet, is subject to output VAT at a rate of 6% and subsequently paid to PRC tax authorities after netting input VAT on purchases incurred during the period. The Company's revenues are presented net of costs of purchasing ad inventories and services paid on behalf of advertisers, VAT collected on behalf of PRC tax authorities and its related surcharges; the VAT is not included in the consolidated statements of income and comprehensive income.

Cost of revenues

Cost of revenues related to advertising agency is primarily personnel related costs and business taxes. These costs are expensed as incurred.

Income Taxes

The Company accounts for income taxes in accordance with the U.S. GAAP for income taxes. Under the asset and liability method as required by this accounting standard, the recognition of deferred income tax liabilities and assets for the expected future tax consequences of temporary differences between the income tax basis and financial reporting basis of assets and liabilities. Provision for income taxes consists of taxes currently due plus deferred taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis. Deferred tax assets are recognized to the extent that it is probable that taxable income to be utilized with prior net operating loss carried forwards. Deferred tax is calculated using tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement, except when it is related to items credited or charged directly to equity. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

An uncertain tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. The Company does not believe that there was any uncertain tax position as of December 31, 2022 and 2021. As of December 31, 2022, income tax returns for the tax years ended December 31, 2017 through December 31, 2021 remain open for statutory examination.

(Loss) Earnings per share

Basic (loss) earnings per ordinary share is computed by dividing net (loss) income attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the period. Diluted (loss) earnings per share is computed by dividing net income attributable to ordinary shareholders by the sum of the weighted average number of ordinary share outstanding and of potential ordinary share (e.g., convertible securities, options and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential ordinary share that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted (loss) earnings per share. For the years ended December 31, 2022, 2021 and 2020, the Company had no dilutive shares.

Foreign currency translation

The reporting currency of the Company is U.S. dollars ("US$") and the accompanying consolidated financial statements have been expressed in US$. Since the Company operates primarily in the PRC, the Company's functional currency is the Chinese Yuan ("RMB"). The Company's consolidated financial statements have been translated into the reporting currency U.S. Dollars ("US$" or "$"). Assets and liabilities of the Company are translated at the exchange rate at each reporting period end date. Equity is translated at historical rates. Income and expense accounts are translated at the average rate of exchange during the reporting period. Because cash flows are translated based on the average translation rate, amounts related to assets and liabilities reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the balance sheet. The resulting translation adjustments are reported under other comprehensive income (loss). Gains and losses resulting from the translations of foreign currency transactions and balances are reflected in the results of operations.

The following table outlines the currency exchange rates that were used in creating the consolidated financial statements in this report:

	December 31, 2022	December 31, 2021
Year-end spot rate	6.8972	6.3726

	For the Years Ended December 31,		
	2022	2021	2020
Average rate	6.7290	6.4508	6.9042

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described below:

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.

Financial instruments of the Company primarily comprised current assets and current liabilities including cash and cash equivalents, restricted cash, short-term investments, accounts receivable, third party and related party media deposits, other receivables, accounts payables, advertiser deposits, dividend payable, tax payable, other payables, due to related parties and warrant liabilities.

Fair value of investment in trading securities and US Treasury Bills are based on quoted prices in active markets, and were categorized in Level 1 of the fair value hierarchy.

Warrant liabilities were measured at fair value using unobservable inputs and categorized in Level 3 of the fair value hierarchy. See Note 12.

As of December 31, 2022 and 2021, the carrying values of other financial instruments approximated to their fair values because of the short-term nature of these instruments.

Concentration and credit risk

Substantially all of the Company's operating activities are transacted into 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, which are not insured by Federal Deposit Insurance Corporation ("FDIC") insurance or other insurance. As of December 31, 2022 and 2021, $5,921,461 and $1,934,708 of the Company's cash were on deposit at financial institutions in the PRC, respectively, where there currently is no rule or regulation requiring such financial institutions to maintain insurance to cover bank deposits in the event of bank failure.

Accounts receivable are typically unsecured and derived from services rendered to advertisers that are located primarily in China, thereby exposed to credit risk. The risk is mitigated by the Company's assessment of advertisers' creditworthiness and its ongoing monitoring of outstanding balances. The Company has a concentration of its receivables with specific advertisers. As of December 31, 2022, three advertisers accounted for 18.1%, 14.4% and 13.2% of accounts receivable, respectively. As of December 31, 2021, two advertisers accounted for 17.4% and 12.6% of accounts receivable, respectively.

For the year ended December 31, 2022, three publishers accounted for approximately 36.8%, 13.3% and 10.7% of the total revenue, respectively. For the year ended December 31, 2021, three publishers accounted for approximately 41.8%, 28.1% and 16.5% of the total revenue, respectively. For the year ended December 31, 2020, two publishers accounted for approximately 68.9% and 12.8% of the total revenue, respectively.

As of December 31, 2022, two publishers accounted for 43.5% and 27.7% of the total accounts payable balance, respectively. As of December 31, 2021, three publishers accounted for 36.2%, 13.6% and 10.2% of the total accounts payable balance, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently issued accounting pronouncements

In June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments (Topic 326)", which significantly changes the way entities recognize impairment of many financial assets by requiring immediate recognition of estimated credit losses expected to occur over their remaining life, instead of when incurred. In November 2018, the FASB issued ASU No. 2018-19, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses", which amends Subtopic 326-20 (created by ASU No.2016-13) to explicitly state that operating lease receivables are not in the scope of Subtopic 326-20. Additionally, in April 2019, the FASB issued ASU No.2019-04, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments", in May 2019, the FASB issued ASU No. 2019-05, "Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief", and in November 2019, the FASB issued ASU No. 2019-10, "Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates", and ASU No. 2019-11, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses", to provide further clarifications on certain aspects of ASU No. 2016-13 and to extend the nonpublic entity effective date of ASU No. 2016-13. The changes (as amended) are effective for the Company for annual and interim periods in fiscal years beginning after December 15, 2022. The Company does not expect any material impact on its consolidated financial statements as a result of adopting the new standard.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated financial position, statements of operations and cash flows.

3. GOING CONCERN

As reflected in the Company's consolidated financial statements, the Company had a net loss of $23,738,837 and $6,747,453 for the years ended December 31, 2022 and 2021, and reported a cash inflow of $1,601,481 for the year ended December 31, 2022, while cash outflow of $31,213,199 and $3,393,204 from operating activities for the years ended December 31, 2021 and 2020, respectively. These factors raise a substantial doubt about the Company's ability to continue as a going concern.

As of December 31, 2022, the Company had cash and cash equivalent of $6,679,077 and short-term investments of $3,082,990. On the other hand, the balance of current liabilities of $11,860,919 which were expected to get paid in the year ended December 31, 2023. The Company reported a positive cash flow of $1,601,481 from operating activities for the year ended December 31, 2022, and expected to make continuous cash inflows in the next twelve months. The Company also obtained a one-year bank borrowing during the year ended December 31, 2022. The Company expected to renew the bank borrowing upon its maturity. The Company intends to meet the cash requirements for the next 12 months from the issuance date of this report through a combination of application of credit terms, bank loans, and principal shareholder's financial support. Given the factors mentioned above, the Company assesses current working capital is sufficient to meet its obligations for the next 12 months from the issuance date of this report. Accordingly, management continues to prepare the Company's consolidated financial statements on going concern basis.

However, future financing requirements will depend on many factors, including the scale and pace of the expansion of the Company's advertising business, the expansion of the Group's sales and marketing activities, and potential investments in, or acquisitions of, businesses or technologies. Inability to obtain credit terms from medias or access to financing on favorable terms in a timely manner or at all would materially and adversely affect the Company's business, results of operations, financial condition, and growth prospects.

4. ACCOUNTS RECEIVABLE, NET

The Company records revenues and costs on a net basis and the related accounts receivable and payable amounts on a gross basis. Accounts receivable, net of provision for doubtful accounts consist of the following:

	December 31, 2022	December 31, 2021
Accounts receivable	$ 47,783,610	$ 62,789,964
Less: provision for doubtful accounts	(17,681,792)	(6,426,781)
Accounts receivable, net of provision for doubtful accounts	**$ 32,101,818**	**$ 56,363,183**

Provisions for doubtful accounts of accounts receivable were $19,276,587, $4,155,246, and $1,960,604 for the years ended December 31, 2022, 2021, and 2020, respectively. Movement of allowance for doubtful accounts was as follows:

	December 31, 2022	December 31, 2021
Balance at beginning of the year	$ 6,426,781	$ 4,702,394
Charge to expenses	19,276,587	4,155,246
Writing off of accounts receivable	(7,239,204)	(2,562,857)
Foreign exchange loss	(782,372)	131,998
Balance at end of the year	**$ 17,681,792**	**$ 6,426,781**

5. PREPAYMENTS – THIRD PARTIES

Prepayments – third parties consist of the following:

	December 31, 2022	December 31, 2021
Prepayments to third party medias	$ 2,957,346	$ 12,077,413
Less: provision for doubtful accounts	(2,153,390)	(2,701,166)
	$ 803,956	**$ 9,376,247**

Provisions for doubtful accounts of prepayments were $1,196,563, $2,668,421, and $nil for the years ended December 31, 2022, 2021, and 2020, respectively. Movement of allowance for doubtful prepayments was as follows:

	December 31, 2022	December 31, 2021
Balance at beginning of the year	$ 2,701,166	$ —
Charge to expenses	1,196,563	2,668,421
Writing off of accounts receivable	(1,547,445)	—
Foreign exchange (loss) income	(196,894)	32,745
Balance at end of the year	**$ 2,153,390**	**$ 2,701,166**

6. OTHER CURRENT ASSETS

Other current assets consist of the following:

	December 31, 2022	December 31, 2021
Recoverable value-added taxes	$ 2,689,170	$ 4,197,620
Others	60,110	620,023
Less: provision for doubtful accounts	(6,874)	(20,621)
	$ 2,742,406	**$ 4,797,022**

For the years ended December 31, 2022, 2021, and 2020, provisions for doubtful accounts of other current assets were $nil, $56,341, and $nil, respectively, among which the Company wrote off other current assets of $nil, $35,976, and $nil. For the year ended December 31, 2022, the Company reversed provision for doubtful accounts of $12,483. Movement of allowance for doubtful accounts was as follows:

	December 31, 2022	December 31, 2021
Balance at beginning of the year	$ 20,621	$ —
Charge to expenses	—	56,341
Reversal of charges	(12,483)	—
Writing off of accounts receivable	—	(35,976)
Foreign exchange loss	(1,264)	256
Balance at end of the year	**$ 6,874**	**$ 20,621**

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	December 31, 2022	December 31, 2021
Property	$ 2,016,287	$ 858,858
Leasehold improvement	367,235	283,607
Office equipment	161,997	173,355
Vehicles	144,986	—
Electronic equipment	133,850	377,162
Less: accumulated depreciation	(473,027)	(314,525)
	$ 2,351,328	**$ 1,378,457**

Depreciation expense was $211,213, $210,208, and $236,059 for the years ended December 31, 2022, 2021, and 2020, respectively. During the year ended December 31, 2021, the Company recognized impairment loss of $434,878 on electronic equipment.

During the year ended December 31, 2022, the Company disposed of electronic equipment at consideration of $222,916, and recorded loss from disposal of property and equipment of $1,275. On the date of disposal, the cost and accumulated depreciation of electronic equipment was $217,341 and $23,637, respectively.

During the year ended December 31, 2021, the Company disposed of leasehold improvement, office equipment and electronic equipment, and recorded loss from disposal of property and equipment of $14,810. On the date of disposal, the cost and accumulated depreciation of leasehold improvement was $382,909 and $382,909, respectively, the cost and accumulated depreciation of office equipment was $27,071 and $13,436, respectively, and the cost and accumulated depreciation of office equipment was $27,156 and $25,798, respectively.

8. INTANGIBLE ASSETS, NET

Intangible assets consisted of the following:

	December 31, 2022	December 31, 2021
Copyrights	$ 752,288	$ 814,217
Software	43,954	84,082
Less: accumulated amortization	(238,016)	(122,696)
	$ 558,226	**$ 775,603**

Amortization expense was $175,807, $76,666, and $212,976 for the years ended December 31, 2022, 2021, and 2020, respectively.

9. PREPAYMENTS FOR LICENSED COPYRIGHTS

Prepayments for licensed copyrights consisted of the following:

	December 31, 2022	December 31, 2021
Prepayments for licensed copyrights	$ 2,735,592	$ 2,960,789

During the year ended December 31, 2021, the Company entered into two cooperation agreements with a third party entity, pursuant to which the Company will have the right to use the licensed copyrights of two games developed by such third party entity for a three-year term. During the year ended December 31, 2021, the Company made prepayments of $2,924,897. The two games are expected to have online tests in May 2023 and to be launched around November 2023.

As of December 31, 2022 and 2021, the change in balance of prepayments for licensed copyrights was caused by change in spot rates as of reporting dates.

10. OPERATING LEASE

As of December 31, 2022 and 2021, the Company leases offices space under non-cancelable operating leases, with terms of three years. The Company considers those renewal or termination options that are reasonably certain to be exercised in the determination of the lease term and initial measurement of right of use assets and lease liabilities. Lease expense for lease payment is recognized on a straight-line basis over the lease term.

The Company determines whether a contract is or contains a lease at inception of the contract and whether that lease meets the classification criteria of a finance or operating lease. When available, the Company uses the rate implicit in the lease to discount lease payments to present value; however, most of the Company's leases do not provide a readily determinable implicit rate. Therefore, the Company discount lease payments based on an estimate of its incremental borrowing rate.

For the year ended December 31, 2022, the Company early terminated offices space and had no outstanding right of use assets and lease liabilities as of December 31, 2022.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The table below presents the operating lease related assets and liabilities recorded on the balance sheets.

	December 31, 2022	December 31, 2021
Rights of use lease assets	$ —	$ 1,195,092
Operating lease liabilities, current	—	515,592
Operating lease liabilities, noncurrent	—	537,447
Total operating lease liabilities	**$ —**	**$ 1,053,039**

The weighted average remaining lease terms and discount rates for all of operating leases were as follows as of December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Remaining lease term and discount rate		
Weighted average remaining lease term (years)	1.26	2.25
Weighted average discount rate	4.75 %	4.75 %

During the years ended December 31, 2022, 2021, and 2020, the Company incurred total operating lease expenses of $545,491, $612,868, and $350,344, respectively.

11. BANK BORROWING

	December 31, 2022	December 31, 2021
Bank borrowing	**$ 1,449,864**	$ —

On March 24, 2020, Beijing Baosheng entered into a two-year credit facility agreement of maximum RMB10,000,000 (equivalent to $1,448,394) with Bank of Communications. On April 1, 2020, Beijing Baosheng withdrew RMB10,000,000 (equivalent to $1,448,394), which will be due on March 30, 2021. The loan bears a fixed interest rate of 4.785% per annum. The loan is guaranteed by Beijing Guohua Wenke Finance Guarantee Co., Ltd., for whom a counter-guarantee was provided by Kashi Baosheng and Ms. Wenxiu Zhong, the Chairperson of the Company's board of directors and CEO. Beijing Baosheng also provided counter-guarantee to Beijing Guohua Wenke Finance Guarantee Co., Ltd. with accounts receivable from one customer of RMB105,000,000 (equivalent to $14,852,115) pledged as the collateral. The outstanding balance was RMB10,000,000 (equivalent to $1,532,567), which was fully repaid as of the maturity date in March 2021.

On March 5, 2021, Beijing Baosheng entered into a revolving credit facility agreement of with Bank of Communications under which Beijing Baosheng can draw-down up to RMB50,000,000 million (approximately $7,750,977) by June 8, 2021. Each borrowing under the credit facility is due within three months from the date of issuance. The interest rate for this credit facility was fixed at 3.85% per annum, and required the Company to make a deposit of same amount. The loan is guaranteed by Ms. Wenxiu Zhong. The Company has repaid borrowing in May 2021 and the deposit was released accordingly.

On December 22, 2022, Baosheng Network entered into a bank loan agreement with Bank of Beijing under which under which Beijing Baosheng borrowed a one-year loan of RMB10,000,000 million (approximately $1,449,846). The interest rate for the borrowing was fixed at 3.65% per annum. The loan is guaranteed by two third parties, for whom the Company involved a third party counter-guarantor. In addition the Company pledged its properties with the counter guarantor.

For the year ended December 31, 2022, 2021, and 2020, interest expense arising from the bank borrowing amounted to $nil, $88,518, and $50,824, respectively.

12. WARRANT LIABILITIES

In connection with the private placement on March 18, 2021 (Note 15), the Company sold an aggregate of 1,960,784 warrants with each to purchase one half of one ordinary share at an exercise price of $5.61 per ordinary share. A warrant may be exercised at any time on or after March 18, 2021 and on or prior to 5:00 p.m. (New York City time) on September 18, 2026 but not thereafter. Giving effect to a share consolidation at a ratio of one-for-three and one fifth (3.2) ordinary shares effective on May 24, 2022 and a share consolidation at a ratio of one-for-six (6) ordinary shares effective on March 21, 2023, the 1,960,784 warrants was consolidated to 112,610 warrants with each to purchase one half of one ordinary share at an exercise price of $107.71 per ordinary share.

The holders of warrants are granted with registration rights. If at any time after the six month anniversary of March 18, 2021, there is no effective registration statement registering, or no current prospectus available for the issuance of the warrant shares to the holder and the resale of the warrant shares, then this warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise". The warrants are subject to adjustments in the event of 1) stock dividends and splits, 2) subsequent right offerings, 3) pro rata dilutions and 4) fundamental transactions. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of the warrants.

12. WARRANT LIABILITIES (CONTINUED)

In the event of a fundamental transaction, the Company or any successor entity shall, at the holder's option, purchase this warrant from the holder by paying to the holder an amount of cash equal to the value of the remaining unexercised portion of the warrant, using Black-Scholes model, on the date of the consummation of such fundamental transaction; provided, however, that, if the fundamental transaction is not within the Company's control, including not approved by the Company's Board of Directors, holder shall only be entitled to receive from the Company or any successor entity the same type or form of consideration (and in the same proportion), at the value of the unexercised portion of the warrant, that is being offered and paid to the holders of ordinary shares of the Company in connection with the fundamental transaction, whether that consideration be in the form of cash, stock or any combination thereof, or whether the holders of ordinary shares are given the choice to receive from among alternative forms of consideration in connection with the fundamental transaction.

If the Company fails for any reason to deliver to the holders the warrant shares subject to a notice of exercise by the warrant share delivery date, the Company shall pay to the holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of warrant shares subject to such exercise (based on the volume weighted average price of the ordinary shares on the date of the applicable Notice of Exercise), $10 per trading day (increasing to $20 per trading day on the fifth (5th) Trading Day after such liquidated damages begin to accrue) for each trading day after such warrant share delivery date until such warrant shares are delivered or holder rescinds such exercise. In addition, cash payment is required as a compensation for buy-in on failure of delivery warrant shares.

The above mentioned cash-settled make-whole provisions led the warrants classified as a derivative warrant liability. The derivative warrant liability was initially recorded at fair value on the closing date of the private placement, and were subsequently remeasured at fair value at each reporting dates. The changes in the fair value of derivative warrant liability were charged to the account of "Changes in fair value of warrant liabilities" in the consolidated statements of operations and comprehensive income (loss).

As of December 31, 2021, the Company had 1,960,784 private placement warrants outstanding. Giving effect to a share consolidation at a ratio of one-for-three and one fifth (3.2) ordinary shares effective on May 24, 2022 and a share consolidation at a ratio of one-for-six (6) ordinary shares effective on March 21, 2023, the Company had 112,610 warrants as of December 31, 2022. The warrant liability related to such warrants was remeasured to its fair value at each reporting period. The change in fair value was recognized in the consolidated statements of operations. The change in the fair value of the warrant liabilities is summarized as follows:

Estimated fair value as of January 1, 2021	$ —
Issuance of warrants	2,370,376
Changes in estimated fair value	(2,367,632)
Estimated fair value as of December 31, 2021	2,744
Changes in estimated fair value	(1,912)
Estimated fair value as of December 31, 2022	$ 832

The fair value of the warrant liabilities was estimated using Black-Scholes model. Inherent in these valuations are assumptions related to expected stock-price volatility, expected life, risk-free interest rate and dividend yield. The Company estimates the volatility of its common stock based on historical and implied volatilities of selected peer companies as well as its own that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expected remaining life of the warrants. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend rate is based on the historical rate, which the Company anticipates remaining at zero.

The following table provides quantitative information regarding Level 3 fair value measurements inputs for the Company's warrants at their measurement dates:

	As of December 31, 2022	As of December 31, 2021	As of March 18, 2021
Volatility	35.77 %	32.52 %	31.26 %
Stock price	5.16	0.90	6.58
Expected life of the warrants to convert	3.72	4.72	5.50
Risk free rate	4.17 %	1.27 %	1.09 %
Dividend yield	0.0 %	0.0 %	0.0 %

13. INCOME TAXES

Cayman Islands

Under the current and applicable laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. Additionally, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

British Virgin Islands

Under the current and applicable laws of BVI, Baosheng BVI is not subject to tax on income or capital gains.

Hong Kong

Baosheng HK is incorporated in Hong Kong and is subject to Hong Kong Profits Tax on the taxable income as reported in its statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. The applicable tax rate for the first HKD$2 million of assessable profits is 8.25% and assessable profits above HKD$2 million will continue to be subject to the rate of 16.5% for corporations in Hong Kong, effective from the year of assessment 2018/2019. Before that, the applicable tax rate was 16.5% for corporations in Hong Kong. The Company did not make any provisions for Hong Kong profit tax as there were no assessable profits derived from or earned in Hong Kong since inception. Under Hong Kong tax laws, Baosheng HK is exempted from income tax on its foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

PRC

Beijing Baosheng, Horgos Baosheng, Kashi Baosheng, Baosheng Technology, Baosheng Network and Beijing Xunhuo were incorporated in the PRC and are subject to PRC Enterprise Income Tax ("EIT") on the taxable income in accordance with the relevant PRC income tax laws. On March 16, 2007, the National People's Congress enacted a new enterprise income tax law, which took effect on January 1, 2008. The law applies a uniform 25% enterprise income tax rate to both foreign invested enterprises and domestic enterprises.

Horgos Baosheng, Kashi Baosheng, and Baosheng Technology are subject to a preferential income tax rate of 0% CIT for a period since generating revenues, as they were incorporated in the Horgos and Kashi Economic District, Xinjiang province. The five-year preferential income tax treatment ends on December 31, 2022 and December 31, 2025, respectively, for Kashi Baosheng and Baosheng Technology. Horgos Baosheng was entitled to the five-year preferential income tax treatment for ended on December 31, 2020 and is entitled to an extension of five-year preferential income tax treatment ended on December 31, 2025.

In addition, each of Beijing Baosheng and Horgos Baosheng have a branch in Beijing. The two branches are subject to an EIT of 25%.

Income tax expense consist of the following:

	For the Years Ended December 31,		
	2022	2021	2020
Current income tax expense	$ —	$ —	$ —
Deferred income tax expense	—	—	108,638
Income tax expense	**$ —**	**$ —**	**$ 108,638**

13. INCOME TAXES (CONTINUED)

Below is a reconciliation of the statutory tax rate to the effective tax rate:

	For the Years Ended December 31,		
	2022	2021	2020
PRC statutory income tax rate	25 %	25 %	25 %
Impact of different income tax rates in other jurisdictions	(0.8)%	5.9 %	1.4 %
Effect of preferential tax rate(a)	(18.0)%	(23.6)%	(38.1)%
Effect of non-deductible expenses	(0.2)%	(0.7)%	7.9 %
Effect of change in valuation allowance	(6.0)%	(6.6)%	5.4 %
Effective tax rate	**0.0 %**	**0.0 %**	**1.6 %**

(a) The Company's subsidiaries, Horgos Baosheng, Kashi Baosheng and Baosheng Technology are subject to a favorable tax rate of 0%. For the years ended December 31, 2022, 2021, and 2020, the tax saving as the result of the favorable tax rate amounted to $nil, $nil, and $2,686,911, respectively, and per share effect of the favorable tax rate (after share reorganization) were $nil, $nil, and $2.53.

Deferred tax assets as of December 31, 2022 and 2021 consist of the following:

	December 31, 2022	December 31, 2021
Deferred tax assets:		
Net operating losses carryforwards	$ 1,190,713	$ 1,465,593
Allowance for doubtful accounts of accounts receivable	27,745	65,526
Allowance for doubtful accounts of prepayments	70,207	114,293
Allowance for doubtful accounts of other current assets	1,717	1,858
Less: allowance on deferred tax assets	(1,290,381)	(1,647,270)
	$ —	**$** —

The Company evaluates its valuation allowance requirements at end of each reporting period by reviewing all available evidence, both positive and negative, and considering whether, based on the weight of that evidence, a valuation allowance is needed. When circumstances cause a change in management's judgement about the realizability of deferred tax assets, the impact of the change on the valuation allowance is generally reflected in income from operations. The future realization of the tax benefit of an existing deductible temporary difference ultimately depends on the existence of sufficient taxable income of the appropriate character within the carryforward period available under applicable tax law.

As of December 31, 2022 and 2021, due to uncertainties surrounding future utilization on Beijing Baosheng, Baosheng Network, the Beijing branch of Horgos Baosheng and Baosheng HK, the Company accrued full valuation allowance of $1,290,381 and $1,647,270, respectively, against the deferred tax assets based upon management's assessment as to their realization

14. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted loss per common share for the years ended December 31, 2022, 2021, and 2020, respectively:

	For the Years Ended December 31,		
	2022	2021	2020
Net (Loss) Income	$ (23,738,837)	$ (6,747,453)	$ 6,944,691
Weighted average number of ordinary share outstanding*			
Basic and Diluted	1,534,487	1,459,390	1,062,502
(Loss) Earnings per share			
Basic and Diluted	$ (15.47)	$ (4.62)	$ 6.54

* Retrospectively restated to give effect to a share consolidation at a ratio of one-for-three and one fifth (3.2) ordinary shares effective on May 24, 2022, an increase in the Company's share capital from $50,000 to $60,000, and a share consolidation at a ratio of one-for-six (6) ordinary shares effective on March 21, 2023 (Note 15).

For the years ended December 31, 2022, 2021 and 2020, the Company had no dilutive shares.

15. EQUITY

Ordinary shares

The Company's authorized share capital is 6,250,000 ordinary shares, par value $0.0096 per share.

On July 6, 2020, the Company's shareholders and Board of Directors approved: (i) an increase of the authorized ordinary shares from 5,000,000 shares of a nominal or par value of US$0.01 to 100,000,000 shares of a nominal or par value of US$0.0005, (ii) a 20-for-1 stock split to sub-divide the original 102 shares of issued ordinary shares in the capital of the Company into 2,040 shares of ordinary shares, and (iii) the issuance of an aggregated 20,397,960 shares of ordinary shares, at par value of$0.0005, to all existing shareholders on a pro rata basis. No cash or other consideration was paid for the issuance of 20,397,960 ordinary shares. All the existing shareholders and directors of the Company consider this stock issuance was part of the Company's reorganization to result in 20,400,000 ordinary shares issued and outstanding prior to completion of this offering and similar to stock split. The Company believes it is appropriate to reflect stock split on a retroactive basis pursuant to ASC 260. The Company has retroactively restated all shares and per share data for all periods presented. As a result, the Company had 100,000,000 authorized shares, par value of US$0.0005, of which 20,400,000 and 20,400,000 were issued and outstanding as of December 31, 2020 and 2019, respectively.

On February 10, 2021, the Company closed its initial public offering ("IPO") of 6,000,000 ordinary shares at a public offering price of US$5.00 per ordinary share. On March 2, 2021, Univest Securities, LLC, the representative of the underwriters in the IPO exercised in full its option to purchase an additional 900,000 ordinary shares at a price of $5.00. Gross proceeds of the Company's IPO, including the proceeds from the sale of the over-allotment shares, totaled $34.5 million, before deducting underwriting discounts and other related expenses.

On March 18, 2021, the Company entered into a securities purchase agreement (the "Securities Purchase Agreement") with two investors, including a wholly-owned subsidiary of Ebang International Holdings Inc. (Nasdaq: EBON) for an investment of US$10 million. Pursuant to the Securities Purchase Agreement and an exemption from registration requirements of Section 5 of the Securities Act of 1933, as amended (the "Securities Act") contained in Regulation S promulgated under the Securities Act, the Company issued an aggregate of 1,960,784 units to the investors, with each unit consisting of one ordinary share of the Company, par value $0.0005 per share (the "Ordinary Shares") and a warrant to purchase one half of one Ordinary Share at an exercise price of $5.61 per Ordinary Share (subject to adjustment).

15. EQUITY (CONTINUED)

On May 11, 2022, the Board of Directors resolved to approve a share consolidation at a ratio of one-for-three and one fifth (3.2) ordinary shares with a par value of US$0.0005 each in the Company's issued and unissued share capital into one ordinary share with a par value of US$0.0016 ("2022 Share Consolidation"), for which the Company obtained shareholder approval on April 28, 2023. Immediately following the 2022 Share Consolidation, the authorized share capital of the Company will be US$50,000 divided into 31,250,000 ordinary shares of a par value US$0.0016 each. The 2022 Share Consolidation became effective on May 24, 2022.

On March 6, 2023, the Company effected an increase in authorized share capital from US$50,000 divided into 31,250,000 ordinary shares of a par value US$0.0016 each to US$60,000 divided into 37,500,000 ordinary shares of a par value US$0.0016 each (the "Increase in Share Capital"), and on March 21, 2023, the Company effected a share consolidation at a ratio of one-for-six, such that each (6) ordinary shares with a par value of US$0.0016 each in the Company's issued and unissued share capital were consolidated into one ordinary share with a par value of US$0.0096 ("2023 Share Consolidation"). Immediately following the Increase in Share Capital and 2023 Share Consolidation, the authorized share capital of the Company will be increased from US$50,000 to US$60,000, divided into 6,250,000 ordinary shares of a par value US$0.0096 each. The Company believes it is appropriate to reflect the Increase in Share Capital, 2022 Share Consolidation and 2023 Share Consolidation on a retroactive basis pursuant to ASC 260. The Company has retroactively restated all shares and per share data for all periods presented. As a result, the Company had 6,250,000 authorized shares, par value of US$0.0096, of which 1,534,487 shares of ordinary shares were issued and outstanding as of December 31, 2022 and 2021, respectively.

Cash dividends

On December 31, 2018, the Company's Board of Directors approved a resolution to declare cash dividends of $7,269,978 (RMB 50,000,000) to its shareholders.

During the year ended December 31, 2022, 2021 and 2020, the Company paid dividends of $1,188,884, $2,170,273, and $nil to its shareholders. As of December 31, 2022 and 2021, the Company had dividends payable of $nil and $1,255,375 (RMB 8,000,000), respectively.

Restricted net assets

The Company's ability to pay dividends is primarily dependent on the Company receiving distributions of funds from its subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by the Company's PRC subsidiaries only out of their respective retained earnings, if any, as determined in accordance with PRC accounting standards and regulations and after they have met the PRC requirements for appropriation to statutory reserves. Paid in capital of the PRC subsidiaries included in the Company's consolidated net assets are also non-distributable for dividend purposes. The results of operations reflected in the accompanying consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Company's PRC subsidiaries. The Company is required to set aside at least 10% of their after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, the Company may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion fund and staff bonus and welfare fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends.

As of December 31, 2022 and 2021, the Company's PRC profit generating subsidiaries accrued statutory reserve funds of $898,133, respectively.

In the litigation process of a Contractual Dispute (see Note 17 Contingencies), pursuant to a freezing order issued by the court (the "Freezing Order"), Beijing Baosheng's assets in the amount of RMB47.7 million were ordered to be frozen, including 100% of the equity interests in Horgos Baosheng and Kashi Baosheng. In addition to the above mentioned restricted on the paid-in capital and statutory reserve funds of PRC subsidiaries, the retained earnings of Horgos Baosheng and Kashi Baosheng were also restricted from payment of dividends before December 31, 2022.

As of December 31, 2022, the Company had net assets restricted in the aggregate, which include paid-in capital and statutory reserve of the Company's PRC subsidiaries of $33,718,654.

As of December 31, 2021, the Company had net assets restricted in the aggregate, which include paid-in capital and statutory reserve of the Company's PRC subsidiaries, and retained earnings of Horgos Baosheng and Kashi Baosheng, of $63,209,808.

16. RELATED PARTY TRANSACTIONS AND BALANCES

1) Nature of relationships with related parties

Name	Relationship with the Company
EJAM GROUP Co., Ltd. (“EJAM Group”)	Indirectly hold a 6.8% equity interest in the Company
Pubang Landscape Architecture (HK) Company Limited (“Pubang Hong Kong”)	Indirectly hold a 20.4% equity interest in the Company
Horgos Zhijiantiancheng	Controlled by EJAM Group
Guangzhou Yijiantiancheng Technology Co., Ltd. (“Guangzhou Yijiantiancheng”)	Controlled by EJAM Group
Horgos Meitui Network Technology Co., Ltd. (“Horgos Meitui”)	Controlled by EJAM Group, and was disposed of by EJAM Group on March 24, 2020
Ms. Wenxiu Zhong	Former Chairperson of the Board of Directors, CEO and indirect equity shareholder of the Company
Anruitai Investment Limited (“Anruitai”)	90% owned by Ms. Wenxiu Zhong and 10% owned by Mr. Sheng Gong, the Director and indirect equity shareholder of the Company

2) Transactions with related parties

	For the Years Ended December 31,		
	2022	2021	2020
Gross billing from a related party			
Horgos Zhijiantiancheng	$ —	$ 83,909	$ —
Guangzhou Yijiantiancheng	—	8,743	—
	$ —	$ 92,652	$ —
Services purchased from related parties			
Horgos Zhijiantiancheng	$ 4,464,919	$ 11,298,397	$ —

3) Balances with related parties

As of December 31, 2022 and 2021, the balances due from related parties were as follows:

	December 31, 2022	December 31, 2021
Media deposits		
Horgos Zhijiantiancheng (a)	$ 104,390	$ 1,426,419
Prepayments		
Horgos Zhijiantiancheng (a)	$ 3,314,744	$ 2,361,779
Due from related parties		
Ms. Wenxiu Zhong (b)	$ —	$ 1,720,102
Anruitai Investment Limited	28,667	28,667
	$ 28,667	$ 1,748,769

(c) Horgos Zhijiantiancheng is both a media and advertiser with the Company. For the years ended December 31, 2022 and 2021, the Company provided services to Horgos Zhijiantiancheng and paid media deposits with Horgos Zhijiantiancheng.

16. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(d) As of December 31, 2021, the Company had amount due from Ms. Wenxiu Zhong of $1,734,604 with the amount due to Ms. Wenxiu Zhong of $14,502 being net off on the consolidated balance sheet. In connection with the lawsuit case filed by Ms. Chen Chen in June 2019 (Note 17), Ms. Wenxiu Zhong promised to unconditionally, irrevocably and personally bear all the potential economic expenses and losses arising from the Equity Ownership Dispute and the Contract Dispute. On February 8, 2022, the final judgment was enforced by the court with a total of RMB10,917,701 (approximately $1,713,225) applied to the satisfaction of such judgment and the payment in full of the related fees and expenses. Accordingly, Beijing Baosheng requested Ms. Wenxiu Zhong to perform her obligations under the Guarantee Letter by reimbursing Beijing Baosheng's litigation costs, including, but not limited to, the amount of damages imposed by the courts, court expenses, and attorney fees. As of December 31, 2021, the Company recorded a receivable of RMB11,053,940, ($1,734,604) due from Ms. Wenxiu Zhong. As of March 7, 2022, Ms. Wenxiu Zhong has fully settled such balance by making cash payments in aggregate amount of RMB11,053,940 ($1,734,604).

As of December 31, 2021 and 2020, the balances due to related parties were as follows:

	December 31, 2022	December 31, 2021
Other payable		
Wenxiu Zhong	$ 14,499	$ —
	$ 14,499	**$ —**

17. CONTINGENCIES

In the normal course of business, the Company is subject to loss contingencies, such as certain legal proceedings, claims and disputes. The Company records a liability for such loss contingencies when the likelihood of an unfavorable outcome is probable and the amount of loss can be reasonably estimated.

On March 14, 2023, Shenzhen Pusi Technology Co., Ltd. ("Shenzhen Pusi") filed a lawsuit in a court in Shenzhen, Guangdong against Baosheng Network, requesting to be repaid service fee of $23,338 (RMB 160,965) and penalty expenses of $364. The services were rendered in the year of 2022. As of December 31, 2022, the Company recorded RMB 16,096,561 as a component of accounts payable. As of the date of this report, the case was still in progress.

In November 2022, Beijing Baosheng brought a breach of contract claim against Shanghai Yituo Information Technology Co., Ltd ("Yituo") in the Shanghai Jinshan District People's Court and sought recovery of RMB50,843.31 (approximately $7,383) and related liquidated damages. The court held the hearings on February 14, 2023 and March 27, 2023. The court entered a judgment on April 11, 2023, ruling in favor of Beijing Baosheng. The judgment was served to Beijing Baosheng on April 24, 2023, and will become final and binding on the parties if Yituo does not file any appeals against the judgement before May 9, 2023.

On April 16, 2019, Ms. Chen Chen filed a lawsuit in a court in Beijing against Beijing Baosheng, with Baosheng Hong Kong named as third party in the complaint, requesting to be recognized as a 5% equity interest holder in Beijing Baosheng pursuant to an equity ownership agreement Ms. Chen Chen previously entered into with Beijing Baosheng on March 17, 2016 (the "Equity Ownership Agreement") (the "Equity Ownership Dispute"). Ms. Chen Chen claimed that she had satisfied the conditions set forth in the Equity Ownership Agreement and was accordingly entitled to the 5% equity interest in Beijing Baosheng. Ms. Chen Chen sought to be recognized as 5% equity interest holder in Beijing Baosheng and receive such equity interest, and to be compensated for litigation related expenses. On June 2, 2020, Ms. Chen Chen voluntarily filed a motion to withdraw this case. On June 16, 2020, the court granted the motion.

17. CONTINGENCIES (CONTINUED)

In addition, in June 2019, Ms. Chen Chen filed another lawsuit in a court in Beijing against Beijing Baosheng (the "Contractual Dispute"), seeking to terminate the Equity Ownership Agreement compensation in the amount of RMB47.65 million ($6,838,404), representing the fair market value of the 5% equity interest in Beijing Baosheng to which she claimed title, and for any litigation related expenses. On July 30, 2021, the court issued a judgment ruling that the Equity Ownership Agreement was terminated on October 16, 2020 and requiring Beijing Baosheng to compensate Ms. Chen Chen RMB). 10,739,877 (approximately $1,685,321). Both parties have appealed the ruling to an intermediate court. On January 12, 2022, Beijing Baosheng received a final judgment from the intermediate court, upholding the original judgment issued on July 30, 2021. According to the original judgment, Beijing Baosheng is required to pay the plaintiff RMB10,739,877 (approximately $1,685,321) and court expenses of RMB71,421 (approximately $11,207). Through a guarantee letter dated April 2, 2020 (the "Guarantee Letter"), Ms. Wenxiu Zhong, the former Chairperson of the Board of Directors and CEO, promised to unconditionally, irrevocably and personally bear all the potential economic expenses and losses arising from the Equity Ownership Dispute and the Contract Dispute. On February 8, 2022, the final judgment was enforced by the court with a total of RMB10,917,701 (approximately $1,713,225) being withdrawn from one of the frozen bank accounts of Beijing Baosheng, the bank account at Bank of Hangzhou, which was unfrozen afterwards, and which amount was applied to the satisfaction of such judgment and the payment in full of the related fees and expenses. Accordingly, Beijing Baosheng requested Ms. Wenxiu Zhong to perform her obligations under the Guarantee Letter by reimbursing Beijing Baosheng's litigation costs, including, but not limited to, the amount of damages imposed by the courts, court expenses, and attorney fees. As of March 7, 2022, as promised by the Guarantee Letter, Ms. Wenxiu Zhong has made the payment in cash of RMB11,053,940 (approximately $1,734,604) to Beijing Baosheng. Such payment made by Ms. Wenxiu Zhong includes the amount paid to Ms. Chen Chen as ordered by the courts plus interest as well as the court expense, attorney fee, and court enforcement fee.

Further, Ms. Chen Chen filed a labor dispute case against Horgos Baosheng, Beijing Branch with the Beijing Shijingshan District Labor Dispute Arbitration Committee (the "Committee") on the grounds that her previous employment with Horgos Baosheng, Beijing Branch was wrongfully terminated. Ms. Chen Chen sought compensation for her lost pay, lost benefits, and litigation related expenses, and award of punitive damages. The Committee issued a judgment on August 23, 2019, ruling in favor of Ms. Chen Chen and granted her damages in the sum of RMB424,161 (approximately $60,000). Horgos Baosheng, Beijing Branch appealed the case to a court in Beijing in December 2019. On April 23, 2020, the court issued a final judgment that upheld the previous ruling. As a result, the Company will compensate Ms. Chen Chen a total of RMB424,161 (approximately $60,000). As of December 31, 2019, the Company recorded RMB424,161 (approximately $60,873) as a component of accrued expenses and other liabilities related to litigation contingencies, respectively, which has been settled on May 28, 2020.

As of December 31, 2021, the 100% equity interests in Horgos Baosheng and Kashi Baosheng held by Beijing Baosheng, and the bank accounts of Beijing Baosheng with a total balance of $4,131,313 and $3,695,598, respectively, were frozen by Beijing Haidian Court. The frozen bank balance was reclassified as restricted cash as of December 31, 2021.

With the final judgement was enforced by the Court on February 8, 2022, the Freezing Order (including the freezing of Beijing Baosheng's equity interests in Horgos Baosheng and Kashi Baosheng) was reversed and all of the impacted assets will be unfrozen, accordingly. As of December 31, 2022, all of Beijing Baosheng's frozen accounts, together with Beijing Baosheng's equity interests in Horgos Baosheng and Kashi Baosheng had been unfrozen.

As of this annual report, there is no other legal proceedings, claims and disputes that might cause the Company to be subject to loss contingencies.

18. SUBSEQUENT EVENTS

On November 19, 2022, the Board of the Directors of the Company passed a resolution, which approved the Company, through Baosheng Network, to make an investment of approximately $2.90 million (RMB 20 million) in Guangzhou Shanxingzhe Technology Investment Partnership Co., Ltd.("Shanxingzhe"). As of the date of this report, the Company has paid consideration of RMB 20 million. Upon the close of the investment, the Company owned equity interest of 28.57% over Shanxingzhe.

On February 27, 2023, the Board of the Directors of the Company passed a resolution, which approved the Company, through Beijing Xunhuo, to make additional investment of approximately $1.45 million (RMB 10 million) in Shanxingzhe. As of the date of this report, the Company has not paid the investment consideration

These consolidated financial statements were approved by management and available for issuance on May 8, 2023, and the Company has evaluated subsequent events through this date.

19. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY ONLY

The subsidiaries did not pay any dividend to the parent company for the periods presented. For the purpose of presenting parent only financial information, the parent company records its investment in its subsidiary under the equity method of accounting. Such investment is presented on the separate condensed balance sheets of the parent company as "Investment in subsidiaries" and the income or loss of the subsidiaries is presented as "Equity in (loss) gain of subsidiaries". Certain information and footnote disclosures generally included in financial statements prepared in accordance with U.S. GAAP have been condensed and omitted.

The parent company did not have significant capital and other commitments, long-term obligations, or guarantees as of December 31, 2022 and 2021.

The following is the condensed financial information of the Company on a parent company only basis.

Condensed balance sheets

	December 31, 2022	December 31, 2021
ASSETS		
Current Assets		
Cash and cash equivalents	$ 378,987	$ 1,607,807
Due from related parties	57,661	28,667
Other current assets	—	24,902
Total Current Assets	**407,654**	**1,661,376**
Investments in subsidiaries	5,526,988	28,517,348
Amounts due from subsidiaries	39,515,899	43,908,651
Total Assets	**$ 45,479,535**	**$ 74,087,375**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Due to related parties	$ 8,170	$ 8,170
Warrant liabilities	2,744	2,744
Accrued expenses and other liabilities	31,996	15,172
Total Liabilities	**42,910**	**26,086**
Commitments and Contingencies		
Shareholders' Equity		
Ordinary Share (par value $0.0096 per share, 6,250,000 shares authorized; 1,534,487 shares issued and outstanding at December 31, 2022 and 2021, respectively)*	14,731	17,556
Additional paid-in capital	41,564,418	41,561,593
Retained earnings	6,155,760	29,894,597
Accumulated other comprehensive (loss) income	(2,298,284)	2,587,543
Total Shareholders' Equity	**45,436,625**	**74,061,289**
Total Liabilities and Shareholders' Equity	**$ 45,479,535**	**$ 74,087,375**

* Retrospectively restated to give effect to a share consolidation at a ratio of one-for-three and one fifth (3.2) ordinary shares effective on May 24, 2022, an increase in the Company's share capital from $50,000 to $60,000, and a share consolidation at a ratio of one-for-six (6) ordinary shares effective on March 21, 2023 (Note 15).

19. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY ONLY (CONTINUED)

Condensed statements of comprehensive (loss) income

	For the Years Ended December 31,		
	2022	2021	2020
Revenues	$ —	$ —	$ —
Cost of revenues	—	—	—
Gross profit	—	—	—
Operating Expenses			
General and administrative expenses	(769,017)	(787,744)	(3,197)
Loss from Operations	**(769,017)**	**(787,744)**	**(3,197)**
Equity in (loss) gain of subsidiaries	$ (22,990,360)	$ (8,327,398)	$ 6,947,862
Interest income	837	57	26
Changes in fair value of warrant liabilities	19,703	2,367,632	—
Net (Loss) Income Before Income Taxes	**$ (23,738,837)**	**$ (6,747,453)**	**$ 6,944,691**
Income tax expense	—	—	—
Net (Loss) Income	**$ (23,738,837)**	**$ (6,747,453)**	**$ 6,944,691**
Other Comprehensive (Loss) Income			
Foreign currency translation adjustment	(4,885,827)	1,393,597	2,531,676
Comprehensive (Loss) Income	**$ (28,624,664)**	**$ (5,353,856)**	**$ 9,476,367**

Condensed statements of cash flows

	For the Years Ended December 31,		
	2022	2021	2020
Cash Flows from Operating Activities:			
Net Cash (Used in) Provided by Operating Activities	**$ (706,913)**	**$ (824,929)**	**$ 26**
Cash Flows from Investing Activities:			
Loans made to subsidiaries	(500,000)	(38,300,000)	—
Net Cash Used in Investing Activities	**(500,000)**	**(38,300,000)**	**—**
Cash Flows from Financing Activities:			
Capital injection from shareholders	—	—	—
Issuance of ordinary shares pursuant to initial public offering, net of issuance costs	—	26,597,919	—
Issuance of ordinary shares pursuant to over-allotment, net of issuance costs	—	4,154,987	—
Issuance of units pursuant to a private placement, net of issuance costs	—	9,852,486	—
Net Cash Provided by Financing Activities	**—**	**40,605,392**	**—**
Effect of exchange rate changes on cash and cash equivalents	(21,907)	127,317	—
Net increase in cash and cash equivalents	(1,228,820)	1,607,780	26
Cash and cash equivalents at beginning of year	1,607,807	27	1
Cash and cash equivalents at end of year	**$ 378,987**	**$ 1,607,807**	**$ 27**

Exhibit 1.1

BAOSHENG MEDIA GROUP HOLDINGS LIMITED (THE "COMPANY")

MINUTES OF THE 2022 ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

宝盛传媒集团控股有限公司（以下简称"本公司"）

2022 年年度股东大会会议记录

Minutes of the 2022 annual general meeting of the shareholders of the Company (the "**Meeting**") held at 8:00 p.m. EST on April 28, 2022. Shareholders attended the Meeting at www.virtualshareholdermeeting.com/BAOS2022.

美国东部时间 2022 年 4 月 28 日晚上 8：00 召开的本公司 2022 年年度股东大会（以下简称"股东 大会"）的会议记录。股东可以在 www.virtualshareholdermeeting.com/BAOS2022.出席会议。

PRESENT:

出席：

Sheng Gong	Director and Chairman of the Meeting
Changhong Jiang	Director and Inspector of Elections of the Meeting
Wenxiu Zhong	Chairperson of the Board of Directors
Yue Jing	Chief Financial Officer
Yujie Han	Secretary and Chief Compliance Officer (acting as secretary of the Meeting)

龚胜　董事兼股东大会主席

蒋常宏　董事兼股东大会选举监察员

钟文秀　董事会主席

金钺　首席财务官

韩玉杰　秘书兼首席合规官（担任股东大会秘书）

A. Quorum and Notice 法定人数和通知

The Meeting was held at 8:00 p.m. EST on April 28, 2022, pursuant to the proxy statement and notice (the "**Notice**") duly given, a copy of which has been placed in the books and records of the Company. The Meeting was held in a hybrid format.

根据正式发出的委托书和通知（"**通知**"），股东大会于美国东部时间 2022 年 4 月 28 日晚上 8：00 举行，该委托书和通知的副本已载入本公司的账簿和记录。股东大会以混合形式召开。

Sheng Gong acted as the chairman of the Meeting (the "**Chairman**") in accordance with the Amended and Restated Memorandum and Articles of Association of the Company currently in effect. During the Meeting, Sheng Gong was at Room 1805, Unit 1, Building 14, Tianyangcheng, Yanjiao Town, Sanhe

City, Langfang City, Hebei Province. The Chairman confirmed at the Meeting that the holders of more than 1/3 of the Company's issued ordinary shares were represented either in person or by proxy, which number constituted a quorum for the purposes of the Amended and Restated Memorandum and Articles of Association of the Company in relation to the matters to be considered and voted at the Meeting.

根据现行有效的经修订和重述的备忘录和公司章程，龚胜担任股东大会的主席（"**主席**"）。股 东大会期间，龚胜所在地为河北省廊坊市三河市燕郊镇天洋城 14 号楼 1 单元 1805。主席在股东 大会上确认，本公司已发行普通股三分之一以上的股东亲自或由代理人出席会议，就经修订和重 述的备忘录和公司章程而言，该人数构成了股东大会审议和表决事项的法定人数。

B. Appointment of Inspector of Elections 选举监察员的任命

The Chairman then advised the shareholders that the next item of business was the appointment of the Inspector of Elections. Upon receipt of the Inspector's oath, the Chairman appointed Changhong Jiang as Inspector of Elections.

主席随后告知股东，下一个事项是任命选举监察员。在收到监察员宣誓后，主席任命蒋常宏为选 举监察员。

C. Share Consolidation 股份合并

To approve a share consolidation or reverse stock split, of the Company's 100,000,000 ordinary shares, par value US$0.0005 per share, at a ratio of one-for-three and one fifth such that each 3.2 ordinary shares of the Company shall be combined into one ordinary share of the Company with a par value of US$0.0016 (the "Share Consolidation" and the proposal the "Share Consolidation Proposal").

批准公司 100,000,000 股普通股按照 1：3 和 1：5 的比例进行股份合并或反向股份分割，每股面 值 0.0005 美元，这样，每 3.2 股普通股将合并为一股面值为 0.0016 美元的公司普通股（"股份 合并"和"股份合并提案"）。

The resolution put to the shareholders to consider and to vote upon at the Meeting in respect of the Share Consolidation was as follows:

提请股东在股东大会审议并表决的有关股份合并的决议如下：
"IT IS HEREBY RESOLVED, as an ordinary resolution, that:
"特此决议一项普通事项，即：

(A) the 100,000,000 issued and unissued ordinary shares of par value of US$0.0005 each in the capital of the Company be and are hereby consolidated into 31,250,000 ordinary shares of nominal or par value of US$0.0016 each, with such Share Consolidation to be effective on or around May 15, 2022, or such other date as any director or officer of the Company shall determine and such date shall be announced by the Company (the "Effective Date"); and
(A) 本公司股本中的 100,000,000 股每股面值 0.0005 美元的已发行和未发行普通股特此合并 为 31,250,000 股普通股，每股面值 0.0016 美元，该股份合并将于 2022 年 5 月 15 日或前 后生效，或本公司任何董事或高级管理人员确定的其他日期生效，且该日期应由本公司公 布（"生效日期"）；和

(B) at the Effective Date, the authorized share capital of the Company shall be US$50,000, divided into 31,250,000 ordinary shares of a nominal or par value of US$0.0016 each."
(B) 在生效日期，本公司的法定股本为 50,000 美元，分为 31,250,000 股普通股，每股面值 0.0016 美元。"

At the Meeting, the votes in person or by proxy on the Share Consolidation Proposal to approve the Share Consolidation was as follows:

在股东大会上，由本人或代理人就批准股份合并的股份合并提案进行的表决情况如下：

FOR 支持	**AGAINST 反对**	**ABSTAIN 弃权**
14,676,296	42,485	351

It was noted that the Share Consolidation will become effective on the Effective Date.

值得注意的是，股份合并将于生效日期生效。

D. Voting Results 投票结果

The Inspector of Elections then announced that the required number of votes has been obtained for the Share Consolidation Proposal. The Share Consolidation Proposal was duly approved, passed and adopted as ordinary resolutions by the shareholders by the appropriate majorities in accordance with the terms of the Amended and Restated Memorandum and Articles of Association of the Company.

选举监察员随后宣布，股份合并提案已经获得所需票数。根据经修订和重述的备忘录和公司章程 规定，股份合并提案已作为普通决议获得适当多数股东正式批准、通过和采纳。

E. Conclusion 结论

There being no further business, the Chairman adjourned the Meeting.

由于没有其他事项，主席宣布休会。

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Filed: 13-May-2022 16:25 EST
Auth Code: K98101405590

/s/ Yujie Han

Yujie Han

Secretary of the Meeting

/s/ Sheng Gong

Sheng Gong

Chairman of the Meeting

Filed: 13-May-2022 16:25 EST
Auth Code: K98101405590

BAOSHENG MEDIA GROUP HOLDINGS LIMITED (THE "COMPANY")

MINUTES OF THE 2023 ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

Minutes of the 2023 annual general meeting of the shareholders of the Company (the "**Meeting**") held at 8:00 p.m. EST on March 6, 2023. Shareholders attended the Meeting at East Floor 5, Building No. 8, Xishanhui, Shijingshan District, Beijing 100041, People's Republic of China and www.virtualshareholdermeeting.com/BAOS2023.

PRESENT:

Shasha Mi	Chairperson of the Board and Chairperson of the Meeting
Changhong Jiang	Director and Inspector of Elections of the Meeting
Yue Jin	Chief Financial Officer
Yujie Han	Secretary and Chief Compliance Officer (acting as secretary of the Meeting)
Shareholders	As per attendance list attached hereto as Annex A

A. Quorum and Notice

The Meeting was held at 8:00 p.m. EST on March 6, 2023, pursuant to the proxy statement and notice (the "**Notice**") duly given. a copy of which has been placed in the books and records of the Company. The Meeting was held in a hybrid format.

Shasha Mi acted as the chairperson of the Meeting (the "**Chairperson**") in accordance with the Amended and Restated Memorandum and Articles of Association of the Company currently in effect. The Chairperson confirmed at the Meeting that the holders of more than 1/3 of the Company's issued ordinary shares were represented either in person or by proxy, which number constituted a quorum for the purposes of the Amended and Restated Memorandum and Articles of Association of the Company in relation to the matters to be considered and voted at the Meeting.

B. Appointment of Inspector of Elections

The Chairperson then advised the shareholders that the next item of business was the appointment of the Inspector of Elections. Upon receipt of the Inspector's oath, the Chairperson appointed Changhong Jiang as Inspector of Elections.

C. Proposals Presented at the Meeting

The first proposal was to approve an increase of authorised share capital of the Company, from US$50,000 divided into 31,250,000 ordinary shares of a par value US$0.0016 each to US$60,000 divided into 37,500,000 ordinary shares of a par value US$0.0016 each (the "**Increase of Share Capital**" and the proposal the "**Share Capital Proposal**").

The resolution put to the shareholders to consider and to vote upon at the Meeting in respect of the Share Capital Proposal was as follows:

Filed: 15-Mar 2023 07:51 EST
Auth Code: F10354689000

"IT IS HEREBY RESOLVED, as an ordinary resolution, that the Company's authorised share capital, being US$50,000 divided into 31,250,000 ordinary shares of a par value US$0.0016 each, be amended and re-designated to US$60,000 divided into 37,500,000 ordinary shares of par value $0.0016 per share."

At the Meeting, the votes in person or by proxy on the Share Capital Proposal to approve the Increase of Share Capital was as follows:

FOR	AGAINST	ABSTAIN
4,580,094	14,510	155

To approve a share consolidation of six (6) ordinary shares with a par value of US$0.0016 each in the Company's issued and unissued share capital into one (1) ordinary share with a par value of US$0.0096, with the Company's after-consolidation share capital being US$60,000 divided into 6,250,000 ordinary shares with a par value of US$0.0096 each, effective on such date as the Board of Directors of the Company shall determine (the "Share Consolidation" and the proposal the "**Share Consolidation Proposal**").

The resolution put to the shareholders to consider and to vote upon at the Meeting in respect of the Share Consolidation was as follows:

"IT IS HEREBY RESOLVED, as an ordinary resolution, that:

conditional upon the approval of the Board of Directors in its sole discretion, with effect as of the date the Board of Directors of the Company may determine:

(A) the 31,250,000 issued and unissued ordinary shares of par value of US$0.0016 each in the capital of the Company (collectively, the "**Shares**") be consolidated by consolidating each six (6) shares of the Company into one (1) share of the Company, with such consolidated shares having the same rights and being subject to the same restrictions (save as to nominal value) as the existing shares of par value US$0.0016 each in the capital of the Company as set out in the Company's articles of association, such that the Company's after-consolidation share capital shall be US$60,000 divided into 6,250,000 ordinary shares with a par value of US$0.0096 (each the "**Share Consolidation**"); and

(B) no fractional shares be issued in connection with the Share Consolidation and, in the event that a shareholder would otherwise be entitled to receive a fractional share upon the Share Consolidation, the number of shares to be received by such shareholder be rounded up to the next highest whole number of shares; and

(C) any one director or officer of the Company be and is hereby authorized, for and on behalf of the Company, to do all such other acts or things necessary or desirable to implement, carry out and give effect to the Share Consolidation, including the effective date of the Share Consolidation, if and when deemed advisable by the Board of Directors in its sole discretion

At the Meeting, the votes in person or by proxy on the Share Consolidation Proposal to approve the Share Consolidation was as follows:

FOR	AGAINST	ABSTAIN

Filed: 15-Mar 2023 07:51 EST
Auth Code: F10354689000

4,579,718	14,926	115

D. Voting Results

The Chairperson then announced that the required number of votes has been obtained for the Share Capital Proposal and the Share Consolidation Proposal. Each of the Share Capital Proposal and the Share Consolidation Proposal was duly approved, passed and adopted as ordinary resolutions by the shareholders by the appropriate majorities in accordance with the terms of the Amended and Restated Memorandum and Articles of Association of the Company.

E. Conclusion

There being no further business, the Chairperson declared the Meeting closed.

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Auth Code: F10354689000

/s/ Yujie Han

Yujie Han

Secretary of the Meeting

/s/ Shasha Mi

Shasha Mi

Chairperson of the Meeting

Filed: 15-Mar 2023 07:51 EST
Auth Code: F10354689000

Annex A

Shareholders

Filed: 15-Mar 2023 07:51 EST
Auth Code: F10354689000

THE COMPANIES LAW (2020 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

BAOSHENG MEDIA GROUP HOLDINGS LIMITED
宝盛传媒集团控股有限公司

(adopted by a Special Resolution passed on [] 2020 and effective immediately prior to the completion of the Company's initial public offering of Ordinary Shares)

1. The name of the Company is Baosheng Media Group Holdings Limited 宝盛传媒集团控股有限公司.

2. The Registered Office of the Company will be situated at the offices of 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 location within the Cayman Islands as the Directors may from time to time determine.

3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

4. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by the Companies Law.

5. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.

6. The liability of each Shareholder is limited to the amount, if any, unpaid on the Shares held by such Shareholder.

7. The authorized share capital of the Company is US$50,000 divided into 100,000,000 ordinary shares of a par value of US$0.0005 each. Subject to the Companies Law and the Articles, the Company shall have power to redeem or purchase any of its Shares and to increase or reduce its authorized share capital and to sub-divide or consolidate the said Shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority, special privilege or other rights or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.

8. 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.

9. Capitalized terms that are not defined in this Memorandum of Association bear the same meanings as those given in the Articles of Association of the Company.

THE COMPANIES LAW (2020 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED
ARTICLES OF ASSOCIATION

OF

BAOSHENG MEDIA GROUP HOLDINGS LIMITED
宝盛传媒集团控股有限公司

(adopted by a Special Resolution passed on [] 2020 and effective immediately prior to the completion of the Company's initial public offering of Ordinary Shares)

TABLE A

The regulations contained or incorporated in Table 'A' in the First Schedule of the Companies Law shall not apply to the Company and the following Articles shall comprise the Articles of Association of the Company.

INTERPRETATION

1. In these Articles the following defined terms will have the meanings ascribed to them, if not inconsistent with the subject or context:

"Affiliate"	for the purposes of Article 58(2), shall have the meaning given to it in Rule 405 of the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
"Articles"	means these articles of association of the Company, as amended or substituted from time to time;
"Board" and **"Board of Directors"** and **"Directors"**	means the directors of the Company for the time being, or as the case may be, the directors assembled as a board or as a committee thereof;
"Chairman"	means the chairman of the Board of Directors;
"Class" or "Classes"	means any class or classes of Shares as may from time to time be issued by the Company;

"Commission"	means the Securities and Exchange Commission of the United States of America or any other federal agency for the time being administering the Securities Act;
"Company"	means Baosheng Media Group Holdings Limited宝盛传媒集团控股有限公司, a Cayman Islands exempted company;
"Companies Law"	means the Companies Law (2020 Revision) of the Cayman Islands and any statutory amendment or re-enactment thereof;
"Company's Website"	means the main corporate/investor relations website of the Company, the address or domain name of which has been disclosed in any registration statement filed by the Company in connection or which has otherwise been notified to Shareholders;
"Designated Stock Exchange"	means the stock exchange in the United States on which any Shares 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 on the Designated Stock Exchange;
"electronic"	has the meaning given to it in the Electronic Transactions Law and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
"electronic communication"	means electronic posting to the Company's Website, transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by not less than two-thirds of the vote of the Board;
"Electronic Transactions Law"	means the Electronic Transactions Law (2003 Revision) of the Cayman Islands and any statutory amendment or re-enactment thereof;
"electronic record"	has the meaning given to it in the Electronic Transactions Law and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
"Memorandum of Association"	means the memorandum of association of the Company, as amended or substituted from time to time by Special Resolution of the Company;
"Ordinary Resolution"	means a resolution: (a) passed by a simple majority of the votes cast by such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting of the Company held in accordance with these Articles; or

(b) approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed;

"Ordinary Share"	means an ordinary share of a par value of US$0.0005 in the capital of the Company, and having the rights, preferences, privileges and restrictions provided for in the Memorandum and these Articles;
"paid up"	means paid up as to the par value in respect of the issue of any Shares and includes credited as paid up;
"Person"	means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;
"Register"	means the register of Members of the Company maintained in accordance with the Companies Law;
"Registered Office"	means the registered office of the Company as required by the Companies Law;
"Seal"	means the common seal of the Company (if adopted) including any facsimile thereof;
"Secretary"	means any Person appointed by the Directors to perform any of the duties of the secretary of the Company;
"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;
"Share"	means a share in the capital of the Company, and includes an Ordinary Share. All references to "Shares" herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression "Share" shall include a fraction of a Share;
"Shareholder" or "Member"	means a Person who is registered as the holder of one or more Shares in the Register;
"Share Premium Account"	means the share premium account established in accordance with these Articles and the Companies Law;

"signed" means bearing a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a person with the intent to sign the electronic communication;

"Special Resolution" means a special resolution of the Company passed in accordance with the Companies Law, being a resolution:

(a) passed by not less than two-thirds of the votes cast by such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting of the Company of which notice specifying the intention to propose the resolution as a special resolution has been duly given; or

(b) approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments, if more than one, is executed;

"Treasury Share" means a Share held in the name of the Company as a treasury share in accordance with the Companies Law; and

"United States" means the United States of America, its territories, its possessions and all areas subject to its jurisdiction.

2. In these Articles, save where the context requires otherwise:

(a) words importing the singular number shall include the plural number and vice versa;

(b) words importing the masculine gender only shall include the feminine gender and any Person as the context may require;

(c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;

(d) reference to a dollar or dollars (or US$) and to a cent or cents is reference to dollars and cents of the United States of America;

(e) reference to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;

(f) reference to any determination by the Directors shall be construed as a determination by the Directors in their sole and absolute discretion and shall be applicable either generally or in any particular case;

(g) reference to "in writing" shall be construed as written or represented by any means reproducible in writing, including any form of print, lithograph, email, facsimile, photograph or telex or represented by any other substitute or format for storage or transmission for writing including in the form of an electronic record or partly one and partly another;

(h) any requirements as to delivery under the Articles include delivery in the form of an electronic record or an electronic communication;

(i) any requirements as to execution or signature under the Articles, including the execution of the Articles themselves, can be satisfied in the form of an electronic signature as defined in the Electronic Transaction Law; and

(j) Sections 8 and 19(3) of the Electronic Transactions Law shall not apply.

3. Subject to the last two preceding Articles, any words defined in the Companies Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

PRELIMINARY

4. The business of the Company may be conducted as the Directors see fit.

5. The Registered Office shall be at such address in the Cayman Islands as the Directors may from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.

6. The expenses incurred in the formation of the Company and in connection with the offer for subscription and issue of Shares shall be paid by the Company. Such expenses may be amortized over such period as the Directors may determine and the amount so paid shall be charged against income and/or capital in the accounts of the Company as the Directors shall determine.

7. The Directors shall keep, or cause to be kept, the Register at such place or (subject to compliance with the Companies Law and these Articles) places as the Directors may from time to time determine and, in the absence of any such determination, the Register shall be kept at the Registered Office.

SHARES

8. Subject to these Articles, all Shares for the time being unissued shall be under the control of the Directors who may, in their absolute discretion and without the approval of the Members, cause the Company to:

(a) issue, allot and dispose of Shares (including, without limitation, preferred shares) (whether in certificated form or non-certificated form) to such Persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine;

(b) grant rights over Shares or other securities to be issued in one or more classes or series as they deem necessary or appropriate and determine the designations, powers, preferences, privileges and other rights attaching to such Shares or securities, including dividend rights, voting rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers, preferences, privileges and rights associated with the then issued and outstanding Shares, at such times and on such other terms as they think proper; and

(c) grant options with respect to Shares and issue warrants, convertible securities or similar instruments with respect thereto;

and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.

9. The Directors may authorize the division of Shares into any number of Classes and the different Classes shall be authorized, established and designated (or re-designated as the case may be) and the variations in the relative rights (including, without limitation, voting, dividend and redemption rights), restrictions, preferences, privileges and payment obligations as between the different Classes (if any) may be fixed and determined by the Directors or by a Special Resolution. The Directors may issue from time to time, out of the authorised share capital of the Company, preferred shares with such preferred or other rights, all or any of which may be greater than the rights of Ordinary Shares, at such time and on such terms as they may think appropriate in their absolute discretion and without approval of the Members; provided, however, before any preferred shares of any such series are issued, the Directors shall by resolution of Directors determine, with respect to any series of preferred shares, the terms and rights of that series, including:

(a) the designation of such series, the number of preferred shares to constitute such series and the subscription price thereof if different from the par value thereof;

(b) whether the preferred shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be general or limited;

(c) the dividends, if any, payable on such series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, and the preference or relation which such dividends shall bear to the dividends payable on any shares of any other class or any other series of shares;

(d) whether the preferred shares of such series shall be subject to redemption by the Company, and, if so, the times, prices and other conditions of such redemption;

(e) whether the preferred shares of such series shall have any rights to receive any part of the assets available for distribution amongst the Members upon the liquidation of the Company, and, if so, the terms of such liquidation preference, and the relation which such liquidation preference shall bear to the entitlements of the holders of shares of any other class or any other series of shares;

(f) whether the preferred shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the preferred shares of such series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;

(g) whether the preferred shares of such series shall be convertible into, or exchangeable for, shares of any other class or any other series of preferred shares or any other securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;

(h) the limitations and restrictions, if any, to be effective while any preferred shares of such series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Company of, the existing shares or shares of any other class of shares or any other series of preferred shares;

(i) the conditions or restrictions, if any, upon the creation of indebtedness of the Company or upon the issue of any additional shares, including additional shares of such series or of any other class of shares or any other series of preferred shares; and

(j) any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions thereof;

and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued. The Company is not obliged to issue, allot or dispose of Shares if it is, in the opinion of the Directors, unlawful or impracticable. The Company shall not issue Shares to bearer.

Except as otherwise expressly provided in the resolution or resolutions providing for the establishment of any Class or series of preferred shares, no vote of the holders of preferred shares or Ordinary Shares shall be a prerequisite to the issuance of any Shares of any Class or series of the preferred Shares authorized by and complying with the conditions of the Memorandum and these Articles.

10. The Company may insofar as may be permitted by law, pay a commission to any Person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares. Such commissions may be satisfied by the payment of cash or the lodgment of fully or partly paid-up Shares or partly in one way and partly in the other. The Company may also pay such brokerage as may be lawful on any issue of Shares.

11. 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.

MODIFICATION OF RIGHTS

12. If at any time the capital of the Company is divided into different Classes, all or any of the rights attached to any such Class may, subject to any rights or restrictions for the time being attached to any Class, be varied with the consent in writing of all of the holders of the issued Shares of that Class or with the sanction of a special resolution passed at a separate meeting of the holders of the Shares of that Class. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be one or more Persons holding or representing by proxy at least one-third in nominal or par value amount of the issued Shares of the relevant Class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Shareholders who are present shall form a quorum) and that, subject to any rights or restrictions for the time being attached to the Shares of that Class, every Shareholder of the Class shall on a poll have one vote for each Share of the Class held by him. For the purposes of this Article the Directors may treat all the Classes or any two or more Classes as forming one Class if they consider that all such Classes would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate Classes.

13. The rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that Class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* with or subsequent to the Shares of that Class or the redemption or purchase of any Shares of any Class by the Company. The rights of the holders of Shares shall not be deemed to be varied by the creation or issue of Shares with preferred or other rights including, without limitation, the creation of Shares with enhanced or weighted voting rights.

CERTIFICATES

14. Every Person whose name is entered as a Member in the Register may, without payment and upon its written request, request a certificate within two calendar months after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide) in the form determined by the Directors. All certificates shall specify the Share or Shares held by that Person, provided that in respect of a Share or Shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a Share to one of several joint holders shall be sufficient delivery to all. All certificates for Shares shall be delivered personally or sent through the post addressed to the Member entitled thereto at the Member's registered address as appearing in the Register.

15. Every share certificate of the Company shall bear legends required under the applicable laws, including the Securities Act.

16. Any two or more certificates representing Shares of any one Class held by any Member may at the Member's request be cancelled and a single new certificate for such Shares issued in lieu on payment (if the Directors shall so require) of one dollar (US$1.00) or such smaller sum as the Directors shall determine.

17. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same Shares may be issued to the relevant Member upon request, subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.

18. In the event that Shares are held jointly by several persons, any request may be made by any one of the joint holders and if so made shall be binding on all of the joint holders.

FRACTIONAL SHARES

19. The Directors may issue fractions of a Share and, if so issued, a fraction of a Share shall be subject to and carry the corresponding fraction of liabilities (whether with respect to nominal or par value, premium, contributions, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without prejudice to the generality of the foregoing, voting and participation rights) and other attributes of a whole Share. If more than one fraction of a Share of the same Class is issued to or acquired by the same Shareholder such fractions shall be accumulated.

LIEN

20. The Company has a first and paramount lien on every Share (whether or not fully paid) for all amounts (whether presently payable or not) payable at a fixed time or called in respect of that Share. The Company also has a first and paramount lien on every Share registered in the name of a Person indebted or under liability to the Company (whether he is the sole registered holder of a Share or one of two or more joint holders) for all amounts owing by him or his estate to the Company (whether or not presently payable). The Directors may at any time declare a Share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a Share extends to any amount payable in respect of it, including but not limited to dividends.

21. The Company may sell, in such manner as the Directors in their absolute discretion think fit, any Share on which the Company has a lien, but no sale shall be made unless an amount in respect of which the lien exists is presently payable nor until the expiration of fourteen calendar days after a notice in writing, demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share, or the Persons entitled thereto by reason of his death or bankruptcy.

22. For giving effect to any such sale the Directors may authorize a Person to transfer the Shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the Shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

23. The proceeds of the sale after deduction of expenses, fees and commission incurred by the Company shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the Shares prior to the sale) be paid to the Person entitled to the Shares immediately prior to the sale.

CALLS ON SHARES

24. Subject to the terms of the allotment, the Directors may from time to time make calls upon the Shareholders in respect of any moneys unpaid on their Shares, and each Shareholder shall (subject to receiving at least fourteen calendar days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on such Shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed.

25. The joint holders of a Share shall be jointly and severally liable to pay calls in respect thereof.

26. If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest upon the sum at the rate of eight percent per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.

27. The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the amount of the Share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

28. The Directors may make arrangements with respect to the issue of partly paid Shares for a difference between the Shareholders, or the particular Shares, in the amount of calls to be paid and in the times of payment.

29. The Directors may, if they think fit, receive from any Shareholder willing to advance the same all or any part of the moneys uncalled and unpaid upon any partly paid Shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding without the sanction of an Ordinary Resolution, eight percent per annum) as may be agreed upon between the Shareholder paying the sum in advance and the Directors. No such sum paid in advance of calls shall entitle the Member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

FORFEITURE OF SHARES

30. If a Shareholder fails to pay any call or instalment of a call in respect of any Shares on the day appointed for payment, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

31. The notice shall name a further day (not earlier than the expiration of fourteen calendar days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the Shares in respect of which the call was made will be liable to be forfeited.

32. If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.

33. A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.

34. A Person whose Shares have been forfeited shall cease to be a Shareholder in respect of the forfeited Shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the Shares forfeited, but his liability shall cease if and when the Company receives payment in full of the amount unpaid on the Shares forfeited.

35. A certificate in writing under the hand of a Director of the Company that a Share has been duly forfeited on a date stated in the certificate shall be conclusive evidence of the facts in the declaration as against all Persons claiming to be entitled to the Share.

36. The Company may receive the consideration, if any, given for a Share on any sale or disposition thereof pursuant to the provisions of these Articles as to forfeiture and may execute a transfer of the Share in favor of the Person to whom the Share is sold or disposed of and that Person shall be registered as the holder of the Share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the disposition or sale.

37. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes due and payable, whether on account of the amount of the Share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

TRANSFER OF SHARES

38. Subject to these Articles and any other transfer or conversion restrictions pursuant to arrangements entered into by the Company with any depositary bank or other parties, any Shareholder may transfer all or any of his Shares (including securities representing his Shares) by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the Board or, if the transferor or transferee is a clearing house or a central depository house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

39. 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 Shareholder until the name of the transferee is entered in the Register in respect of the relevant Shares.

40. (a) 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.

(b) The Directors may also decline to register any transfer of any Share unless:

(i) the instrument of transfer is lodged with the Company, accompanied by the certificate 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;

(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; and

(v) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable, or such lesser sum as the Board of Directors may from time to time require, is paid to the Company in respect thereof.

41. The registration of transfers may, after compliance with any notice required by the Designated Stock Exchange Rules, be suspended and the Register 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 closed for more than thirty calendar days in any calendar year.

42. All instruments of transfer that are registered shall be retained by the Company. If the Directors refuse to register a transfer of any Shares, they shall within two calendar months after the date on which the instrument of transfer was lodged with the Company send notice of the refusal to each of the transferor and the transferee.

TRANSMISSION OF SHARES

43. The legal personal representative of a deceased sole holder of a Share shall be the only Person recognized by the Company as having any title to the Share. In the case of a Share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only Person recognized by the Company as having any title to the Share.

44. Any Person becoming entitled to a Share in consequence of the death or bankruptcy of a Shareholder shall, upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Shareholder in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt Person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the deceased or bankrupt Person before the death or bankruptcy.

45. A Person becoming entitled to a Share by reason of the death or bankruptcy of a Shareholder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered Shareholder, except that he shall not, before being registered as a Shareholder in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company, provided however, that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within ninety calendar days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

REGISTRATION OF EMPOWERING INSTRUMENTS

46. The Company shall be entitled to charge a fee not exceeding one dollar (US$1.00) on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

ALTERATION OF SHARE CAPITAL

47. Subject to the provisions of the Companies Law and these Articles, the Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into Shares of such Classes and amount, as the resolution shall prescribe.

48. Subject to the Companies Law and these Articles, the Company may by Ordinary Resolution:

(a) increase its share capital by new Shares of such amount as it thinks expedient;

(b) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;

(c) subdivide its Shares, or any of them, into Shares of an amount smaller than that fixed by the Memorandum, provided that in the subdivision 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

(d) cancel any Shares that, at the date of the passing of the 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.

49. Unless the Board in its sole discretion determines otherwise, all new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the Shares in the original share capital. The Board may settle as they consider expedient any difficulty which arises in relation to any consolidation and division under the preceding Article and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorize some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company’s benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

50. The Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorized by law.

REDEMPTION, PURCHASE AND SURRENDER OF SHARES

51. Subject to the provisions of the Companies Law and these Articles, the Company may:

(a) issue Shares that are to be redeemed or are liable to be redeemed at the option of the Shareholder or the Company. The redemption of Shares shall be effected in such manner and upon such terms as may be determined, before the issue of such Shares by either the Board or by the Shareholders by Special Resolution;

(b) purchase its own Shares (including any redeemable Shares) in such manner and upon such terms as have been approved by the Board or by the Shareholders by Ordinary Resolution, or are otherwise authorized by these Articles; and

(c) make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Companies Law, including out of capital.

52. The redemption, purchase or surrender of any Share shall not be deemed to give rise to the redemption, purchase or surrender of any other Share other than as may be required pursuant to applicable laws and any other contractual obligations of the Company.

53. The holder of the Shares being purchased shall be bound to deliver up to the Company the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to him the purchase or redemption monies or consideration in respect thereof.

54. The Directors may accept the surrender for no consideration of any fully paid Share.

TREASURY SHARES

55. The Directors may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.

56. The Directors may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as they think proper (including, without limitation, for nil consideration).

57. In the event that the Directors do not specify that the relevant Shares are to be held as Treasury Shares, such Shares shall be cancelled.

GENERAL MEETINGS

58. All general meetings other than annual general meetings shall be called extraordinary general meetings.

59. (a) The Company may (but shall not be obliged to, unless as required by applicable law or Designated Stock Exchange Rules) in each calendar year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as may be determined by the Directors.

(b) At these meetings the report of the Directors (if any) shall be presented.

60. (a) The Chairman or a majority of the Directors may call general meetings, and they shall on a Shareholders' requisition forthwith proceed to convene an extraordinary general meeting of the Company.

(b) A Shareholders' requisition is a requisition of two or more Members holding at the date of deposit of the requisition Shares which carry in aggregate not less than one-third (1/3) of all votes attaching to all issued and outstanding Shares of the Company that as at the date of the deposit carry the right to vote at general meetings of the Company.

(c) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

(d) If there are no Directors as at the date of the deposit of the Members' requisition, or if the Directors do not within twenty-one calendar days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further twenty-one calendar days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three calendar months after the expiration of the said twenty-one calendar days.

(e) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

NOTICE OF GENERAL MEETINGS

61. At least seven (7) calendar days' notice shall be given for any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this Article has been given and whether or not the provisions of these Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

(a) in the case of an annual general meeting, by all the Shareholders (or their proxies) entitled to attend and vote thereat; and

(b) in the case of an extraordinary general meeting, by two-thirds (2/3rd) of the Shareholders having a right to attend and vote at the meeting, present in person or by proxy or, in the case of a corporation or other non-natural person, by its duly authorized representative or proxy.

62. The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Shareholder shall not invalidate the proceedings at any meeting.

PROCEEDINGS AT GENERAL MEETINGS

63. No business except for the appointment of a chairman for the meeting shall be transacted at any general meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business. One or more Shareholders who together hold Shares which carry in aggregate not less than one-third (1/3) of all votes attaching to all issued and outstanding Shares that carry the right to vote at such general meeting, present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative, shall be a quorum for all purposes.

64. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be dissolved.

65. If the Directors wish to make this facility available for a specific general meeting or all general meetings of the Company, participation in any general meeting of the Company may be by means of a telephone or similar communication equipment by way of which all Persons participating in such meeting can communicate with each other and such participation shall be deemed to constitute presence in person at the meeting.

66. The Chairman, if any, of the Board of Directors shall preside as chairman at every general meeting of the Company.

67. If there is no such Chairman of the Board of Directors, or if at any general meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, any Director or Person nominated by the Directors shall preside as chairman of that meeting, failing which the Shareholders present in person or by proxy shall choose any Person present to be chairman of that meeting.

68. The chairman may with the consent of any general meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting, or adjourned meeting, is adjourned for fourteen calendar days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

69. The Directors may cancel or postpone any duly convened general meeting at any time prior to such meeting, except for general meetings requisitioned by the Shareholders in accordance with these Articles, for any reason or for no reason, upon notice in writing to Shareholders. A postponement may be for a stated period of any length or indefinitely as the Directors may determine. Notice of the business to be transacted at such postponed general meeting shall not be required. If a general meeting is postponed in accordance with this Article, the appointment of a proxy will be valid if it is received as required by the Articles not less than 48 hours before the time appointed for holding the postponed meeting.

70. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded. A poll may be demanded by the chairman of the meeting or by any or one or more Shareholders who together hold Shares which carry in aggregate not less than ten percent of the votes attaching to all issued and outstanding Shares that carry the right to vote at such general meeting, present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. Unless a poll is so demanded, a declaration by the chairman of the meeting that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favor of, or against, that resolution.

71. If a poll is duly demanded it shall be taken in such manner as the chairman of the meeting directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

72. All questions submitted to a meeting shall be decided by an Ordinary Resolution except where a greater majority is required by these Articles or by the Companies Law. 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.

73. A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

VOTES OF SHAREHOLDERS

74. Subject to any rights and restrictions for the time being attached to any Share, on a show of hands every Shareholder present in person or by proxy (or, if a corporation or other non-natural person, by its duly authorized representative or proxy) shall, at a general meeting of the Company, each have one vote and on a poll every Shareholder present in person or by proxy (or, if a corporation or other non-natural person, by its duly authorized representative or proxy) shall have one vote for each Ordinary Share of which he is the holder.

75. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy (or, if a corporation or other non-natural person, by its duly authorized representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register.

76. Shares carrying the right to vote that are held by a Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may be voted, whether on a show of hands or on a poll, by his committee, or other Person in the nature of a committee appointed by that court, and any such committee or other Person may vote in respect of such Shares by proxy.

77. No Shareholder shall be entitled to vote at any general meeting of the Company unless all calls, if any, or other sums presently payable by him in respect of Shares carrying the right to vote held by him have been paid.

78. On a poll votes may be given either personally or by proxy.

79. Each Shareholder, other than a recognized clearing house (or its nominee(s)) or depositary (or its nominee(s)), may only appoint one proxy on a show of hand and on a poll, each such proxy is under no obligation to cast all his votes in the same way. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorized. A proxy need not be a Shareholder. On a poll a Shareholder entitled to more than one vote need not use all his votes or cast all his votes in the same way.

80. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.

81. The instrument appointing a proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company:

(a) not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

(b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

(c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;

provided that the Directors may in the notice convening the meeting, or in any instrument of proxy sent out by the Company, direct that the instrument appointing a proxy may be deposited at such other time (no later than the time for holding the meeting or adjourned meeting) at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company. The chairman of the meeting may in any event at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted shall be invalid.

82. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

83. A resolution in writing signed by all the Shareholders for the time being entitled to receive notice of and to attend and vote at general meetings of the Company (or being corporations by their duly authorized representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

84. Any corporation which is a Shareholder or a Director may by resolution of its directors or other governing body authorize such Person as it thinks fit to act as its representative at any meeting of the Company or of any meeting of holders of a Class or of the Directors or of a committee of Directors, and the Person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Shareholder or Director.

DEPOSITARY AND CLEARING HOUSES

85. If a recognized clearing house (or its nominee(s)) or depositary (or its nominee(s)) is a Member of the Company it may, by resolution of its directors or other governing body or by power of attorney, authorize such Person(s) as it thinks fit to act as its representative(s) at any general meeting of the Company or of any Class of Shareholders provided that, if more than one Person is so authorized, the authorization shall specify the number and Class of Shares in respect of which each such Person is so authorized. A Person so authorized pursuant to this Article shall be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) or depositary (or its nominee(s)) which he represents as that recognized clearing house (or its nominee(s)) or depositary (or its nominee(s)) could exercise if it were an individual Member holding the number and Class of Shares specified in such authorization, including the right to vote individually on a show of hands.

DIRECTORS

86. (a) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than three (3) Directors, and there shall be no maximum number of Directors.

(b) The Board of Directors shall have a Chairman elected and appointed by a majority of the Directors then in office. The period for which the Chairman will hold office will also be determined by a majority of all of the Directors then in office. The Chairman shall preside as chairman at every meeting of the Board of Directors, save and except that if the Chairman is not present at a meeting of the Board of Directors within fifteen minutes after the time appointed for holding the same, or if the Chairman is unable or unwilling to act as the chairman of a meeting of the Board of Directors, the attending Directors may choose one of their number to be the chairman of the meeting.

(c) The Company may by Ordinary Resolution appoint any person to be a Director and the appointment of such Director shall firstly been approved by the Board of Directors or any committee of the Directors.

(d) The Board may, by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting, appoint any person as a Director, to fill a casual vacancy on the Board or as an addition to the existing Board.

(e) A Director shall hold office until the expiration of his or her term or his or her successor shall have been elected and qualified, or until his or her office is otherwise vacated.

87. A Director may be removed from office by Ordinary Resolution of the Company, notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under such agreement). A vacancy on the Board created by the removal of a Director under the previous sentence may be filled by Ordinary Resolution or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting. The notice of any meeting at which a resolution to remove a Director shall be proposed or voted upon must contain a statement of the intention to remove that Director and such notice must be served on that Director not less than ten (10) calendar days before the meeting. Such Director is entitled to attend the meeting and be heard on the motion for his removal.

88. The Board may, from time to time, and except as required by applicable law or Designated Stock Exchange Rules, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives of the Company and determine on various corporate governance related matters of the Company as the Board shall determine by resolution of Directors from time to time.

89. A Director shall not be required to hold any Shares in the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to attend and speak at general meetings.

90. The remuneration of the Directors shall be determined by the Directors.

91. The Directors shall be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive such fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination partly of one such method and partly the other.

ALTERNATE DIRECTOR OR PROXY

92. Any Director may in writing appoint another Person to be his alternate and, save to the extent provided otherwise in the form of appointment, such alternate shall have authority to sign written resolutions on behalf of the appointing Director, but shall not be required to sign such written resolutions where they have been signed by the appointing director, and to act in such Director's place at any meeting of the Directors at which the appointing Director is unable to be present. Every such alternate shall be entitled to attend and vote at meetings of the Directors as a Director when the Director appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall be deemed for all purposes to be a Director of the Company and shall not be deemed to be the agent of the Director appointing him. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.

93. Any Director may appoint any Person, whether or not a Director, to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director, or in the absence of such instructions at the discretion of the proxy, at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

DISQUALIFICATION OF DIRECTORS

94. The office of Director shall be vacated, if the Director:

(a) becomes bankrupt or makes any arrangement or composition with his creditors;

(b) dies or is found to be or becomes of unsound mind;

(c) resigns his office by notice in writing to the Company;

(d) without special leave of absence from the Board, is absent from meetings of the Board for three consecutive meetings and the Board resolves that his office be vacated;

(e) is prohibited by any applicable law or Designated Stock Exchange Rules from being a Director; or

(f) is removed from office pursuant to any other provision of these Articles.

POWERS AND DUTIES OF DIRECTORS

95. Subject to the Companies Law, these Articles and to any resolutions passed in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution passed by the Company in general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been passed.

96. Subject to these Articles, the Directors may from time to time appoint any natural person or corporation, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, chief executive officer, one or more other executive officers, president, one or more vice-presidents, treasurer, assistant treasurer, manager or controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any natural person or corporation so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of managing director upon like terms, but any such appointment shall ipso facto terminate if any managing director ceases for any cause to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.

97. The Directors may appoint any natural person or corporation to be a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant Secretary so appointed by the Directors may be removed by the Directors.

98. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.

99. The Directors may from time to time and at any time by power of attorney (whether under Seal or under hand) or otherwise appoint any company, firm or Person or body of Persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys or authorized signatory (any such person being an "Attorney" or "Authorized Signatory", respectively) of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of Persons dealing with any such Attorney or Authorized Signatory as the Directors may think fit, and may also authorize any such Attorney or Authorized Signatory to delegate all or any of the powers, authorities and discretion vested in him.

100. The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three next following Articles shall not limit the general powers conferred by this Article.

101. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any natural person or corporation to be a member of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any such natural person or corporation.

102. The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorize the members for the time being of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any natural person or corporation so appointed and may annul or vary any such delegation, but no Person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

103. Any such delegates as aforesaid may be authorized by the Directors to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.

BORROWING POWERS OF DIRECTORS

104. The Directors may from time to time at their discretion exercise all the powers of the Company to borrow money, to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital, and to issue debentures, bonds and other securities, whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

THE SEAL

105. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixings of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose and every Person as aforesaid shall sign every instrument to which the Seal is so affixed in their presence.

106. The Company may maintain a facsimile of the Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixings of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such Person or Persons as the Directors shall for this purpose appoint and such Person or Persons as aforesaid shall sign every instrument to which the facsimile Seal is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose.

107. Notwithstanding the foregoing, a Secretary or any assistant Secretary shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

PROCEEDINGS OF DIRECTORS

108. The Directors may meet together (either within or without the Cayman Islands) for the despatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. At any meeting of the Directors, each Director present in person or represented by his proxy or alternate shall be entitled to one vote. In case of an equality of votes the chairman of the meeting shall have a second or casting vote. A Director may, and a Secretary or assistant Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.

109. A Director may participate in any meeting of the Directors, or of any committee appointed by the Directors of which such Director is a member, by means of telephone or similar communication equipment by way of which all Persons participating in such meeting can communicate with each other and such participation shall be deemed to constitute presence in person at the meeting.

110. The quorum necessary for the transaction of the business of the Board may be fixed by the Directors, and unless so fixed, the quorum shall be a majority of Directors then in office. A Director represented by proxy or by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.

111. A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract or arrangement with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or transaction which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made or transaction so consummated. A Director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration, provided that (a) such Director, if his interest (whether direct or indirect) in such contract or arrangement is material, has declared the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so, either specifically or by way of a general notice and (b) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee of the Company.

112. A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting of the Directors whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.

113. Any Director may act by himself or through his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorize a Director or his firm to act as auditor to the Company.

114. The Directors shall cause minutes to be made for the purpose of recording:

(a) all appointments of officers made by the Directors;

(b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and

(c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.

115. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.

116. A resolution in writing signed by all the Directors or all the members of a committee of Directors entitled to receive notice of a meeting of Directors or committee of Directors, as the case may be (an alternate Director, subject as provided otherwise in the terms of appointment of the alternate Director, being entitled to sign such a resolution on behalf of his appointer), shall be as valid and effectual as if it had been passed at a duly called and constituted meeting of Directors or committee of Directors, as the case may be. When signed a resolution may consist of several documents each signed by one or more of the Directors or his duly appointed alternate.

117. The continuing Directors may act notwithstanding any vacancy in their body but if and for so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number, or of summoning a general meeting of the Company, but for no other purpose.

118. Subject to any regulations imposed on it by the Directors, a committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting, the committee members present may choose one of their number to be chairman of the meeting.

119. A committee appointed by the Directors may meet and adjourn as it thinks proper. Subject to any regulations imposed on it by the Directors, questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall not have a second or casting vote.

120. All acts done by any meeting of the Directors or of a committee of Directors, or by any Person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or Person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Person had been duly appointed and was qualified to be a Director.

PRESUMPTION OF ASSENT

121. A Director who is present at a meeting of the Board of Directors at which an action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

DIVIDENDS

122. Subject to any rights and restrictions for the time being attached to any Shares, the Directors may from time to time declare dividends (including interim dividends) and other distributions on Shares in issue and authorize payment of the same out of the funds of the Company lawfully available therefor.

123. Subject to any rights and restrictions for the time being attached to any Shares, the Company by Ordinary Resolution may declare dividends, but no dividend shall exceed the amount recommended by the Directors.

124. The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of the Directors, be applicable for meeting contingencies or for equalizing dividends or for any other purpose to which those funds may be properly applied, and pending such application may in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.

125. Any dividend payable in cash to the holder of Shares may be paid in any manner determined by the Directors. If paid by cheque it will be sent by mail addressed to the holder at his address in the Register, or addressed to such person and at such addresses as the holder may direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such Shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company.

126. The Directors may determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and may settle all questions concerning such distribution. Without limiting the generality of the foregoing, the Directors may fix the value of such specific assets, may determine that cash payment shall be made to some Shareholders in lieu of specific assets and may vest any such specific assets in trustees on such terms as the Directors think fit.

127. Subject to any rights and restrictions for the time being attached to any Shares, all dividends shall be declared and paid according to the amounts paid up on the Shares, but if and for so long as nothing is paid up on any of the Shares dividends may be declared and paid according to the par value of the Shares. No amount paid on a Share in advance of calls shall, while carrying interest, be treated for the purposes of this Article as paid on the Share.

128. If several Persons are registered as joint holders of any Share, any of them may give effective receipts for any dividend or other moneys payable on or in respect of the Share.

129. No dividend shall bear interest against the Company.

130. Any dividend unclaimed after a period of six calendar years from the date of declaration of such dividend may be forfeited by the Board of Directors and, if so forfeited, shall revert to the Company.

ACCOUNTS, AUDIT AND ANNUAL RETURN AND DECLARATION

131. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.

132. The books of account shall be kept at the Registered Office, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.

133. The Directors may from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Shareholders not being Directors, and no Shareholder (not being a Director) shall have any right to inspect any account or book or document of the Company except as conferred by any applicable law or authorized by the Directors or by Ordinary Resolution.

134. The accounts relating to the Company's affairs shall be audited in such manner and with such financial year end as may be determined from time to time by the Directors or failing any determination as aforesaid shall not be audited.

135. The Directors may appoint an auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his or their remuneration.

136. Every auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.

137. The auditors shall, if so required 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 Members.

138. 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 Companies Law and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

CAPITALISATION OF RESERVES

139. Subject to the Companies Law, the Directors may:

(a) resolve to capitalize any sum standing to the credit of any of the Company's reserve accounts or funds (including the Share Premium Account and capital redemption reserve fund) or any sum standing to the credit of the profit and loss account or otherwise available for distribution;

(b) appropriate the sum resolved to be capitalized to the Shareholders in proportion to the nominal amount of Shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:

(i) paying up the amounts (if any) for the time being unpaid on Shares held by them respectively, or

(ii) paying up in full unissued Shares or debentures of a nominal amount equal to that sum,

and allot the Shares or debentures, credited as fully paid, to the Shareholders (or as they may direct) in those proportions, or partly in one way and partly in the other, but the Share Premium Account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued Shares to be allotted to Shareholders credited as fully paid;

(c) make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalized reserve and in particular, without limitation, where Shares or debentures become distributable in fractions the Directors may deal with the fractions as they think fit;

(d) authorize a Person to enter (on behalf of all the Shareholders concerned) into an agreement with the Company providing for either:

(i) the allotment to the Shareholders respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalization, or

(ii) the payment by the Company on behalf of the Shareholders (by the application of their respective proportions of the reserves resolved to be capitalized) of the amounts or part of the amounts remaining unpaid on their existing Shares,

and any such agreement made under this authority being effective and binding on all those Shareholders; and

(e) generally do all acts and things required to give effect to the resolution.

140. Notwithstanding any provisions in these Articles, the Directors may resolve to capitalize any sum standing to the credit of any of the Company's reserve accounts or funds (including the Share Premium Account and capital redemption reserve fund) or any sum standing to the credit of the profit and loss account or otherwise available for distribution by applying such sum in paying up in full unissued Shares to be allotted and issued to:

(a) employees (including Directors) or service providers of the Company or its Affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members;

(b) any trustee of any trust or administrator of any share incentive scheme or employee benefit scheme to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or Members; or

(c) any depositary of the Company for the purposes of the issue, allotment and delivery by the depositary of ADSs to employees (including Directors) or service providers of the Company or its Affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members.

SHARE PREMIUM ACCOUNT

141. The Directors shall in accordance with the Companies Law establish a Share Premium Account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any Share.

142. There shall be debited to any Share Premium Account on the redemption or purchase of a Share the difference between the nominal value of such Share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by the Companies Law, out of capital.

NOTICES

143. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the Person entitled to give notice to any Shareholder either personally, or by posting it by airmail or by a recognized courier service in a prepaid letter addressed to such Shareholder at his address as appearing in the Register, or by electronic mail to any electronic mail address such Shareholder may have specified in writing for the purpose of such service of notices, or by facsimile to any facsimile number such Shareholder may have specified in writing for the purpose of such service of notices, or by placing it on the Company's Website should the Directors deem it appropriate. In the case of joint holders of a Share, all notices shall be given to that one of the joint holders whose name stands first in the Register in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.

144. Any notice, if send from one country to another, shall be sent by airmail or by a recognized courier service.

145. Any Shareholder present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.

146. Any notice or other document, if served by:

(a) post, shall be deemed to have been served five calendar days after the time when the letter containing the same is posted;

(b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;

(c) recognized courier service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service;

(d) electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail; or

(e) placing it on the Company's Website, shall be deemed to have been served immediately upon the time when the same is placed on the Company's Website.

In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.

147. Any notice or document delivered or sent by post to or left at the registered address of any Shareholder in accordance with the terms of these Articles shall notwithstanding that such Shareholder be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Shareholder as sole or joint holder, unless his name shall at the time of the service of the notice or document have been removed from the Register as the holder of the Share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all Persons interested (whether jointly with or as claiming through or under him) in the Share.

148. Notice of every general meeting of the Company shall be given to:

(a) all Shareholders holding Shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them; and

(b) every Person entitled to a Share in consequence of the death or bankruptcy of a Shareholder, who but for his death or bankruptcy would be entitled to receive notice of the meeting.

No other Person shall be entitled to receive notices of general meetings.

INFORMATION

149. No Member shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the Members of the Company to communicate to the public.

150. The Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its Members including, without limitation, information contained in the Register and transfer books of the Company.

INDEMNITY

151. Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), Secretary, assistant Secretary, or other officer for the time being and from time to time of the Company (but not including the Company's auditors) and the personal representatives of the same (each an "**Indemnified Person**") shall be indemnified and secured harmless against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person, other than by reason of such Indemnified Person's own dishonesty, willful default or fraud, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.

152. No Indemnified Person shall be liable:

(a) for the acts, receipts, neglects, defaults or omissions of any other Director or officer or agent of the Company; or

(b) for any loss on account of defect of title to any property of the Company; or

(c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested; or

(d) for any loss incurred through any bank, broker or other similar Person; or

(e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on such Indemnified Person's part; or

(f) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of such Indemnified Person's office or in relation thereto;

unless the same shall happen through such Indemnified Person's own dishonesty, willful default or fraud.

FINANCIAL YEAR

153. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31st in each calendar year and shall begin on January 1st in each calendar year.

NON-RECOGNITION OF TRUSTS

154. No Person shall be recognized by the Company as holding any Share upon any trust and the Company shall not, unless required by law, be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or (except only as otherwise provided by these Articles or as the Companies Law requires) any other right in respect of any Share except an absolute right to the entirety thereof in each Shareholder registered in the Register.

WINDING UP

155. If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Companies Law, divide amongst the Members in species or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

156. If the Company shall be wound up, and the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise. If in a winding up, the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

AMENDMENT OF ARTICLES OF ASSOCIATION

157. Subject to the Companies Law, the Company may at any time and from time to time by Special Resolution alter or amend these Articles in whole or in part.

CLOSING OF REGISTER OR FIXING RECORD DATE

158. For the purpose of determining those Shareholders that are entitled to receive notice of, attend or vote at any meeting of Shareholders or any adjournment thereof, or those Shareholders that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Shareholder for any other purpose, the Directors may provide that the Register shall be closed for transfers for a stated period which shall not exceed in any case thirty calendar days in any calendar year.

159. In lieu of or apart from closing the Register, the Directors may fix in advance a date as the record date for any such determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of the Shareholders and for the purpose of determining those Shareholders that are entitled to receive payment of any dividend the Directors may, at or within ninety calendar days prior to the date of declaration of such dividend, fix a subsequent date as the record date for such determination.

160. If the Register is not so closed and no record date is fixed for the determination of those Shareholders entitled to receive notice of, attend or vote at a meeting of Shareholders or those Shareholders that are entitled to receive payment of a dividend, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Shareholders. When a determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of Shareholders has been made as provided in this Article, such determination shall apply to any adjournment thereof.

REGISTRATION BY WAY OF CONTINUATION

161. The Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

MERGERS AND CONSOLIDATIONS

162. The Company shall have the power to merge or consolidate with one or more other constituent companies (as defined in the Companies Law) upon such terms as the Directors may determine and (to the extent required by the Companies Law) with the approval of a Special Resolution.

DISCLOSURE

163. The Directors, or any service providers (including the officers, the Secretary and the registered office agent of the Company) specifically authorized by the Directors, shall be entitled to disclose to any regulatory or judicial authority any information regarding the affairs of the Company including without limitation information contained in the Register and books of the Company.

Exhibit 2.1

SHARE CERTIFICATE

Number	Shares

Baosheng Media Group Holdings Limited

THIS SHARE CERTIFICATE CERTIFIES THAT as of [Transfer date], [Name] of [Address] is the registered holder of [Number] fully paid Ordinary Share(s) of US$0.0096 par value per share in the above named Company which are held subject to, and transferable in accordance with, the Amended and Restated Memorandum and Articles of Association of the Company as currently in effect.

In Witness Whereof the Company has authorized 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 (the "Exchange Act")

Ordinary shares of Baosheng Media Group Holdings Limited, ("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), the ordinary shares are registered under Section 12(b) of the Exchange Act. This exhibit contains a description of the rights of the holders of ordinary shares.

Description of Ordinary Shares

The following is a summary of material provisions of our currently effective amended and restated memorandum and articles of association (the "Memorandum and Articles of Association"), as well as the Companies Act (As Amended) of the Cayman Islands (the "Companies Act") insofar as they relate to the material terms of our 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 has been filed with the SEC as an exhibit to our annual report on Form 20-F for the fiscal year ended December 31, 2022.

Type and Class of Securities (Item 9.A.5 of Form 20-F)

Each ordinary share has a par value of US$0.0096 each. The number of ordinary shares that have been issued as of the last day of the financial year ended December 31, 2022 is provided on the cover of the annual report on Form 20-F filed in May 2023. Our ordinary shares may be held in either certificated or uncertificated form.

Preemptive Rights (Item 9.A.3 of Form 20-F)

The ordinary shares are not subject to any pre-emptive or similar rights under the Companies Act or pursuant to the Memorandum and Articles of Association.

Limitations or Qualifications (Item 9.A.6 of Form 20-F)

Each ordinary share entitles the holder thereof to one vote on all matters subject to the vote at general meetings of our company, voting together as one class.

Rights of Other Types of Securities (Item 9.A.7 of Form 20-F)

Not applicable.

Rights of ordinary shares (Item 10.B.3 of Form 20-F)

Ordinary Shares

Our authorized share capital is US$60,000 divided into 6,250,000 ordinary shares of par value of US$0.0096 each. All of our issued and outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors or declared by our shareholders by ordinary resolution (provided that no dividend may be declared by our shareholders which exceeds the amount recommended by our directors). Our Memorandum and Articles of Association provide that dividends may be declared and paid out of funds of our Company lawfully available therefor. Under the laws of the Cayman Islands, our company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

Voting Rights

Subject to any rights or restrictions as to voting attached to any shares, unless any share carries special voting rights, on a show of hands every shareholder who is present in person and every person representing a shareholder by proxy shall have one vote per ordinary share. On a poll, every shareholder who is present in person and every person representing a shareholder by proxy shall have one vote for each 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.

Transfer of Ordinary Shares

Provided that a transfer of ordinary shares complies with applicable rules of Nasdaq, a shareholder may transfer ordinary shares to another person by completing an instrument of transfer in a common form or in a form prescribed by Nasdaq or in any other form approved by the directors, executed:

(a) where the ordinary shares are fully paid, by or on behalf of that shareholder; and

(b) where the 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 an ordinary share until the name of the transferee is entered into the register of members of the Company.

Where the ordinary shares in question are not listed on or subject to the rules of Nasdaq, our board of directors may, in its absolute discretion, decline to register any transfer of any 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 ordinary share unless:

(a) the instrument of transfer is lodged with us, accompanied by the certificate for the 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 ordinary shares;

(c) the instrument of transfer is properly stamped, if required; and

(d) in the case of a transfer to joint holders, the number of joint holders to whom the ordinary shares are to be transferred does not exceed four.

If our directors refuse to register a transfer, they are required, within one month 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.

The registration of transfers may, on prior 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 of members may not be closed, for more than 30 calendar days in any year.

Liquidation

On the winding up of our company, if the assets available for distribution among our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed among our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at any time thereafter during such time as any part of such call or instalment remains unpaid. The notice shall name a further day (not earlier than the expiration of fourteen calendar days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the ordinary shares in respect of which the call was made will be liable to be forfeited.

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 with the consent in writing of all of the holders of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The necessary quorum shall be one or more persons holding or representing by proxy at least one-third in nominal or par value amount of the issued shares of the relevant class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those shareholders who are present shall form a quorum).

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 or subsequent to them or the redemption or purchase of any shares of any class by our company. The rights conferred upon the holders of the shares of any class issued shall not be deemed to be varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

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 our Memorandum and Articles of Association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our Memorandum and Articles of Association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Ownership Threshold (Item 10.B.8 of Form 20-F)

There are no provisions under the 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 Companies Act is modelled after that of England and Wales but does not follow recent statutory enactments in England. In addition, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the State of Delaware.

Mergers and Similar Arrangements

A merger of two or more constituent companies under Cayman Islands law requires a plan of merger or consolidation to be approved by the directors of each constituent company and authorization by a special resolution of the members of each constituent company.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders. For this purpose a subsidiary is a company of which at least ninety percent (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 over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain circumstances, a dissentient shareholder of a Cayman constituent company is entitled to payment of the fair value of his shares upon dissenting to a merger or consolidation. The exercise of appraisal rights will preclude the exercise of any other rights save 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) 75% in value of the shareholders or class of shareholders, as the case may be, or (b) a majority in number representing 75% in value of the creditors or each class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, 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:

- the statutory provisions as to the required majority vote have been met;
- 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;
- 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 the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

When a takeover offer is made and accepted by holders of 90% of the shares 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, the 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.

Shareholders' Suits

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, there are exceptions to the foregoing principle, including when:

- a company acts or proposes to act illegally or ultra vires;

- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and

- those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability

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 civil fraud or the consequences of committing a crime. Our Memorandum and Articles of Association permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty or fraud which may attach to such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we intend to enter into indemnification agreements with our directors and senior executive officers that will provide such persons with additional indemnification beyond that provided in our Memorandum and Articles of Association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Anti-Takeover Provisions in the Memorandum and Articles of Association

Some provisions of our Memorandum and Articles of Association may discourage, delay or prevent a change in control of our company or management that shareholders may consider favourable, including provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our Memorandum and Articles of Association, as amended and restated from time to time, for what they believe in good faith to be in the best interests of our company.

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act *bona fide* in the best interests of the company, a duty not to make a profit based on his or her position as director (unless the company permits him to do so) and a duty not to put himself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an

objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Our Memorandum and Articles of Association provide that shareholders may not approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings or allow our shareholders to requisition a shareholders' meeting. Our Memorandum and Articles of Association allow our shareholders to requisition shareholders' meetings.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. As permitted under Cayman Islands law, our Memorandum and Articles of Association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Under our Memorandum and Articles of Association, directors may be removed by an ordinary resolution of shareholders save that, for so long SAIF IV Healthcare (BVI) Limited is a shareholder holding at least 10% of the issued shares of the Company, it shall have the exclusive right to appoint, remove and replace 1 director by written notice to the Company and such appointment, removal or replacement shall become effective forthwith upon delivery of such written notice to our company without the need for further authorisation from our board of directors or the shareholders.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an

interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into *bona fide* in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

Restructuring

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

(a) is or is likely to become unable to pay its debts; and

(b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

Dissolution; Winding Up

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. Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. 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.

Under the Companies Act and our Memorandum and Articles of Association, our company may be dissolved, liquidated or wound up by the vote of holders of two-thirds of our shares voting at a meeting

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our Memorandum and Articles of Association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class only with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. As permitted by Cayman Islands law, our Memorandum and Articles of Association may only be amended by a special resolution of shareholders.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by our Memorandum and Articles of Association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our Memorandum and Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed.

Directors' Power to Issue Shares

Subject to applicable law, our board of directors is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred, qualified or other special rights or restrictions.

Changes in Capital (Item 10.B.10 of Form 20-F)

We may from time to time by ordinary resolution:

- increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount than that fixed by the our Memorandum of Association, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced ordinary share shall be the same as it was in case of the ordinary share from which the reduced ordinary share is derived; and
- cancel any shares that, at the date of the passing of the 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 ordinary shares so cancelled.

We may by special resolution, subject to any confirmation or consent required by the Companies Act, reduce our share capital or any capital redemption reserve in any manner permitted by law.

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.

Exhibit 4.3

Service Framework Contract of [T3 Travel Effect Advertising Delivery Agency]

Project name: [Tender of Effect Advertising Agency in 2023]
Party A: [Nanjing Lingxing Technology Co., Ltd.]
Party B: [Beijing Baosheng Network Science and Technology Co., Ltd.]
Signed on: April 3, 2023
Signed in: [Nanjing City]

Service Framework Contract of [T3 Travel Effect Advertising Delivery Agency]

Party A: Nanjing Lingxing Technology Co., Ltd.
Address: F22, Building A1, Jiulonghu International Enterprise Headquarters Park, No. 19 Suyuan Avenue, Jiangning District, Nanjing
Party B: Beijing Baosheng Network Science and Technology Co., Ltd.
Address: East F5, Building 8, Xishanhui, Shijingshan District, Beijing

In accordance with the provisions of the Civil Code of the People's Republic of China and relevant laws and regulations, both parties agree to sign the Contract for mutual compliance through full and friendly negotiation between both parties.

1.0 Definition

1.1 T3 Travel Platform: Refers to the travel platform that provides users with online taxi booking services and other related services. The platform operator/service provider is Nanjing Lingxing Technology Co., Ltd. (or its designated affiliated company), including but not limited to "T3 Travel" mobile phone software, wap, WeChat applet and other software/website platforms.

1.2 T3 Travel: Refers to Nanjing Lingxing Technology Co., Ltd. or its affiliated company.

1.3 Users: Refer to consumers who have registered on and signed agreements with T3 Travel Platform, and received platform services.

1.4 Online car-hailing services: Refer to the service platforms based on internet technology that integrate supply and demand information and allow qualified vehicles and drivers to provide booking non-cruise tax rental services.

1.5 Affiliated company: Refers to the subject that is directly or indirectly controlled by any legal entity, the subject controls, or is jointly controlled with the subject. "Control" refers to more than 50% of voting shares directly or indirectly held or controlled.

1.6 Peer companies: Refer to any other brand and entities under the brand that engage in or plan to provide competitive products or engage in competitive business other than T3 Travel and/or its designated/authorized affiliated company. For the purposes of the Agreement, peer companies include but are not limited to all companies and their affiliated companies at home and abroad using travel businesses of "DIDI", "Baidu", "Amapauto", "Shouqi Limousine & Chauffeur", "Yidao", "Uber (China)", "China Auto Rental", "UCAR", "Dida Chuxing", "CAOCAO", "edaijia", "Meituan.com", "Dingding Yueche", "letzgo", "M-GO", "ttyongche", "saicmobility", Ontime, wsecar, hellobike, Ctrip, LY.COM and other brands.

1.7 Effect advertising: Refers to the advertising type based on the actual effect of the advertising delivered by Party B for Party A. The actual effect of advertising referred to herein includes downloads, exposure, clicks, etc.

1.8 CPC: Refers to the effect advertising billing mode of single click cost, that is, “Cost Per Click”.

1.9 CPM; Refers to the effect advertising billing mode of thousands of exposures, that is, “Cost Per Mile”.

2.0 Cooperation contents

2.1 Party A entrusts Party B to provide Party A with professional services in terms of [effect advertising delivery agency], including:

2.1.1 Advertising account management and recharge service

2.1.1.1 According to the requirements of Party A, Party B shall open an account in the name of Party A on the media platform and submit Party A’s qualification documents required for advertising to the media platform.

2.1.1.2 Party B shall recharge the advertising fee in advance to the corresponding account of Party A according to the requirements of Party A. The amount recharged by Party B shall be subject to the amount of order placed by Party A. Party B shall not overcharge.

2.1.2 Advertising content production and delivery services

2.1.2.1. Party B shall produce and modify the corresponding advertising materials (graphic, video, Flash, landing page, etc.) according to the content forms and elements required by Party A.

2.1.2.2. According to the requirements of Party A, Party B shall set up the advertising delivery plan, develop the delivery strategy, select and determine the implementation details of advertising delivery from dimensions of advertising type, advertising space and advertising cost, and be responsible for the implementation of advertising delivery.

2. 1. 3 Advertising data analysis and optimization services

According to Party A’s requirements, Party B inquires about the relevant data of advertising delivery, analyzes the data of key nodes according to the advertising delivery results, generates a summary report of delivery data, and continuously optimizes the delivery.

2. 2 Forms of cooperation

2.2.1 Under the Contract, Party A shall send out the advertising demand to Party B through the order. The contents of the order include but are not limited to: ① Advertiser name; ②

Advertiser ID; ③ Delivery platform; ④ Delivery product; ⑤ Rebate policy; ⑥ Account balance before recharge; ⑦ Consumption cycle; ⑧ Amount to be recharged, etc. Please refer to the Contract, the Annex to the Contract, the order issued by Party A to Party B and the Supplementary Agreement signed by both parties for the content description, service standard and time arrangement of “effect advertising service”. Except for the above agreement, all other matters shall be subject to the agreement herein.

2.2.2 During the performance of the Contract, if the media platform issues return concessions to Party A, Party A and Party B shall separately sign a supplementary agreement on return policies, return deposit payment and other matters.

2.3 Service fee

2.3.1 The expanses payable by Party A to Party B under the Contract shall be subject to the final settlement amount confirmed by Party A and Party B through Party A’s SRM procurement system (https://T3. going-link, com/oauth/, the same below). Party B shall not claim any other expenses from Party A on the ground that services such as advertising material production, account management and data analysis are provided to Party A.

S/N	Delivery media	Consumption mode of recharge amount (e.g. CPM/CPC)	Rebate policy (from April 3, 2023 to April 2, 2024)
1.	Jinri Toutiao	CPM, CPC	/

Remarks:

(1) During the term of the Contract, Party B shall not reduce the rebate ratio;

(2) The rebate is a direct cash rebate, and the rebate amount can be deducted from the amount payable by Party A to Party B.. For example, if the rebate ratio is 2% and the actual amount consumed by Party A’s account during the order cycle is 1 million, Party A shall pay Party B an amount of 1 million * (1-2%) = 980,000;

(3) If Party A and Party B need to increase the media delivery on the basis agreed by both parties, they shall sign a supplementary agreement separately. If Party B delivers the ad in the media other than those agreed by both parties without the confirmation of the supplementary agreement between both parties, Party A will not pay the advertising expenses incurred therefrom.

3.0 Price and payment

3.1 Reconciliation and settlement:

3.1.1 Party A entrusts Party B to pay advertising fees to the media platform in a form of prepayment. Party B shall recharge the corresponding media account according to the amount confirmed by the business contact email of both parties. The recharge amount is not

of course equal to the service fee that Party A should pay to Party B, nor is it a loan from Party A to Party B. The service fee payable by Party A to Party B shall be subject to the final settlement amount confirmed by both parties in SRM procurement system (the actual consumption amount of the account shall have the rebate deducted). The final settlement amount includes but is not limited to all related expenses such as materials, labor, transportation, taxes and fees that Party A shall pay to Party B.

3.1.2 After the end of the advertising delivery cycle corresponding to the order, Party B shall submit acceptance materials according to Party A's requirements (including but not limited to PPT for delivery effect, online screenshots of delivery points, consumption reconciliation forms, screenshots of delivery background, etc., subject to Party A's further notice). The acceptance materials shall specify exposures, clicks, downloads, activation, registration, registration cost, order completion, order completion cost, order completion rate, etc. After Party A receives the acceptance materials submitted by Party B and checks the delivery data and actual consumption amount, upon Party A's acceptance and data verification, Party B shall issue a compliant and effective VAT invoice with a tax rate of [6%] according to the settlement amount confirmed by SRM procurement system, and Party A shall complete payment within [15] working days after receiving the correct VAT invoice.

3.1.3 If the service provided by Party B fails to be accepted by Party A, and/or the invoice issuance is delayed or incorrect, Party A shall not bear any liability for breach of contract due to delay in payment. If Party B issues invoices before the final acceptance date of Party A without Party A's notice, the payment date shall start from the final acceptance date of Party A.

3.2 Mode of payment:

Party A shall pay the above fees to the following designated accounts of Party B by bank transfer or telegraphic transfer:

Account name:

Opening bank:

Bank account number:

Party A's billing information is as follows:

Name: Nanjing Lingxing Technology Co., Ltd.

Taxpayer identification number:

Address and tel:

Opening bank and account number:

4.0 Rights and obligations of both parties

4.1 Rights and obligations of Party A

4.1.1 On the premise that Party B provides services that meet the acceptance criteria agreed herein, Party A shall pay Party B according to the Contract.

4.1.2 Party A has the right to supervise the services provided by Party B, put forward opinions and requirements, and designate a special person to put forward suggestions, opinions or instructions on the services provided by Party B. Party A has the right to assess the advertising effect of Party B. If the advertising effect of Party B (the cost of completing the order, the proportion of consumption, etc.) is lower than that of other partners of Party A, Party A may terminate the cooperation in advance without any liability for breach of contract or compensation.

4.1.3 Party A shall cooperate with the services provided by Party B as agreed herein and provide Party B with necessary materials and information.

4.1. 4 Party A has the right to check all the data submitted by Party B. If Party B violates the agreement on the authenticity and validity of the data, Party A has the right to deal with it according to the terms of liability for breach of contract.

4.2 Rights and obligations of Party B

4.2.1 Party B shall be a legally established advertising agent with the qualifications of advertising design, production and agency. Party B shall obtain the direct authorization of the media platform and have the legal advertising agency operation right.

4.2.2 Party B shall recharge the corresponding account according to the amount required by Party A's order, and Party A will not pay the consumption amount caused by Party B's unauthorized excess recharge. After the recharge amount corresponding to a single order is consumed, Party B shall not recharge without Party A issuing a new order.

4.2.3 Party B shall organize a capable team to complete the operation of advertising account, advertising production and delivery, delivery data analysis and other work according to the time stipulated herein. If Party B knows Party A's account number and qualification information due to the opening of advertising account and other factors, it shall not provide the above information to a third party, and shall not engage in any behavior without Party A's written authorization through Party A's account number.

4.2.4 Party B shall disclose to Party A the rules of the media platform and the cooperation agreement signed between Party B and the media platform. Party B shall truthfully inform Party A of the necessary information such as advertising rules, return policies and consumption rules of the media platform, including but not limited to return settlement and settlement methods, return consumption methods (whether pre-consumption or not) and

consumption period.

4.2.5 If Party B delivers advertising on multiple media platforms on behalf of Party A at the same time, it shall not incorporate the recharge amount and consumption amount placed in the A media account into the B media account. If Party B opens multiple accounts on the same media platform on behalf of Party A, the recharge amount and advertising plan among each account are independent of each other, and Party B shall not transfer the recharge amount and consumption amount among multiple accounts on the same media platform.

4.2.6 In the work phase involved in various effects and service content herein, Party B shall be responsible for the planning and implementation of advertising content according to Party A's needs. If the Contract, the annexes to the Contract and the order have agreed on the specific implementation plan of advertising, the specific implementation plan shall be followed; if there is no agreement on this or Party A makes adjustments according to the actual needs, Party B shall confirm the specific implementation plan with Party A, and strictly implement it after confirmation by email authorized by Party A.

4.2.7 Party B shall deliver the advertising delivery plan and advertising delivery data report that meet the requirements to Party A on schedule according to the agreement herein. Party A has the right to provide rectification or change opinions to Party B at any time when the Contract is performed, and Party B shall give a timely feedback and cooperate in the adjustment.

4.2.8 Party B shall be responsible for the publicity of the effect delivery during the cooperation period, and shall be responsible for the accuracy, validity and completeness of the materials or information provided by Party B, so as to complete the work described herein in a timely and accurate manner. If Party B provides advertising content production services at the same time, the content delivered by Party B can only be delivered after being examined and approved by Party A. Party B guarantees that there is no infringement of the rights of any third party in the production and provision of relevant content, and it will not cause Party A to be prosecuted for infringement, claimed for compensation and investigated by the regulatory authorities by the third party for content provided by Party B; otherwise, Party B shall cooperate in the treatment and bear all related responsibilities.

4.2.9 During the execution of a single order of the Contract, if the actual implementation situation is changed, Party B shall obtain the written consent and confirmation email from Party A, otherwise Party A has the right to refuse to pay relevant money. Without written confirmation by Party A in the form of seal, Party B shall not increase any expenses for any reason; at the same time, Party A's personnel (including any personnel of Party A) have no right to confirm Party B's increase in fees by mail or in writing on behalf of Party A and the confirmation of any additional fees; fee optimization or reduction of Party Bis not subject to

this restriction.

4.2.10 The Contract signed between Party Band any third party shall not affect Party B’s performance of relevant obligations to Party A.

5.0 Delivery and acceptance

5.1 Acceptance criteria:

5.1.1 Both parties agree that Party A may require Party B to provide the corresponding irregular periodic reports according to the specific delivery conditions, or require Party B to provide a closing report after the delivery cycle involved in the current order. The above reports are the contents on Party A’s acceptance of Party B’s current order delivery results. The specific contents of the report shall include but not be limited to the specific delivery media (channels) of the current order, work analysis for different stages of delivery cycle, analysis of implementation cost and results of the current delivery strategy, and the landing delivery optimization scheme, etc. Party B confirms that Party A has the right to put forward implementation opinions to Party B through business contact email after receiving the report. Party B shall make rectification according to Party A’s requirements and time limit, and provide a report again.

5.1.2 Both parties confirm that the above report is not the only standard for acceptance by Party A, and Party B shall still submit acceptance materials according to Party A’s notice within 30 days after the end of project delivery cycle involved in the current order. The specific acceptance materials shall be subject to the agreement in Article 3.1. 2 of the Contract.

5.1.3 After receiving all reports and acceptance materials provided by Party B, Party A has the right to conduct data verification by itself or by entrusting a third party, and put forward the final acceptance opinions to Party B according to the data verification results. Party A has the right to require Party B to make rectification and rework until Party A’s inspection and acceptance are passed. Party B agrees that Party A will list the following situations as abnormal data situations. When abnormal data situations occur, Party A has the right not to settle accounts for this part of data: (1) A large proportion of equipment advertising (including but not limited to IP, IMEI, etc.) is similar or abnormal, or a large number of clicks or registrations occur in a same IP; (2) The auxiliary equipment or software program with automatic mobile phone operation function are used to simulate users to use Party A’s products; (3) The advertising release form, time period and location are inconsistent with these specified in the Agreement; (4) The mobile phone simulator is used for false operation on computer; The mobile phone advertising is tampered and different mobile phones are simulated for false operation, etc.

5.1.4 Both parties agree that the acceptance criteria of Party B’s services shall be subject to the

acceptance terms and technical requirements agreed herein, the annexes to the Contract, the orders issued by Party A during the performance of the Contract and the supplementary agreement signed by both parties. Before each delivery, Party B shall follow the orders confirmed by Party A and Party B through SRM procurement system for delivery.

5.2 Acceptance process: Party B shall deliver the results and acceptance materials agreed herein to Party A in the way agreed in the Contract. After the acceptance is passed and confirmed by both parties, Party B shall issue invoices of corresponding amount according to the expense settlement clauses agreed herein, and Party A shall pay Party B according to the Contract. If there is any dispute between both parties over the advertising data, the advertising monitoring results provided by an independent third party entrusted by Party A shall be taken as the settlement standard unless there is other legal and exact evidence.

5.3 Party B shall ensure the authenticity of closing report and various data. If Party A finds that the acceptance materials or any data submitted by Party B are false, Party A has the right not to pay the recharge amount corresponding to a single order and terminate the Contract immediately. In addition, Party A reserves the right to recover additional losses from Party B.

5.4 After the service acceptance, invoicing or payment of any stage or all stages of the project is completed, Party A still has the right to review the service results that have been accepted, invoiced and paid, and require Party B to make rectification according to the review. If Party B fails to rectify or the rectification fails to meet Party A's requirements, Party A has the right to require Party B to refund the paid service fee and bear the corresponding liability for breach of contract.

6.0 Representations and warranties

Both parties represent and warrant that

6.1 They have the right to enter into the Agreement and has all the rights, authorizations and permissions necessary to enter into and fully perform the Contract;

6.2 Their performance of the Agreement will not violate any contractual clauses, obligations, laws, regulations or decrees that they are bound upon;

6.3 There is no claim, lien or lawsuit against or endangering the other party, which will affect the rights of the other party under the Agreement;

6.4 Their performance of the Agreement does not infringe upon the intellectual property rights of any third party;

6.5 They shall provide considerate and skilled services in accordance with the relevant requirements of the Agreement;

6.6 Notwithstanding the above agreement, if there is a special agreement in the clause, the special agreement shall prevail.

7.0 Liability for breach of contract

7.1 If one party violates the representations and warranties mentioned in Article 6.0, the other party shall have the right to terminate the Contract unilaterally without liability for breach of contract.

7.2 The observant party has the right to investigate the direct and indirect economic losses of the delinquent party, including but not limited to notary fees, appraisal fees, evaluation fees, attorney fees, legal fees, preservation fees, travel expenses, accommodation fees, etc., and related legal liabilities.

7.3 In addition to force majeure and Party B's breach of contract, if Party A makes the overdue payment due to its own reasons, it shall pay Party B one ten thousandth of the unpaid amount as liquidated damages every day. During the late payment period, Party B has the right to suspend the service, which does not constitute a breach of contract, and Party A has no right to enjoy any preferential policies during this period.

7.4 In addition to force majeure and Party A's breach of contract, If Party B fails to provide Party A with services and/or materials that meet the requirements of the Contract within the time agreed herein, Party A has the right to refuse to pay all the contract fees to Party B and ask Party B to compensate Party A for the losses caused by it.

7. 5 If Party B fails to truthfully inform Party A of the return policy and consumption rules of the media platform, which leads to Party A's loss, and Party B violates the rules of the media platform (such as uploading illegal materials) during the advertising process, which causes Party A's account to be prohibited from advertising by the media platform, Party B shall compensate Party A for 10,000 yuan as liquidated damages per occurrence, and shall also compensate Party A for all losses caused to Party A.

7.6 Party B shall ensure the authenticity and accuracy of all data. If Party A suffers losses due to errors in the statistical data submitted by Party B, Party B shall compensate Party A for all losses caused to Party A in addition to 10,000 yuan as liquidated damages per occurrence.

7.7 If Party B violates Article 4. 2 of the Contract, Party B shall compensate Party A for all losses caused to Party A in addition to the penalty of 10,000 yuan per breach of contract.

7.8 If something wrong with the services hereunder due to Party B (including but not limited to the wrong account ID and the wrong amount of recharge), or Party B causes adverse effects or losses to Party A during or due to the performance of the Contract, and the services or deliverables provided by Party B infringe upon the legitimate rights and interests of any

third party, Party B shall immediately take remedial measures at the first time or within the time required by Party A, and the expenses incurred and the losses incurred by Party A shall be borne by Party B.

8.0 Confidentiality clauses

8.1 Confidential information such as technical secrets and business secrets (hereinafter collectively referred to as "Confidential Information") obtained by both parties from each other (including its branches, holding companies, joint ventures and affiliated company) in the process of signing and performing the Contract shall be kept confidential. The technical secrets include but are not limited to the work progress, technical scheme, engineering design, circuit design, manufacturing method, formula, process flow, technical index, computer software, database, research and development records, technical reports, test reports, inspection reports, experimental data, test results, drawings, samples, prototypes, models, molds, operation manuals, technical documents, related correspondence, etc. Business secrets include but are not limited to the negotiation between both parties, any documents signed, including all information contained in contracts, agreements, memorandums and other documents, customer lists, marketing plans, procurement materials, pricing policies, financial materials, purchase channels, information about legal affair, information about human resources, etc. Confidential information also includes user information obtained by both parties during the performance of the Contract ("users" include individual users and enterprise users).

8.2 During the validity period of the Contract or at any time after the termination of the Contract, without the written consent of the other party, either party shall use or disclose, sell, lease, transfer, license or share with a third party any confidential information of the other party, whether oral or written, or in the form of disk, film or electronic parts, except for the purpose of performing the Contract. Either party has the obligation to protect the confidential information by no less than the means taken to protect its own business secrets. Either party may disclose the confidential information only for the purposes of the Contract to its employees who have the necessary knowledge of the confidential information, but at the same time instruct their employees to comply with the confidentiality obligations stipulated in this Article. Personal information and important data obtained by either party according to law during the signing and performance of the Contract shall be stored in China according to law and shall not be provided overseas.

8.3 Unless otherwise agreed, this confidentiality clause continues to be valid.

9.0 Intellectual property rights

9.1 If Party A provides Party B with materials required for marketing activities, including but not limited to videos, audio, pictures, texts, data, etc., Party A guarantees that the contents of

such materials will not infringe upon the legitimate rights and interests of any third party. The provision of materials by Party A to Party B does not mean the transfer of any rights, and Party B shall not use it for any purpose or purpose other than the contract without Party A's written consent. It include but is not limited to video, audio, pictures, text, data, etc. provided by Party A, and the contents produced by Party B with this material or for the purpose of the Contract; all intellectual property rights and other rights and interests shall belong to Party A.

9.2 Party B guarantees that the materials provided by Party B to Party A and the contents produced for the purpose of the Contract, including but not limited to videos, audio, pictures, texts, data, etc., will not infringe upon the legitimate rights and interests of any third party, and shall be responsible for the accuracy, validity and completeness of the materials or information provided by Party B.

9.3 In case of infringement complaints and compensation caused by the materials or achievements provided by either party, the provider shall be responsible for solving them and ensuring that the recipient is exempted from liability.

10.0 Notice and delivery

10.1 Any notice in connection with the Contract shall be given to the designated contact person to the designated address or authorized email according to the information described in the following table:

Name of Party A	Nanjing Lingxing Technology Co., Ltd.	Business contact person	
Business contact tel.			
Business contact person			
Business contact tel.			
Address specified			
Name of Party B	Beijing Baosheng Network Science and Technology Co., Ltd.	Business contact person	
Business contact tel.		E-mail authorized for business	
Business contact person		Business contact mailbox	
Business contact tel.			
Address specified			

The designated address shall also apply to the legal address at which any legal documents shall be legally served during the execution of any judicial proceedings arising from disputes hereunder. If one party needs to change the E-mail authorized for business or business contact mailbox, it shall notify the other party in time by the E-mail authorized for business. If such notice is not given by E-mail authorized for business, the effectiveness of such change will be

invalid on the other party, and the party without notice given will bear the adverse consequences arising therefrom.

10.2 Unless otherwise agreed herein, any notice, requirement or request shall be submitted or made in writing, stamped with official seal, sent to the designated address by registered or express mail, or sent by authorized email.

10.3 The E-mail authorized for business hereunder is only used for business communication such as confirmation and cancellation of purchase orders hereunder. The business contact mailbox hereunder is only used for business communication such as work exchange, report and acceptance material reception between both parties. Matters agreed by both parties through E-mail authorized for business or business contact mailbox shall not constitute any changes to the Contract and order. Matters confirmed by E-mail authorized for business or business contact mailbox beyond the agreement in this article shall not have legal effect on Party A.

10.4 The time when a notice or communication is deemed to be delivered. If it is delivered by e-mail, the entry time displayed in the transmission record or on the computer shall prevail; if it is delivered by personal service (including express mail delivery), the date of receipt shall prevail; if it is delivered by registered mail, seven days from the date of receipt issued by the post office shall prevail.

10.5 Information change. If either party changes the above information, it shall inform the other party 3 working days in advance in the above-mentioned agreed manner; otherwise, if it fails to receive the written documents such as notice, reply, request or request sent by the other party, which affects the performance of the Contract or causes losses, the other party shall bear the relevant consequences.

11.0 Entry into force, alteration and termination of the Contract

11.1 The Contract shall come into force after both parties affix the special seal for contract, and shall be valid to April 2, 2024.

11.2 Any changes to the terms of the Contract, including but not limited to service, price, service acceptance warranty terms, etc., must be made by both parties through negotiation with a supplementary contract signed (in a paper/electronic form). Except for the circumstances agreed in 10.3, the clauses added, deleted or modified by employees or contacts of both parties through email, DingTalk, WeChat and other express or implied means are invalid, and the costs, losses and adverse consequences arising from Party B’s performance of the Contract in this invalid way shall be borne by Party B.

11.3 If one party materially breaches its obligations under the Agreement and fails to correct the breach within [10] days after being notified of the breach, such breach includes but is not

limited to: (1) fraudulent means in the cooperation between both parties or seriously affecting the reputation of the other party due to its behavior; (2) when one party commits an act that damages the image and/or interests of the other party. The observant party shall have the right to terminate the Contract by sending a written notice to the delinquent party [10] days in advance, and the observant party shall not take any responsibility and shall reserve the right to investigate the legal liability of the delinquent party.

11.4 The Agreement may be terminated by the other party at any time by written notice to the other party if one party has serious business crisis, operational difficulties or bankruptcy or company liquidation proceedings.

11.5 Due to the adjustment of business strategy and the change of national policy, Party A has the right to notify Party B in writing [30] days in advance to terminate the Contract, and does not have to bear the liability for breach of contract.

11.6 Both parties understand and agree that for Party B as one of the service providers under the business items agreed herein, Party A has the right to assess the service quality of Party B according to the consumption cost and completion cost of each order, and the number of assessment times shall be limited to two times. Upon the expiration of the assessment period, if Party B ranks last among all suppliers in the assessment results, Party A has the right to terminate the Contract immediately in writing or require Party B to complete the rectification according to Party A's rectification measures. Party A has the right to formulate assessment standards according to the needs of this project and the actual implementation of each order. The specific assessment standards (including but not limited to assessment period, scoring standards, number of assessment times, etc.) shall be subject to the notification from Party A's business contact email. The assessment standards shall take effect from the date when Party A delivers them to Party B, and Party B shall accept them and guarantee their performance.

12.0 Network security and data security

12.1 If both parties agree that in performing their obligations hereunder, or accept the products or services hereunder, they shall abide by applicable laws and regulations on data and privacy protection. In particular, both parties should ensure that sufficient consent, authorization and permission under applicable laws and regulations are obtained and maintained to ensure that the processing behavior (if any) of the user's personal information hereunder complies with the applicable laws and has obtained clear authorization (if necessary), including collection, storage, use and processing of the user's personal data and information; otherwise, the responsibilities and losses arising therefrom shall be borne by the party itself. Both parties confirm that they are personal information processors for the personal information (if any) shared by the data provider to the data recipient hereunder, and shall bear the relevant responsibilities of the information

processors for their respective processing behaviors according to law. Both parties shall establish appropriate data security capabilities in accordance with relevant laws, regulations and standards, and tale necessary management and technical measures to ensure network security and data security. If either party discovers security loopholes or data security risk events during cooperation, it shall immediately notify the other party in writing and take corresponding measures in accordance with the law.

13.0 Applicable law and dispute resolution

13.1 Applicable law. The conclusion, validity, interpretation, performance and dispute settlement of the Contract and its annexes shall be governed by the relevant provisions of the laws and regulations of the People's Republic of China in effect at the time of signing the Contract.

13.2 Dispute resolution. Both parties shall settle all disputes arising from the interpretation and execution of the Contract and in connection with the Contract through friendly negotiation. If no agreement can be reached through negotiation, both parties agree to bring a lawsuit to the people's court where Party A is located. During the proceedings, the remainder of the Contract shall continue to be performed except for the part that must be solved in the course of the proceedings.

14.0 Miscellaneous

14.1 Contract composition and validity order. Both parties know that the Contract and the following documents constitute a complete contract: (1) Specific Contract (i.e. the Contract); (2) Annex, orders and supplementary agreement to the Specific Contract. In case of any conflict between the above documents, the validity order is as follows: (1) Quantity, price, payment and delivery clauses in the annex, orders and supplementary agreement to the Specific Contract; (2) The remaining clauses in the Specific Contract.

14.2 Force Majeure

14.2.1 Force majeure refers to the following events: War, disturbance, plague, serious fire, flood, earthquake, storm or other natural disasters, and all other events that both parties hereto cannot foresee, prevent or avoid or overcome.

14.2.2 If either party is unable to perform all or part of its obligations hereunder due to force majeure, it shall notify the other party as soon as possible, and shall provide the other party with certificates issued by relevant departments, detailed reports and explanations of the impact of force majeure on the performance of the Contract in writing within a reasonable period after the occurrence of force majeure.

14.2.3 In case of force majeure, either party shall be liable for any loss suffered by the other party

due to the failure or delay in performing its obligations hereunder due to force majeure. However, the party affected by force majeure shall be responsible for taking appropriate or necessary measures to reduce or eliminate the impact of force majeure as soon as possible. The party affected by force majeure shall bear the related losses caused by failure to fulfill the responsibility.

14.2.4 Both parties shall decide whether to terminate the Contract or continue to perform the Contract according to the degree of influence of force majeure on the performance of the Contract through negotiation.

14.3 In view of the fact that both parties have input a lot of cooperation resources and energy in cooperation, in order to protect the innovative intellectual property rights invested by Party A in this cooperation project, Party B promises that Party B and its affiliated company (except Party A and/or its designated/authorized affiliated company) will not cooperate with peer companies in inter-bank businesses or serve peer companies in inter-bank businesses in any other way (whether paid or unpaid) during the cooperation period. If Party B plans to cooperate with peer companies as agreed in this Article, both parties agree that the cooperation shall be carried out through consultation in advance and the interests of both parties shall not be harmed; otherwise, Party A has the right to unilaterally terminate the Agreement. For the avoidance of doubt, inter-bank businesses refer to other businesses of the same kind, similar or competitive with the cooperation businesses hereunder.

14.4 Nothing herein shall be deemed or construed as a joint venture, partnership or agency relationship between both parties.

14.5 After the termination of the Contract, the intellectual property clauses, confidentiality clauses, liability clauses for breach of contract, dispute resolution clauses and other clauses that should take effect for a long time will continue to be valid and unaffected.

14.6 The Contract supersedes all previous oral or written minutes, memorandum and contracts of both parties on specific matters hereunder.

14.7 The Contract is made in quadruplicate, with two copies held by both parties respectively, which has the same legal effect.

14.8 The Contract consists of main body and annexes. The annexes to the Contract are:

Annex 1: Letter of Responsibility for Integrity

(The remainder of the page is intentionally left blank)

Party B: Nanjing Lingxing Technology Co., Ltd.

(Seal)

Date: April 3, 2023

Party B: Beijing Baosheng Network Science and Technology Co., Ltd.

(Seal)

Date: April 3, 2023

(Special Seal for Contract of Nanjing Lingxing Technology Co., Ltd.)

(Special Seal for Contract of Beijing Baosheng Network Science and Technology Co., Ltd.)

Annex 1: Letter of Responsibility for Integrity

Nanjing Lingxing Technology Co., Ltd. (known as “Party A” or “T3 Travel”) is honored to have an opportunity to cooperate with you (hereinafter referred to as “Party B”)! Nanjing Lingxing Technology Co., Ltd. is a company that regards honesty as its life. Dishonest and immoral business behavior will bring serious business risks and legal risks to both parties.

To ensure a legal, compliant, fair and just trading environment, Party B understands that the business ethics of honesty, fairness and discipline are the most basic prerequisite for cooperation between Party B and Party A and its affiliated companies, and Party B voluntarily signs Letter of Responsibility for Integrity (hereinafter referred to as this Letter of Responsibility).

As an annex to the Contract, this Letter of Responsibility has the same legal effect as the master agreement.

I Definition

1. Staff: including full-time and part-time employees, agents or any other person who negotiates, signs contracts or participates in the performance of the Agreement with the other party for the benefit of that party;

2. Relatives: including but not limited to spouses, brothers and sisters, parents, children and other direct/collateral blood relatives, fictitious relatives, relations by marriage and other people living together in the name of family members;

3. Stakeholder: refers to the person who has a direct or indirect interest relationship or association with the staff of Party A;

4. Affiliated company: refers to enterprise that is directly or indirectly controlled by either party hereto, is under the same direct or indirect ownership or control of a third party with either party hereto, and has relationships with either party hereto in interests (including but not limited to the situations where the legal representative or actual controller is the same person; where they have same shareholders (except for those who hold shares with less than 5% of outstanding equity through open securities trading markets, directly or indirectly hold funds without actual control, or hold shares through trusts not in person as beneficiaries or through interest agent) or senior management personnel; and where their authorized representatives are the same person, or they have family or domestic relations, etc.).

5. Illegitimate interests: including material interests and non-material interests. Material interests refer to the interests that can be directly measured by monetary value, including but not limited to kickbacks, bribes, private commissions, loans, in kind, cash or cash equivalents (such as consumption cards/vouchers, delivery vouchers, shopping cards, exchange vouchers, recharge cards, transportation officers, telephone cards, recharge of various telephone charges or other

recharges available for use or consumption, stored-value cards and other forms of valuable gift certificates or securities, etc.), checks and property rights, tourism, entertainment and free consumption. Non-material interests refer to spiritual interests and other illegitimate interests that can meet people's needs and desires, which are difficult to be directly measured by economic or monetary value and belong to rights, benefits, conveniences and other benefits other than material interests, including but not limited to provision of benefits such as housing opportunities, residence migration, job transfer, position promotion, arrangement of study abroad, enjoying of free services, etc., as well as granting of honors, reputations, titles, qualifications, status and privileges, etc.

II Undertakings of Party B

1. Party B, Party B's affiliated companies or the staff of Party B/Party B's affiliated companies shall not directly or indirectly provide or attempt to provide illegitimate interests to Party A's staff or Party A's affiliated companies or their relatives/related parties in any name;

2. Party B, Party B's affiliated companies or the staff of Party B/Party B's affiliated companies shall not provide or attempt to provide any form of loans to Party A's staff or their relatives/related parties;

3. Shareholders of Party B and its affiliated companies (except for those who hold shares with less than 5% of outstanding equity through open securities trading markets, directly or indirectly hold funds without actual control, or hold shares through trusts not in person as beneficiaries or through interest agent), responsible persons, directors, senior executives, staff members who directly serve Party A's business cooperation involved herein and other staff members who have substantial influence on the signing and implementation of this agreement are not staff members or their relatives/related parties of Party A and its affiliated companies;

4. Party B shall not employ the staff of Party A and/or Party A's affiliated companies in any forms, and shall not employ the personnel dismissed by Party A or personnel voluntarily resigned from Party A for less than one year to work for Party A's business;

5. Before formally signing this Letter of Responsibility, if Party B has the above listed situations, it shall timely and truthfully disclose it to Party A in a written form;

6. In addition to the above undertakings, Party B will strictly abide by all applicable laws and general business standards and conduct business in good faith.

III Responsibilities of Party B

1. Party A shall have the right to hold Party B liable in one or more of the following ways if Party B, Party B's affiliated companies or their staff violate any of the undertakings in Article II above:

1) Unilaterally and immediately terminate the cooperative relationship with Party B and terminate all agreements signed between Party B and Party A and its affiliated

companies;

2) Party B and its affiliated companies are included in the list of dishonesty, that is, Party A will never cooperate with them;

3) Party A has the right to immediately suspend payment of Party B's money including various fees, shares, collections on behalf, etc.;

4) Party B shall pay liquidated damages, the amount of which shall be calculated as the higher of the following two amounts: i) 30% of the total expenses agreed in the agreement between Party B/Party B's affiliated companies and Party A/Party A's affiliated companies (including all orders signed under the agreement); ii) 100,000 yuan (in words ONE HUNDRED THOUSAND YUAN ONLY). The payment time shall be within 5 working days from the date when Party A discovers the breach of contract;

Party A and Party B jointly acknowledge and agree that (i) The damages caused to Party A and Party A's affiliated companies due to violation of Party B/Party B's affiliated companies or their staff against the undertakings in Article 2 above will be difficultly calculated; (ii) The amount of liquidated damages is confirmed by both parties through commercial negotiation and is equivalent to the legitimate interests of Party A, and is not excessive or unreasonable. Party B guarantees that it will not request any authority or department to reduce it in subsequent dispute settlement. In addition, Party A still has the right to further claim against Party B for the actual losses exceeding the amount of aforesaid liquidated damages. The actual losses mentioned in this Article include direct losses (including but not limited to losses caused by consumer complaints and claims, penalties imposed by government agencies), indirect losses (including but not limited to losses caused by social evaluation reduction, customer loss, market share decline and stock price decline of Party A and its affiliated companies), expected benefits loss and reasonable expenses caused thereby (including but not limited to attorney fees, notarial fees, appraisal fees, legal fees, overtime travel expenses, etc.).

5) Party B shall also pay all the proceeds from the breach of contract to Party A within 5 working days from the date when Party A discovers such breach of contract, in addition to the liquidated damages according to the above agreement;

6) Party A has the right to deduct the above liquidated damages and actual losses from the money that Party A/Party A's affiliated companies have not paid to Party B, including various expenses, shares and collections on behalf. If the amount of unpaid money is insufficient, Party A has the right to continue to recover it;

2. The violation of any of the undertakings in Article 2 above by Party B/Party B's affiliated companies or Party B's staff/these affiliated companies' staff shall not only be based on the final determination of the administrative and judicial organs. When Party A raises reasonable doubts, Party B has the responsibility and obligation to prove the compliance of Party B/Party B's affiliated companies and their staff;

3. Party A's failure to exercise one of the above rights does not mean that Party A waives the exercise of these rights, and Party A still has the right to exercise these rights within the time limit permitted by laws according to its own arrangement.

V Reporting and disclosure channels

1. Acceptance department: T3 Travel Risk Control Compliance Department

2.Acceptance channel: Hotline: (025) 8717 0737; Email: heguit3@t3go.cn

We undertake to give a preliminary reply within 48 hours after receiving the information. To ensure the effectiveness of acceptance, we welcome to real-name reporting.

Party B confirms that it has carefully read all the above clauses, can clearly and accurately understand all the meanings, and agrees to abide by them. This Letter of Responsibility shall come into effect after being sealed by Party B, and its validity shall not be terminated due to the termination of the Master Agreement.

Party B (Responsible Person): (Beijing Baosheng Network Science and Technology Co., Ltd.) (Seal)

Signature of Authorized Representative:

Date: MM/DD/YY

(Special Seal for Contract of Beijing Baosheng Network Science and Technology Co., Ltd.)

Supplementary Agreement

Party A: Nanjing Lingxing Technology Co., Ltd.

Address: F18, Building A1, Jiulonghu International Enterprise Headquarters Park, No. 19 Suyuan Avenue, Jiangning District, Nanjing

Party B: Beijing Baosheng Network Science and Technology Co., Ltd.

Address: East F5, Building 8, Xishanhui, Shijingshan District, Beijing

Whereas, Party A and Party B have signed the Service Framework Contract of [T3 Travel Effect Advertising Delivery Agency] (Contract No.: NJLXKJ-CG-Beijing Baosheng-20230323, hereinafter referred to as the “Original Contract”), and the Original Contract has been established and come into effect. Since the supplementary rebate policy, Party A and Party B agree to make the following amendments to Article 2.3. 2 of the Original Contract through consultation:

1.0 During the cooperation period, the rebate policy enjoyed by Party A is as follows:

S/N	Delivery media	Consumption mode of recharge amount (e.g. CPM/CPC)	Rebate policy (from April 3, 2023 to April 2, 2024)
1.	Jinri Toutiao	CPM, CPC	3. 65%

Remarks:

(1) During the term of the Contract, Party B shall not reduce the rebate ratio;

(2) The rebate is a direct cash rebate, and the rebate amount can be deducted from the amount payable by Party A to Party B.. For example, if the rebate ratio is 2% and the actual amount consumed by Party A’s account during the order cycle is 1 million, Party A shall pay Party B an amount of 1 million * (1-2%) = 980,000;

(3) If Party A and Party B need to increase the media delivery on the basis agreed by both parties, they shall sign a supplementary agreement separately. If Party B delivers the ad in the media other than those agreed by both parties without the confirmation of the supplementary agreement between both parties, Party A will not pay the advertising expenses incurred therefrom.

2.0 The Supplementary Agreement and the Original Contract previously concluded by both parties constitute a unified whole, and jointly adjust and bind the rights and obligations of both parties in this cooperation project. For matters explicitly agreed in herein, the legal effect of its clauses shall prevail over that of the Original Contract, and for matters not explicitly agreed herein, the Original Contract shall apply.

3.0 The Agreement shall come into force after being sealed by the authorized representatives of both parties, be attached to the Original Contract as an annex, and be terminated with the expiration of the validity of the Original Contract. The Contract is made in quadruplicate, with two

copies held by both parties respectively, which has the same legal effect.

(The remainder of the page is intentionally left blank)

Party A (seal): Authorized Representative for Signing: ___ Date: ___ (Special Seal for Contract of Nanjing Lingxing Technology Co., Ltd.)	Party B (Seal): Authorized Representative for Signing: ___ Date: ___ (Special Seal for Contract of Beijing Baosheng Network Science and Technology Co., Ltd.)

Exhibit 4.4

Channel Cooperation Agreement

Party A: Horgos Zhijian Tiancheng Technology Co., Ltd.

Legal representative: Cao Jing

Contact person: Hao Yang

Tel:

E-mail:

Address: Room 2229, F2, No.3-B-2, Huace Industrial Park, Kaiyuan Road, Corps Sub-zone, Horgos Economic Development Zone, Ili Kazakh Autonomous Prefecture, Xinjiang

Party B: Beijing Baosheng Network Science and Technology Co., Ltd.

Legal representative: Gong Sheng

Contact person: Li Cheng

Tel:

E-mail:

Address: East F5, Building 8, Xishanhui, Shijingshan District, Beijing

According to the Civil Code of the People's Republic of China and other relevant regulations, the Agreement is concluded through negotiation between both parties regarding the entrustment of Party B to provide network information services for its customers by Party A:

Article 1 Subject matter of contract

Party B entrusts Party A to provide network information services for its customers. The service media is Tencent, and the service period is from January 1, 2023 to December 31, 2023.

Article 2 Rights and obligations of both parties

1. Business policy from January 1, 2023 to December 31, 2023: Party A shall make a quarterly settlement with Party B at a 12% cash discount, that is, if Party B recharges 100 yuan (in words: ONE HUNDRED YUAN ONLY) to its account, the actual promotion expenses payable to Party B shall be the usable amount of 88 yuan (in words: EIGHTY-EIGHT YUAN ONLY).

2. Sign a supplementary agreement after the media policy is released in 2023, and make up the rebate difference from January 1, 2023.

3. Party B shall ensure that its customers have legal eligibility and qualifications, and provide Party A with

the qualifications, approval documents and other documents required by the media for the customers to operate their business. Party B shall ensure that the relevant qualification documents presented or provided to Party A are true, legal, sufficient and continuously valid.

4. Party B shall ensure that the business engaged in by its customers does not violate the provisions of current laws and regulations, and the service content does not contain content that endangers national security, obscenity, falsehood, gambling, fraud, insult, slander, intimidation and other contents that violate the provisions of laws and regulations and violate public order and good customs.

5. Party B guarantees that Party A's use of the service contents provided by Party B and the website links and downloaded contents provided by Party B does not violate any laws and regulations and does not constitute an infringement of any rights of third parties, including but not limited to infringement of personal rights, copyright, reputation rights, portrait rights and/or other intellectual property rights of third parties, and will not make Party A or the media serving the contents specified by Party B bear any liability to any third party.

6. If a third party complains that the products or services corresponding to the service content of Party B's customers are illegal, Party A has the right to immediately remove or delete the relevant products or pages, and stop to provide network information services for Party B at the same time, so the losses incurred shall be borne by Party B. If Party A suffers from the claim of any third party or any administrative or judicial punishment, Party B shall compensate Party A for all losses, while Party A has the right to deduct the above compensation directly from Party B's prepaid service fees, and to reserve the right to terminate the Agreement at any time.

7. If Party A is fined by the media or suffers other losses due to Party B or Party B's final customer violating the media service policy, Party A's losses shall be borne by Party B.. Party B shall pay the corresponding amount to Party A within seven working days after Party A receives the media penalty notice.

8. Party A has the right to review the materials and service content submitted by Party B and decide whether to allow to provide services according to the media service policy. This audit is only a formal audit, which does not mean that Party A has the obligation to confirm or guarantee the authenticity and validity of service content. Moreover, Party B's guarantee responsibility for the authenticity and validity of business qualifications and service content will not be relieved because of Party A's audit, and all responsibilities and consequences arising therefrom shall still be borne by Party B.

Article 3 Fees and mode of payment

1. Party B shall make a settlement in advance and pay 100% to Party A.

2. The mode of settlement of the above expenses is telegraphic transfer, and the account information designated by Party A is as follows:

Name of the Company: Horgos Zhijian Tiancheng Technology Co., Ltd.

Name of opening bank:

Bank account number:

3. Both parties confirm that the settlement basis is the backstage data of media service. If Party B disagrees with the settlement data, Party A shall assist Party B to ask the media company to give a reasonable explanation, and the final data shall be subject to the data confirmed by the media company.

4. If Party B fails to consume the pre-deposit in the account when the validity period of the contract expires, the unconsumed amount will not enjoy the settlement discount agreed herein. After the new policy of the service platform is issued in the following year, the settlement discount enjoyed by the unconsumed amount will be confirmed by both parties through separate negotiation.

5. Invoice

5.1 According to the settlement amount, Party A shall issue VAT ordinary/special invoice after receiving the payment [invoice content: * advertising service * advertising release fee, including 6% of tax point].According to the settlement amount, Party A shall issue VAT regular/special invoice after receiving the payment [invoice content: *advertising service fee* advertising release fee, including 6% of tax point].

5.2 Party B shall provide billing information as follows:

Full name of the Company: Beijing Baosheng Network Science and Technology Co., Ltd.

Taxpayer identification number:

Address and tel.:

Opening bank and account number:

Invoice address:

Article 4 Breach clauses

1. If Party B makes overdue payment, it shall not enjoy the settlement discount agreed herein, and Party A has the right to stop to provide service. For each day of overdue payment, Party B shall pay five over ten thousandth of the overdue payment to Party A as overdue penalty until the payment is paid off. During the overdue payment period, Party A has the right to suspend providing network information services for Party B. If Party B’s overdue payment period exceeds 30 days, Party A has the right to unilaterally terminate this contract in advance and investigate Party B's liability for breach of contract. In addition, Party B shall also bear all the expenses paid by Party A for safeguarding rights (including but not limited to travel expenses, notarial fees, appraisal fees, audit fees, attorney fees, legal fees and other reasonable expenses).

2. If network information services agreed by both parties is not available at the agreed time due to Party A, Party A shall negotiate with the media company to provide compensation services for Party B's customers according to the standards of "one incorrect release and one makeup" and "one omission and one makeup".

3. For each network information service provided according to the service plan confirmed by Party B, if Party B unilaterally terminates the service without good reason during the service period, Party B agrees to pay relevant fees to Party A according to the implemented information service and bear all economic losses caused to Party A due to the termination of the service (including but not limited to the information service fees purchased by Party A from the media but not implemented).

4. In case of any dispute caused by Party B's violation of the warranty obligations agreed herein, Party B shall be responsible for resolving it. If Party B violates the above warranty obligations and causes Party A to suffer any losses, Party B shall bear all compensation responsibilities. Party A has the right to deduct the economic losses caused to Party A directly from the service fees prepaid by Party B, and Party A reserves the right to terminate the Agreement at any time.

Article 5 Notice and delivery

1. Unless otherwise agreed by both parties, the notices, documents and materials issued by both parties due to the conclusion and performance of the Agreement shall be delivered by mail or e-mail. If it is delivered by mail, it shall be deemed as delivery when it is delivered to the contact address of the other party; if it is delivered by e-mail, it shall be deemed as delivery when it is sent. If one party changes the service information, it shall notify the other party in writing three working days in advance. If any losses are caused by the failure to notify, the non-notifying party shall bear its own losses. The information delivered by both parties is as follows:

Party A: Horgos Zhijian Tiancheng Technology Co., Ltd.

Contact person: Hao Yang

Tel:

E-mail:

Address:

Party B: Beijing Baosheng Network Science and Technology Co., Ltd.

Contact person: Li Cheng

Tel:

E-mail:

Address:

2. Both parties designate the above-mentioned contact persons as their authorized representatives, and

confirm that any service plan, customer qualification and service content related to the information service matters agreed hereunder shall be delivered to each other by their authorized representatives with the above-mentioned delivery method, which shall be regarded as the true intention of the party and shall be bound by the terms of the Agreement.

Article 6 Miscellaneous

1. If either party requests to terminate the Agreement in advance with good reason, both parties shall settle it through negotiation and sign a written supplementary agreement if necessary. The supplementary agreement has the same legal effect as the Agreement. In case of any inconsistency between the supplementary agreement and the Agreement, the supplementary agreement shall prevail; in case of not being specified in the supplementary agreement, the Agreement shall prevail.

2. Matters not covered herein shall be settled by both parties through friendly negotiation. If disputes arise within the scope of the Agreement, both parties shall try their best to settle them through negotiation. If negotiation fails, both parties agree to submit the disputes to the people's court where the plaintiff operates for litigation settlement.

3. The Agreement is made in duplicate, which shall come into effect as of the date when both parties seal it, with each party holding one copy, which has the same legal effect.

(The remainder of the page is intentionally left blank)

Party A: Horgos Zhijian Tiancheng Technology Co., Ltd.

Authorized representatives: _____(Signature or seal)

Date: January 1, 2023

(Special Seal for Contract of Horgos Zhijian Tiancheng Technology Co., Ltd.)

Party B: Beijing Baosheng Network Science and Technology Co., Ltd.

Authorized representative: _____ (Signature or seal)

Date: January 1, 2023

(Special Seal for Contract of Beijing Baosheng Network Science and Technology Co., Ltd.)

Alibaba Group's Super Huichuan Platform Business Agent & Service Agent Cooperation Agreement VW74WG24230208

Contract No.: IY-PFDL-20230227G0046-2023

Information of Party A and Party B:

Party A: Beijing Baosheng Science and Technology Co., Ltd.

Contact person: Zhan Wentong

Tel:

Contact email:

Contract mailing address:

Receipt of contract mailing;

Tel:

Party B: Guangzhou Juyao Information Technology Co., Ltd.

Contact person:

Tel:

Contact email:

Contract emailing address:

Receipt of contract mailing: Guangzhou Legal Printing Service Center
Tel:

General Terms and Conditions

Party A and Party B, through equal and friendly negotiation, have agreed on the following terms and conditions concerning the cooperation of Party B's service for Party A, so as to jointly abide by them. Both parties will strictly follow the contents of the *General Terms and Conditions of the Cooperation Agreement* (hereinafter referred to as the General Terms and Conditions). This Agreement is the basic clause for both parties to sign the *Special Terms and Conditions of Customer Framework Agreement* (hereinafter referred to as "Special Terms and Conditions"), and constitutes a complete *Cooperation Agreement* (hereinafter referred to as "this Agreement") with the *Special Terms and Conditions*, *Service Order* (or *Order Contract*) and other relevant annexes. This Agreement and each of its separate components shall be legally binding on both parties. If written documents such as *Special Terms and Conditions of Customer Framework Agreement* or *Order Contract* have not been signed and sent by both parties, the validity of this Agreement will not be affected. Both parties may cooperate according to the communication results of written communication methods agreed in this agreement.

This *General Terms and Conditions of Cooperation Agreement* is the basic terms and conditions for cooperation between Party A and Party B. Both

parties agree that Party B shall provide services to Party A through its website or software system; Party A shall, in accordance with the payment and settlement methods and prices agreed by both parties or in the *Special Terms and Conditions for Agent*, the *Special Terms and Conditions for Customer Framework Agreement* or the *Order Contract*, pay service charges to Party B and related cooperation matters. .

In this Agreement, either party of Party A and Party B may be referred to as “one party”, and both parties shall be collectively referred to as “both parties”.

I. Definition and noun explanation

1.1.Partners:

The term “partner” in this Agreement is Party A, which includes both the agent (hereinafter referred to as “agent”) and the customers without an agent according to the different signing subjects and cooperation methods.

1.2 Customers without an agent:

Refers to the partner who directly signs the contract with Party B and performs the services under this Agreement. Customers without an agent and customers have different meanings under this Agreement\

1.3. Agents:

The term “agent” mentioned in the name and terms of this Agreement is an idiom in the commercial field, that is, Party A is entrusted by its customers to apply for services from Party B, and independently bears corresponding legal responsibilities as an agent. The agent shall not, in any express or implied way, mislead the customer that the agent represents Party B..

1.4. Party B’s software system (hereinafter referred to as “Party B’s system”):

Refers to the network technology software system developed and operated by Party B or its related parties, through which Party A can directly upload specified information; At the same time, the functions of the system also include statistical management of the number of clicks and browses based on the information specified by Party A.

1.5. Party B’s system account:

refer to the unique digital number (“user ID”) identifying Party A’s identity when Party A uses Party B’s services, and the user name and password provided by Party B will be associated with this account. Party A can set up sub-accounts in Party B’s system account and transfer money to each sub-account through Party B’s system account. Party A shall be responsible for associating the user name and password of the sub-accounts.

1.6. Party B’s operating platform (hereinafter referred to as “Party B’s platform”:

Refers to the client software or platform (including the released retrospective version and the version to be released in the future) and the related website (hereinafter referred to as “Party B’s website”) in which Party B enjoys the operating power or its related parties according to law or cooperated with other third parties, which are configured and applied to Android, IOS and other mobile terminal operating platforms.

1.7. Specified information:

Refers to the contents provided by Party A, including but not limited to links, text descriptions, pictures and videos, and the pages pointed to after clicking.

1.8. Agreed services:

Refers to the network information technology service provided by Party B to Party A by Party B’s system and platform as required by Party A. The specific services will be agreed through the Order Contract.

1.9. Service charge:

refers to the service charge that Party A shall pay to Party B for using the services provided by Party B in this Agreement, which may be referred to as “service charge” in this Agreement

1.10. Customer:

Refers to the civil and commercial subject that entrusts the agent to use the agreed services provided by Party B on Party B’s system on behalf of it.

II. Contents and Methods of Cooperation

2.1. This Agreement is valid from January 2023 to December 31, 2023.

2.2. Party A and Party B confirm that Party B shall provide agreed services to Party A through Party B’s system/platform/website through bidding or

non-bidding. Party B will provide services according to the operation of Party A or customers in Party B's system. The specified keywords and specified information can be displayed in the foreground, or information can be dynamically collected, processed, stored, retrieved and calculated according to certain rules, and data processing results can be obtained. Party A can set the delivery conditions and analyze the data through Party B's system, so as to make it possible for Party A or customers to specify information to obtain a better ranking position.

2.3. Assessment: In the cooperation of this Agreement, the agent will voluntarily accept Party B's assessment of Party A's business operation ability in the cooperation based on the consideration of long-term cooperation, and the assessment policy shall be subject to Party B's notice or announcement.

2.4. All specified information uploaded by Party A on Party B's system platform and website shall comply with the current laws and regulations of China, and there shall be no infringement of the legal rights of other third parties.

2.5. The above specified information shall be approved by Party B before providing services for display or optimization. Once approved, the specified information shall not be modified or changed at will.

2.6. For Party A or customer who needs to use Party B's system, Party A or customer can register and become a registered user through Party B's system, and Party A or customer can operate specified keywords and specified information through Party B's system. The operation of Party A or customer shall comply with the specification requirements of Party B and the requirements of laws, regulations and policies. Party A shall keep its user name and password in Party B's system, and shall not disclose it to a third party. If Party A improperly keeps its account number, the losses caused by Party A shall be borne by Party A..

2.7. Party A and Party B confirm that all statistical data under this Agreement (including but not limited to PV, UV, cooperation income, clicks and download) shall be subject to Party B's statistical methods and results, unless a third-party data monitoring company is designated to provide statistical data delivery services or otherwise agreed by both parties. Party B's system provides the function of inquiring the balance of Party A's and customer's accounts, and Party A or customer can inquire relevant data in real time through Party B's system platform. At the same time, Party B shall guarantee the objectivity and truthfulness of the statistical data.

2.8. If Party A has any objection to the data statistics, it shall submit a written objection to data statistics in the previous month before the first three business days of the next month, and both parties shall jointly confirm the data. If Party A does not raise a written objection during the aforesaid period, it shall be deemed that Party A approves Party B's click data statistics of last month and Party B is qualified to perform the service of last month.

III. Special Agreement on Rights and Obligations

3.1. Competence statement guarantee of Party A and Party B

3.3.1 Both parties guarantee that they are independent legal persons legally established and validly existing in accordance with the relevant laws of the People's Republic of China, and fully enjoys the legal capacity for civil rights and civil conduct, which is sufficient to enable them to exercise their rights and perform their obligations under this Agreement. At the same time, when both parties exercise their rights or perform their obligations under this Agreement, their actions will not violate any restrictions of applicable laws binding on them, nor will they infringe on the legitimate rights and interests of any third party not stipulated in this Agreement;

3.3.2. The legal representatives or authorized agents of both parties have obtained full and complete legal qualifications or authorization to sign this Agreement on behalf of their legal organizations;

3.1.3. Party A shall inform Party B before any change of equity, company name, legal representative, directors, supervisors and core executives occurs. Party B is entitled to judge whether the above changes have a significant impact on this cooperation and decide whether to continue the cooperation. If Party A fails to inform Party B of the above changes in advance, Party B is entitled to terminate the cooperation and cancel Party A's agency right.

3.2. Party A shall truthfully disclose customer information to Party B, and shall have the obligation to require customers to provide relevant certification documents. The certification documents shall include, but are not limited to, qualification certificates for production or operation issued by relevant government departments, information examination certificates (if necessary), trademark registration certificates obtained in China and other certification documents stipulated by laws and regulations, shall ensure that the information contents are true, legal and healthy, and shall be provided to Party B when Party B deems it necessary.

3.3. Party A shall ensure the legal and genuine qualifications of itself and customers and information has been approved and agreed by related

government departments (if necessary). Party A shall indemnify Party B for any requests, appeals and claims from a third party or warnings, penalties and fines from any administrative law enforcement department due to the inadequacy or authenticity or defects of Party A's or customer's qualifications and certification documents, Party A shall compensate Party B for losses including but not limited to attorney fees, legal fees, travel expenses, notarial fees and all other reasonable expenses.

3.4. Party A guarantees that the information resources such as text, pictures, videos or links provided by it do not contain any contents that violate relevant national laws, regulations, policies, notices, instructions and international treaties recognized or acceded to by the People's Republic of China, including but not limited to contents that endanger national security, obscenity, falsehood, fraud, insult, slander, intimidation or harassment, infringe or are suspected of infringing intellectual property rights, personal rights or other legitimate rights and interests of others, and violate public order and good customs.

3.5. Party A's information shall not involve any violation of laws and public order and good customs, including but not limited to:

3.5.1. Endangering national security, revealing state secrets, subverting state power, undermining national unity, and damaging national honor and interests;

3.5.2. Inciting national hatred or discrimination and undermining national unity;

3.5.3. Destroying the state religious policy and propagating cults and feudal superstitions;

3.5.4. Spreading rumors, disturbing social order and undermining social stability;

3.5.5. Spreading obscenity, pornography, gambling, violence, murder, terror or abetting crimes;

3.5.6. Insulting or slandering others and infringing on the legitimate rights and interests of others;

3.5.7. Web pages or software content containing viruses or other malicious fee deduction codes;

If Party A violates this clause, Party B has the right to refuse to display or delete it at any time after display, and will not display all the information submitted by Party A through system settings, and has the right to unilaterally terminate this Agreement. Termination of this Agreement will not exempt Party A from paying Party B the fees for services already provided, and the remaining fees will not be refunded.

3.6. Party A understands and undertakes that customers have no contractual relationship with Party B and that all rights and obligations of the customers under this Agreement shall be fulfilled by Party A. Meanwhile, any disputes, objections, disputes, requests, demands or appeals arising between Party A and the customers based on the transactions under this Agreement shall be settled by Party A and the Customer, and Party A shall exempt Party B from all responsibilities, including but not limited to tort compensation, arrears compensation, etc.

3.7. Party A understands and agrees that Party B can adjust the platform system, and Party B can cooperate based on this contract to configure the role of business agent and service agent for Party A in Party B's platform, so that Party A can better provide services to Party A's customers. Party A shall abide by Party B's management rules and standards (including requirements for commercial agents and service agents); Party B may also provide system services according to the authorization requirements between Party A's customers and service agents.

3.8. If Party A wants to act as a service agent for a customer alone, it may sign a service agent cooperation agreement separately upon approval by Party B and or its affiliated companies , and Party A shall provide services according to the entrustment of its customers.

3.9. Party B has the right to review the content, form and qualification of relevant documents provided by Party A. In case of non-compliance with laws and regulations or Party B has reason to believe that the display will bring adverse effects to it, Party B has the right to require Party A to revise the content within 3 days after receiving the written (including e-mail) modification notice from Party B; Party B has the right to refuse to display the contents before Party A modifies them according to Party B's requirements, and Party B shall not bear any responsibility for the service delay caused by them. If Party A refuses to modify the contents or modifies the contents not within the time limit, which affects the normal development of Party B's business, Party B has the right to unilaterally terminate this Agreement and require Party A to compensate Party B for all economic losses incurred during the delay.

3.10. If Party A or customer needs to modify or replace the specified information, they shall apply to Party B in writing or in the form of system application at least 3 business days in advance. The new specified information can only be used to replace the original information after being approved by Party B. Any modification or replacement without Party B's review shall be deemed as Party A's breach of contract. It shall be handled in accordance with the terms of liability for breach of contract in this Agreement.

3.11. If a third party complains to Party B that the information specified by Party A and the products and services corresponding to the link pages are illegal, fraudulent and provide legal basis, Party B has the right to immediately take relevant products or pages offline or delete them. At the same

time, the service provided to Party A shall be stopped, and the consequences caused by it shall be borne by Party A, and the suspension of service stipulated in this treaty shall not exempt Party A from the service fee paid to Party B. If the judicial organ or administrative agency determines that the third party complaint is established, the remaining service fee shall not be refunded, and Party A shall compensate Party B for all losses.

3.12. Party B's approval of the qualifications and information contents of Party A and customers does not exempt Party A and customers from their responsibilities due to their qualifications or contents in violation of relevant laws and regulations.

3.13. In the case of non-bidding resources in service, if error propagation or missed propagation is caused by Party B, supplementary service shall be provided to Party A according to the principle of making up one for the missing one.

3.14. Restriction on the transfer of rights and obligations and prohibitive agreement on fraudulent performance

3.14.1 The rights and obligations under this Agreement shall not be transferred unilaterally by either party in any way unless they are subject to legal conditions or agreed by both parties in writing;

3.14.2 Both parties to the contract shall not damage the interests of users and mutual reputation by fraud and other improper means, and it is strictly forbidden to deliberately increase or decrease the number of clicks or visits in various malicious ways to obtain illegal benefits. Once found, it will be regarded as fraudulent performance of the contract, and the non-responsible party has the right to immediately and unconditionally terminate this Agreement, and submit it to the national public prosecution agency for judicial treatment.

3.15. Both parties promise to abide by applicable laws and regulations on the protection of personal information and privacy, freedom of communication and ensuring the safe operation of the network. Among them, in the transmission of personal information during the performance of this Agreement, Party A promises:

(1) Personal information has been de-identified in accordance with the requirements of applicable information protection laws before transmission;

(2) The personal information transmitted is complete, accurate and up-to-date;

(3) The personal information transmitted has been provided with security measures such as ;encryption;

(4) When collecting personal information, it has fulfilled its obligation to inform the subject of personal information in accordance with the requirements of applicable information protection laws, and has obtained the authorization of the subject of personal information for handling personal information under this Agreement and providing personal information to Party B; If it involves obtaining personal information from a third party, it undertakes to ensure that the third party has fulfilled the above notification and authorization requirements. Party A shall provide written proof of such authorization as required by Party B;

(5) When transmitting personal information to Party B, the provisions of applicable laws and safety measures required by Party B have been implemented;

(6) Party A shall not transmit personal information collected in violation of applicable information protection laws or without the authorization of the corresponding personal information subject to Party B..

3.16. Both parties undertake not to crack the data or data analysis results returned by the other party by means such as reverse engineering, decompilation or disassembly, or attempt to trace, locate or backstep the specific user's or user's personal information by other means; the information identifier, display bit information, display demand information, consumption information and data information obtained through this cooperation will only be used for the purposes, methods and scope described in this Agreement or other written requirements of both parties, and will not be used for other purposes without the written authorization of the other party.

3.17. Both parties promise that the data obtained in this cooperation will not be transferred across borders to countries and regions outside the People's Republic of China,

3.18. Both parties agree that the remaining part of the deposit (if any) paid by Party A to Party B or Party B's affiliated company based on previous cooperation with Party B or Party B's affiliated company (referring to the amount after the original deposit minus deduction or other deductible items) shall be implemented according to Party B's requirements. Party A shall make up the deposit according to the deposit terms (if any).

IV. Limitation of liability

4.1. If Party A's original service plan cannot be carried out normally due to Party B's system upgrade or change, Party A promises not to investigate Party B's legal responsibility, but Party B has the obligation to try its best to avoid service interruption or limit the interruption to the shortest time.

4.2. Party A confirms and agrees that Party B will not make any express or implied guarantee or commitment to the clicks, visits and business

performance of the information content available to Party A and customers by using this service. Moreover, Party B does not guarantee that the service content will be clicked or viewed by users after Party B provides the service.

4.3. Party A shall bear all the compensation liabilities for the losses of Party B and/or other relevant third parties (including but not limited to compensation, legal fees, attorney fees and notarial fees) that must be paid according to law caused by Party A's violation of this Agreement. Party A agrees that Party B has the right to cancel Party A's account in Party B's system at any time after the above situation occurs, and has the right to deduct the above expenses and/or loss compensation from the amount paid by Party A.

4.4. In order to protect Party A's rights and interests, Party B may suspend providing services when it finds abnormity in Party A's or customer's own information contents and accounts.

4.5. If the above-mentioned third party complaining because the information content specified by Party A, the products and services corresponding to the link page are illegal, fraudulent and provide legal basis and requires Party B to disclose the basic information of Party A and customers to the third party according to laws, regulations and policies of the competent authority, exclusively including: name, address and contact information, Party A will accept that Party B's disclosure does not violate the confidentiality agreement of this Agreement. If the competent administrative authority and judicial authority require Party B to disclose information beyond the above scope, it will not be deemed to violate the relevant confidentiality agreement of this Agreement.

4.6. If Party B provides corresponding security measures according to the existing technology to ensure the safe and normal provision of the service, but due to possible computer viruses, network communication failures, system maintenance and other factors and possible force majeure events, Party B cannot guarantee the absolute security of the service and provision of the service normally under any conditions, Party A shall understand this and shall not require Party B to bear the responsibility under the following circumstances:

(1) System shutdown and maintenance;

(2) Failure of data transmission or delay, inaccuracy, error and omission arising from the faults in service equipment, communication or any equipment;

(3) Failure to carry out business due to system obstacles arising from force majeure factors such as typhoon, earthquake, tsunami, flood, power outage, war, terrorist attack ;

(4) Service interruption or delay caused by hacking, technical adjustment or failure of telecommunications department, website upgrade, third-party problems, etc.;

(5) Failure to serve or delay in service caused by government actions, orders of international and domestic courts.

4.7. Party A confirms that Party A's request to provide services for its specified information is based on Party A's independent judgment and shall bear the risk (if any) by itself. Party A shall undertake the losses of its computer system or data caused by it (if any) by itself.

4.8. Party A agrees that Party B shall not assume any responsibility for the following circumstances:

(1) The failure to provide the service is not caused by Party B's intention or negligence;

(2) Party A and any third party suffer losses due to Party A's intention or negligence;

(3) Party A violates this Agreement or Party B's system rules. The system rules include the rules listed in the *Rules and Measures for Determining Violations of Alibaba Group's Super Huichuan Platform* and the express operation specifications in Party B's system.

4.9. Party A is fully responsible for the authenticity, legality, accuracy, intellectual property rights and other rights integrity of the network information, specified information content and the corresponding goods and services (if any). Therefore, Party A shall independently undertake the audit responsibility of the above matters. Party A shall be fully responsible for any disputes, complaints or government penalties arising from the above matters. If Party B first pays compensation or fine, Party A shall make full compensation for Party B's losses (including but not limited to the fines, compensation, legal fees, attorney fees and notarial fees that must be paid by administrative law enforcement departments according to law) within 15 business days.

4.10. As the party providing services under this Agreement, Party B guarantees to Party A and customers that its intellectual property rights, operation rights and other rights enjoyed by its platform, system and website comply with the provisions of relevant national laws and do not infringe upon the legitimate rights and interests of any third party not covered in this Agreement. In case of any defects in Party B's rights in the actual operation process or claims by any third party not covered in this Agreement, Party B has the obligation to ensure that Party A and customers are exempted from liability,

and take necessary measures to remove obstacles to the exercise of rights and performance of obligations under this Agreement.

V. Agreement Responsibility

5.1. Liability for fault in contracting

Both parties hereto warrant that they are legally qualified to engage in the cooperation hereunder and that they are not in breach of the competence representation warranties under Clause 3.1 hereof. In case of contracting negligence or invalidation of the contract due to the disqualification of the subject of this Agreement, the competent party shall have the right to unilaterally terminate this Agreement by written notice, and shall have the right to investigate civil liability against the disqualified party for the actual losses caused by its contracting negligence.

5.2. In case the contents submitted by Party A or its customers contain false propaganda or other violations of relevant laws and regulations, Party B has the right to unilaterally terminate this Agreement and Party A shall compensate Party B for all economic losses caused thereto.

5.3. In case Party A and its customers violate the rules and regulations in the process of receiving the service, they shall be punished by Party B according to the latest notice or rules issued by Party B.. Please refer to the relevant documents for the definition of violations.

5.4. Liability for breach of confidentiality obligation

On the premise of ensuring the integrity and legality of the right to disclose Confidential Information to the Receiving Party, if the Receiving Party refuses to perform the confidentiality obligations under this Agreement or implements the prohibitive clauses in 6.5, thus causing losses to the Disclosing Party, the Receiving Party shall bear the liability for compensation to the Disclosing Party, and the amount of compensation shall be limited to the actual losses of the Disclosing Party as the upper limit. If the Receiving Party's behavior is seriously negligent or intentional, resulting in serious consequences of disclosure, the Disclosing Party has the right to directly investigate the legal liability of the Receiving Party through judicial channels to the public prosecution agency.

5.5. Party A shall sign and shall be subject to the *Agreement Letter of Honesty and Integrity* (Annex), and shall not provide any form of illegitimate interests to the employees, consultants and close relatives of employees or consultants of Party B and its affiliated enterprises, and shall not act in violation of the contents of the Agreement Letter of Honesty and Integrity. Otherwise, Party A agrees that Party B has the right to terminate this Agreement immediately, and Party A shall pay 30% of all expenses paid by Party A to Party B under this Agreement as liquidated damages; Or (b) the total amount of providing any form of illegitimate interests as liquidated damages, whichever is greater.

5.6. Liability for breach of contract in defective performance of payment obligation

If Party A refuses to perform the payment obligations to Party B on time or delay the payment obligations after Party B has provided Party A with the payment date and account period agreed by both parties, Party B has the right to require Party A to correct the defective performance and pursue the penalty of 5% of the total amount per day due to be settled in the current month. If the defective performance of the customer's payment obligations has lasted for ten (10) days, Party B has the right to unilaterally terminate the performance under this Agreement. The payment of liquidated damages does not mean the relief of Party A's debts under this Agreement, and Party A still needs to fulfill its payment obligations to Party B according to the agreement under this Agreement.

5.7. Other clauses in this Agreement stipulating the responsibilities shall be undertaken by agreement

VI. Confidentiality and website system security

6.1. The Confidential Information involved in this Agreement mainly specifies the following contents

(1) operation management information, including but not limited to: business planning, production operation performance and financial data, current and expected customer and supplier information, financial information, human resource data, business operation documents and other similar information;

(2) Technical information, including, but not limited to, technical know-how and ideas, designs, processes, technology and integration schemes, implementation plans, consultation reports, computer programs (including source and object codes), and other similar information;

(3) The information provided by both parties in the early stage or during the cooperation for the purpose of the contract, including but not limited to: the cooperation contract, agreement, meeting minutes, the overall implementation and process details of the project (including but not limited to: all the information learned by customers through the inquiry channel of Party B), and other similar information.

(4) Other information that need to be kept .secret in a certain form.

6.2. The following information will not be regarded as confidential

6.2. 1 If the information is known to the public when it is obtained.

6.2. 2 If, after the information is obtained, it is known to the public not due to the responsibility of the Receiving Party.

6.2.3 Obtain information from a third party with legal rights that is expressed without the obligation to keep confidentiality. Obtain express information from a third party who has a legal right to keep secrets without the obligation to keep them.

6.3. Relieving of confidentiality obligation

6.3. 1 The information has been or will be made available to the public for reasons not attributable to the Receiving Party.

6.3. 2 The Disclosing Party provides the information to a third party without requiring it to comply with the obligation of confidentiality.

6.3. 3 There is objective evidence that the Receiving Party has known or obtained the information communicated by the Disclosing Party before accepting the information. Or the Receiving Party has independently developed in this respect by relying on persons who do not have direct or indirect access to the Confidential Information provided by the Disclosing Party.

6.3.4 The information cannot be kept secret because of an executive or judicial order or enforcement. If the Receiving Party is unable to notify the Disclosing Party before or when the information is forced to be disclosed, it shall give the Disclosing Party timely and reasonable written notice after the forced disclosure.

6.3. 5 The statutory conditions for relieving confidentiality obligations have been met.

6.4. Statement of rights of the Disclosing Party

The Disclosing Party shall guarantee the accuracy and completeness of the Confidential Information disclosed by the Disclosing Party to the Receiving Party. The Disclosing Party shall have the complete and lawful right to disclose part or all of the Confidential Information to the Receiving Party.

6.5. Right exercise and confidentiality obligation of the Receiving Party

The Receiving Party shall have the right to grant use and access to the Confidential Information to employees (including but not limited to employees of its branches) who are required to know the Confidential Information for business purposes and who know and agree to comply with the relevant provisions of this Agreement. The performance of an appropriate written agreement between employees and Receiving Party shall be sufficient to enable them to comply with all the terms of this Agreement. Without the prior written authorization or consent of the Disclosing Party, the Receiving Party shall not:

6.5.1 Disclosure of any Confidential Information to any third party;

6.5. 2 Use of Confidential Information for the benefit of third parties;

6.5. 3 Use of Confidential Information not for the purposes under this Agreement.

6.6. Statement of collateral obligations

This confidentiality obligation is a statutory collateral obligation for the performance of this Agreement. After the completion and termination of this Agreement, the obligations involved in the above confidentiality clauses shall not be exempted by the termination of this Agreement except in accordance with the conditions of Clause 6.3.

6.7. System security:

Party A shall ensure the security of its own website and customers' website and system operation. The transmitted information shall not contain any malicious codes and programs and will not affect the normal operation of the website system and will not infringe on the legitimate rights and interests of users and customers.

VII. Termination Clause

7. 1 Both parties agree that either party may terminate the cooperation in advance in writing if it completes the following matters:

·Both parties confirm that the cooperation on various platforms has been completed;

·The financial settlement of transactions has been completed.

7.2. Both parties agree that of either party has one of the following circumstances, the other party is entitled to terminate the contract by notifying the other party in writing;

If either party goes bankrupt or enters bankruptcy liquidation proceedings, the proceedings have not been revoked within 14 calendar days;

-Either party; Either party suffers from revocation, cancellation of business license and dissolution;

.-Either party is unable to continue to perform this Agreement due to force majeure events;

Party A fails to pay the service payment in full and on time within the payment time agreed by both parties, and fails to pay the payment and liquidated damages in full after being urged by Party B.

Party B may notify the other party to terminate the Agreement by email seven business days in advance according to its own business needs, which is not regarded as a breach of contract. If the Agreement is terminated arising from it, in order to protect the interests of customers, if customers still have unconsumed advance payment, the unconsumed amount shall be consumed in an extended period until it is consumed. Or at the request of Party A, Party B can refund to Party A according to the refund process.

The agent signs the cooperation access documents with Party B before formal cooperation (the relevant cooperation preconditions are agreed), and the agent fails to meet the conditions and standards agreed in the access documents.

After the agent has chosen to accept Party B’s assessment, it fails to pay the deposit in full and on time (if any) according to the assessment rules, or Party A’s assessment fails to meet the standards and is in serious violations, etc.

The agent transfers any rights and obligations under this Agreement to a third party in any form without the written consent of Party B.

The agent fails to use the brand, trademark and enterprise name of Party B and its affiliated companies fraudulently or beyond the scope as agreed in this Agreement. Or the agent causes goodwill loss to Party B and its affiliated companies due to illegal and illegal promotion.

Other termination matters agreed in this Agreement.

VIII. Other clauses

8.1. Party A agrees to abide by the relevant rules, including but not limited to information uploading, click statistics management, policies and rules, which are irregularly issued and updated by Party B through its system, mail or other means.

8.2. During the validity of this Agreement, either party shall not use the other party’s brand and logo without authorization except as expressly stipulated in this Agreement. After the termination of this Agreement, neither party shall use the other party’s brand and logo for any commercial purpose without authorization.

8.3. The entry into force, interpretation, execution, jurisdiction and dispute settlement of this Agreement shall be governed by the laws of the Mainland of the People’s Republic of China. Any dispute arising from or in connection with this Agreement shall be under the jurisdiction of the People’s Court where Party B is located.

8.4. Any notice or written communication between both parties shall be in Chinese and shall be sent by e-mail, fax, personal service (including express mail) or registered mail to the mailing address specified in the first part of this Agreement.

8.5. If the notice and letter are delivered by facsimile, the date of receipt shall be the exact time shown in the facsimile transmission record; Provided that if the fax is sent after 5 (5) pm on that day, or the time of the place of the Receiving Party is not a business day, the date of receipt shall be the business day following the time of the place of the Receiving Party; If the notice and letter are delivered by e-mail, it shall be deemed to have been delivered on the next business day from the date of sending the e-mail; If the notice and letter are delivered by personal service (including express mail), the date of receipt shall be the date of receipt by the Receiving Party.

8.6. Both parties agree that the following email address is the designated contact information. Party A and Party B shall communicate with each other on the specific implementation of the items agreed in this Agreement. During the period when the Special Terms and Conditions are not signed, both parties may cooperate according to the cooperation standards agreed by the above-mentioned contacts through the agreed mailbox, and their content expression (on the premise of not changing the substance of this Agreement) can be used as the basis for both parties to implement this Agreement. They are specifically as follows:

Party A approves that the email address of its contact person shall be used as the contact information for both parties to notify each other and confirm the content; In case of change, Party A shall notify Party B of the changed email address in writing 3 days before the formal change, otherwise all losses caused by Party B shall be borne by Party A;

Party B designates an e-mail address with the suffix alibaba-inc.com as the contact information for both parties to notify each other and confirm the content;

If the contact information changes within the validity period of cooperation, the other party shall be notified in time. Otherwise, any loss caused by failure to notify in time shall be borne by the party who is slack to notify.

8.7. Party A and its related parties know and agree that Party B has the right to adjust the platform name (including “Alibaba Group’s Super Huichuan Platform” or “Super Huichuan Platform”). If Party B adjusts the platform name without the need to notify Party A and its related parties separately, the platform name of Party B shall be subject to Party B’s publicity or notice, and the change of Party B’s platform name shall not affect the rights and obligations of both parties under the original platform name. Party A shall still abide by the original platform management system and rules.

8.8. This Agreement shall come into effect after being sealed by both parties. The text of this Agreement shall be made in duplicate, with each party holding one copy.

8.9. If the cooperation continues after the expiration of this agreement, both parties agree that this discussion, other policies and agreements related to this Agreement shall continue to be valid. The validity of the above agreement shall continue until a new cooperation agreement is signed by both parties or otherwise agreed by both parties.

Special Terms and Conditions for Agent

Both parties jointly confirm that they will strictly follow the contents of the *Special Terms and Conditions for Agent*. The *Special Terms and Conditions for Agent*, together with the *General Terms and Conditions*, the *Special Terms and Conditions of Customer Framework Agreement* and the *Order Contract* and other related annexes, constitute a complete *Alibaba Group's Super Huichuan Platform Cooperation Agreement* (hereinafter referred to as "this Agreement". This Agreement and each separate component part are legally binding on both parties. At the same time, both parties clarify that the signing of the *Special Terms and Conditions for Agent* will cover all previous related agreements confirmed orally or in writing by both parties. Before signing, both parties shall follow the agreement, and after signing, both parties shall follow the contents of the *Special Terms and Conditions for Agent*.

1. Both parties agree that Party B shall provide agreed services to Party A through its website or software system; Party A shall pay service fees and other related cooperation matters to Party B according to the payment, settlement methods and prices agreed in the special terms and conditions of this contract.

II. Definition

1. Effect products: products charged according to CPC or other methods shall be realized through the software system provided by Party B according to the specific product policies of Party B. After Party A's service requirements and contents are approved by both parties, Party A shall complete the registration procedures on Party B's relevant software systems and confirm its acceptance of relevant contents and service terms, and then become the official user of Party B's effect products and enjoy the following effect products and services:

(1) Information technology services: Party A can submit, modify and review the distributed contents or materials through Party B's software system, and submit and adjust the system bid at any time. In order to improve the efficiency and quality of Party A's information display and distribution and improve the conversion rate, Party B provides a series of information technology services to Party A relying on its network technology, software system or application program, including dynamic analysis, monitoring, integration, calculation, processing and corresponding data model creation of user demand data, technical analysis of matching degree between Party A's distribution content and user demand, resource adjustment and directional information distribution based on machine learning and other technical means, management of creativity and material and ranking strategy design, and real-time update of flow conversion value prediction and evaluation.

(2) Other technical services: including but not limited to other technical services such as improving data analysis and management efficiency by using various online tools provided by Party B.

2. Billing method:

(1) CPD (Cost-Per-Download) refers to that payment is made according to the effective download amount. Effective download means that the user downloads the products of Party A once through the service provided by Party B using the mobile terminal equipment, which is counted as an effective download. No matter how many times the same products of Party A are downloaded repeatedly on the same mobile terminal equipment, only one effective download is counted.

(2) CPT (Cost-per-time) refers to a cooperation mode in which fixed fees in a settlement cycle are taken as the billing basis.

(3) CPC (Cost-Per-Click) refers to the cooperation mode in which every effective click of users is taken as the billing basis.

(4) CPM (cost-per-expression) refers to the cooperation mode in which every thousand displays .are taken as the billing basis.

(5) CPA (Cost-Per-Action) refers to a cooperation mode in which the cost of each action is charged according to the actual effect of information delivery.

III. Cooperation mode

1. Party A shall ensure the legal rights of the specified information, assume the exemption guarantee and have legal authorization on the premise that the specified information provided by it does not contain information infringing the legitimate rights and interests of Party B and third parties, and Party B shall use its system and platform to provide Party A with the services described in this order contract.

2. Both parties agree that the following contents and methods of cooperation for effect products shall prevail:

Product Name: Search Bidding/Information Flow Bidding/Application Distribution Bidding

Billing method: system bid and payment based on CPC

Location: Subject to the bidding system display

Service duration: from January 1, 2023 to December 31, 2023.

IV. Cooperation Policy

1. Party A, as the partner of Party B's agreed service, shall provide Party B with high-quality customers and customer account management and Party B shall provide rewards to Party A according to this Agreement.

2. For details of specific cooperation policies under this Agreement, please refer to the management policies and standards of Alibaba Group's Super Huichuan Platform.

3. During the validity period of the Agreement, Party B has the right to change the specific contents of the above policies according to its own operational needs or other considerations. Party B shall notify Party A in writing or by mail of any modification or supplement to the policy content, and both parties will implement the new policy in the next quarter after the policy change date. The implementation of the new policy is not retroactive.

V. Customer scope and assessment rules

1. Party A's customer scope shall strictly follow the platform rules such as customer rules issued by Party B and its affiliated companies and Alibaba Group's Super Huichuan Platform.

2. Agent assessment rules: Party A, as the partner of Party B, shall accept the assessment made by Party B to Party A and meet the assessment requirements of Party B. The assessment requirements of Party B to Party A shall be implemented according to the *Access Standard for KA Agents of Alibaba Group's Super Huichuan Platform* (the specific name of Party B shall prevail).

3. In case of serious violations by agents, Party B, its affiliated companies and Alibaba Group's Super Huichuan Platform have the right to terminate the cooperation of agents. For details of the criteria for judging and assessing violations, please refer to the *Administrative Measures for KA Agents of Alibaba Group's Super Huichuan Platform* formulated by Party B (the name of Party B shall prevail, and the modification of relevant rules (if any) will not affect the established rewards or penalties before).

VI. Payment

1. Terms of Payment

Both parties agree that the settlement shall be made based on the settlement data and payment details displayed by Party B's system and the financial credit account period evaluated by Party B's platform. If Party A fails to make the payment on schedule, it shall pay liquidated damages to Party B at 5/10000 of the daily amount payable in the current period; At the same time, Party B may take other measures such as termination of service, discontinuing of service and suspension of service to reduce losses, urge Party A to pay and reserve the right to take other further measures.

2. Information of Party B's account to be credited

The information of Party B's account to be credited shall be subject to the information shown by Party B in "Financial Center of Super Huichuan Advertising Platform".

3. Invoice: Party A shall provide accurate and complete invoicing information to Party B, and Party B shall issue formal VAT invoices to Party A in accordance with the requirements of tax authorities within 10 business days after providing services and receiving payment from Party A.

VII. Specific implementation of cooperation policies

1. Both parties shall check the business situation of the previous quarter in the first month of the next quarter after Party A has paid according to the contract. Party B shall propose in writing and both parties shall jointly confirm the reward amount of this quarter.

2. Party A and Party B agree that for quarterly rewards, Party A and Party B shall jointly confirm the actual accumulated service fee of Party A in the previous quarter through designated contact person and email address in the next quarter, and jointly confirm the reward amount of the previous quarter according to the agreed reward ratio. Settlement shall be made after both parties confirm.

3. For the annual reward, Party A and Party B shall jointly confirm the actual accumulated service fee of Party A in this year through the designated contact person and email address in the first quarter of the next year, and jointly confirm the annual reward amount of the previous year according to the agreed reward ratio. Settlement shall be made after both parties confirm.

4. Party A’s account to be credited:

The information of Party A's account to be credited shall be subject to the information shown by Party A in "Financial Center of Super Huichuan Advertising Platform".

5. If Party A has overdue service fees, which are still unpaid after Party B urges for payment, Party B has the right to deduct the corresponding amount overdue by Party A from the quarterly rewards and annual rewards, then pay Party A the remaining reward amount.

6. Both parties agree that the rewards paid by Party B to Party A under this Agreement are sales discounts provided by Party B based on the actual accumulated consumption amount of Party A. After both parties jointly confirm the above sales discount amount, Party A shall issue the *Information Form for Scarlet-letter VAT Special Invoice* (referred to as "Information Form") to Party B in time, and Party B shall issue the Scarlet-letter VAT Special Invoice to Party A after receiving the *Information Form* and confirming that it is correct.

Beijing Baosheng Science and Technology Co., Ltd.	Guangzhou Juyao Information Technology Co., Ltd.
Special seal for contract	Special seal for contract
Party A's signature and seal:	Signature and seal:
	The remainder of this page is intentionally left blank

Service Agent Terms

After equal and friendly negotiation, Party A and Party B have agreed on the following terms and conditions concerning the cooperation between Party A and Party B in providing information technology services for mutual compliance.

This *Alibaba Group's Super Huichuan Platform Cooperation Agreement-Service Agent Terms* is the basic term for technical cooperation such as account maintenance and optimization entrusted by customers to Party A in order to better serve customers and improve the delivery effect of customers' products on Party B's platform. Both parties agree that Party A shall provide services to customers through Party B's website or software system; Party A is authorized by customers and complies with customers' requirements to provide account maintenance services. Party B shall pay Party A account maintenance information technology service fees and other related cooperation matters as agreed by both parties.

In this Agreement, either party may be referred to as "one party", and Party A and Party B shall be collectively referred to as "both parties"

I. Definition and Noun Interpretation

1. Partners:

The partners referred to in this Agreement are Party A and Party B.

2. Service Agent:

Or "service provider", refers to the main body of the company that provides services such as promotion account optimization, material production and uploading to customers in its own name with the consent of customers and in accordance with customer requirements and authorization. In this agreement, the agent in this Agreement refers to Party A.

3. Party B's software system (referred to as "Party B's system"):

Refers to the network technology software system developed and operated by Party B or its related parties, through which customers or Party A authorized by customers can directly upload specified information; At the same time, the functions of the system also include that users click and browse based on the information specified by customers, and manage the data statistics of the number of clicks and browses.

4. Party B's service platform (referred to as "Party B's platform"):

Refers to the client software or platform (including the released retrospective version and the version to be released in the future) and the related website (hereinafter referred to as "Party B's website") in which Party B enjoys the operating power or its related parties according to law or cooperated with other third parties, which are configured and applied to Android, IOS and other mobile terminal operating platforms.

5 Specified information:

Refers to the information content authorized by customers to maintain, upload or provide by customers after confirmation, including but not limited to links, text descriptions, pictures and videos, and the pages pointed to after clicking.

6. Service charge:

Refers to the technical service charge paid by Party B to Party A for the services provided by Party A as agreed in this Agreement, and can be referred to as "service charge" in this Agreement.

7. Party B's customers/customers:

Refers to the civil and commercial subjects for whom promotion needs are advertised or submitted through Party B's system.

II. Contents and Methods of Cooperation

1. Party A and Party B confirm that, after Party A obtains written or email confirmation from customers, Party A shall comply with the requirements of Party B or Party B's customers to maintain the account placed by customers according to the authorized matters entrusted by customers. Party A will provide operation services through Party B's system according to Party B's customer requirements, so that its specified keywords and specified information can be displayed at the foreground, or information can be dynamically collected, processed, stored, retrieved and calculated according to certain rules, and data processing results can be obtained, while meeting Party B's system use requirements.

2. All specified information uploaded by Party A on Party B's system/platform/website shall comply with the current laws and regulations of China, and there shall be no infringement of the legal rights of other third parties.

3. The above specified information shall be approved by Party B before it can be displayed or optimized. Once approved, the specified information shall not be modified or changed at will.

4. For Party A or Party B's customers who need to use Party B's system, they shall register themselves through Party B's system as registered users of the system. Party A shall operate the specified keywords and information by itself through Party B's system. Party A's operation shall comply with Party B's standard requirements and the requirements of laws, regulations and policies. Party A shall keep its user name and password in Party B's system and shall not disclose it to a third party. If Party A improperly keeps its account number, the losses caused by Party A shall be borne by Party A..

5. Party A and Party B confirm that all statistical data under this Agreement (including but not limited to PV, UV, cooperation income, clicks and download) shall be subject to Party B's statistical methods and results, unless a third-party data monitoring company is designated to provide statistical data delivery services or otherwise agreed by both parties. Party B's system provides the function of inquiring the balance of Party A's and customer's accounts, and Party A or customer can inquire relevant data in real time through Party B's system platform. At the same time, Party B shall guarantee the objectivity and truthfulness of the statistical data.

6. If Party A has any objection to the data statistics, it shall submit a written objection to data statistics in the previous month before the first three business days of the next month, and both parties shall jointly confirm the data. If Party A does not raise a written objection during the aforesaid period, it shall be deemed that Party A approves Party B's click data statistics of last month and Party B is qualified to perform the service of last month.

7. If Party A wants to cooperate with Party B and/or its affiliated companies in business agency other than service agency, Party A may sign another agent cooperation agreement with the consent of Party B and/or its affiliated companies, and Party A shall provide services according to the entrustment of its customers.

III. Special Agreement on Rights and Obligations

1. Competence statement guarantee of Party A and Party B

(1) Both parties guarantee that they are independent legal persons legally established and validly existing in accordance with the relevant laws of the People's Republic of China, and fully enjoys the legal capacity for civil rights and civil conduct, which is sufficient to enable them to exercise their rights and perform their obligations under this Agreement. At the same time, when both parties exercise their rights or perform their obligations under this Agreement, their actions will not violate any restrictions of applicable laws binding on them, nor will they infringe on the legitimate rights and interests of any third party not stipulated in this Agreement

(2) The legal representatives or authorized agents of both parties have obtained full and complete legal qualifications or authorization to sign this Agreement on behalf of their legal organizations;

(3) Party A shall inform Party B before any change of equity, company name, legal representative, directors, supervisors and core executives occurs. Party B is entitled to judge whether the above changes have a significant impact on this cooperation and decide whether to continue the cooperation. If Party A fails to inform Party B of the above changes in advance, Party B is entitled to terminate the cooperation and cancel Party A's agency right.

2. Party A confirms that Party A shall obtain the authorization and entrustment from Party B's customers in advance, and shall provide it to Party B in time to operate the account on behalf of Party B's customers after obtaining the authorization. Party B shall notify Party A of the designated sub-account information, service requirements and related materials by email, and Party A shall approve such notification methods and implement them according to Party B's notice.

3. Party A promises to complete the optimization and maintenance work under the designated customer account in strict accordance with the requirements of Party B's customers and Party B's system:

(1) According to the requirements of Party B's customers, operate advertised materials, complete the modification, uploading and deletion of advertised materials through Party B's service platform ;

(2) For all the advertised materials operated by Party A, accurately and reasonably set the advertised plan and keywords through Party B's service platform, and complete the data statistics including but not limited to keyword bidding and selecting the target groups .

(3) Other account maintenance, management and optimization services entrusted by Party B's customers.

4. Party A guarantees that the information resources such as text, pictures, videos or links provided by it do not contain any contents that violate relevant national laws, regulations, policies, notices, instructions and international treaties recognized or acceded to by the People's Republic of China, including but not limited to contents that endanger national security, obscenity, falsehood, fraud, insult, slander, intimidation or harassment, infringe or are suspected of infringing intellectual property rights, personal rights or other legitimate rights and interests of others, and violate public order and good customs.

5. Party A's information shall not involve any violation of laws and public order and good customs, including but not limited to:

(1) Endangering national security, revealing state secrets, subverting state power, undermining national unity, and damaging national honor and interests;

(2) Inciting national hatred or discrimination and undermining national unity;

(3) Destroying the state religious policy and propagating cults and feudal superstitions;

(4) Spreading rumors, disturbing social order and undermining social stability;

(5) Spreading obscenity, pornography, gambling, violence, murder, terror or abetting crimes;

(6) Insulting or slandering others and infringing on the legitimate rights and interests of others;

(7) Web pages or software content containing viruses or other malicious fee deduction codes;

If Party A violates this clause, Party B has the right to refuse to display or delete it at any time after display, and will not display all the information submitted by Party A through system settings, and has the right to unilaterally terminate this Agreement. Termination of this Agreement does not exempt Party A from paying liquidated damages or assuming the obligation of compensation for losses to Party B, and Party B has the right to deduct the aforesaid amount from the amount payable to Party A.

6. Party A understands and undertakes that any controversies, objections, disputes, requests, demands or appeals arising from the transactions under this Agreement between Party B and Customers due to Party A's reasons shall be settled by Party A and Customers, and Party A shall exempt Party B from all responsibilities, including but not limited to infringement, bribery, arrears, etc.

7. Party B has the right to review the content, form and qualification of relevant documents provided by Party A. In case of non-compliance with laws and regulations or Party B has reason to believe that the display will bring adverse effects to it, Party B has the right to require Party A to revise the content within 3 days after receiving the written (including e-mail) modification notice from Party B; Party B has the right to refuse to display the contents before the responsible party modifies them according to Party B's requirements, and Party B shall not bear any responsibility for the service delay caused by them. If Party A refuses to modify the contents or modifies the contents not within the time limit, which affects the normal development of Party B's business, Party B has the right to unilaterally terminate this Agreement and require Party A to compensate Party B for all economic losses incurred during the delay.

8. If Party B or the customer needs to make any modification or replacement of the specified information, Party A shall complete the modification or replacement within the time according to the form and time of Party B's written or systematic notice. Only when the newly specified information is approved by Party B can it be used to replace the original information. If it is modified or replaced without Party B's review, it shall be deemed as Party A's breach of contract. It shall be handled in accordance with the terms of liability for breach of contract in this Agreement.

9. If a third party complains to Party B that the specified information and the products and services corresponding to the link pages are illegal, fraudulent and provide legal basis, Party B has the right to immediately take relevant products or pages offline or delete them. At the same time, Party B is entitled to stop providing the services agreed in this contract. Party A and Party B also confirm that if the third party complaint is established, Party B does not need to pay the remaining service fee to Party A. If the relevant contents are provided by Party A without authorization, Party A shall bear all the responsibilities arising therefrom and compensate Party B and all the losses arising therefrom.

10. Party B's approval of Party A's information content does not exempt Party A from its responsibilities due to its qualification or content violating relevant laws and regulations.

11. In the case that the service fee is calculated for a fixed time in technical service, if the error propagation o missed propagation is caused by Party A, Party A shall provide supplementary services according to Party B's customer requirements.

12. Restriction on the transfer of rights and obligations and prohibitive agreement on fraudulent performance

(1) The rights and obligations under this Agreement shall not be transferred unilaterally by either party in any way unless they are subject to legal

conditions or agreed by both parties in writing;

(2) Both parties to the contract shall not damage the interests of users and mutual reputation by fraud and other improper means, and it is strictly forbidden to deliberately increase or decrease the number of clicks or visits in various malicious ways to obtain illegal benefits. Once found, it will be regarded as fraudulent performance of the contract, and the non-responsible party has the right to immediately and unconditionally terminate this Agreement, and submit it to the national public prosecution agency for judicial treatment

13. Both parties promise to abide by applicable laws and regulations on the protection of personal information and privacy, freedom of communication and ensuring the safe operation of the network. Among them, in the transmission of personal information during the performance of this Agreement, Party A promises:

(1) Personal information has been de-identified in accordance with the requirements of applicable information protection laws before transmission;

(2) The personal information transmitted is complete, accurate and up-to-date;

(3) The personal information transmitted has been provided with security measures such as encryption;

(4) When collecting personal information, it has fulfilled its obligation to inform the subject of personal information in accordance with the requirements of applicable information protection laws, and has obtained the authorization of the subject of personal information for handling personal information under this Agreement and providing personal information to Party B; If it involves obtaining personal information from a third party, it undertakes to ensure that the third party has fulfilled the above notification and authorization requirements. Party A shall provide written proof of such authorization as required by Party B;

(5) When transmitting personal information to Party B, the provisions of applicable laws and safety measures required by Party B have been implemented;

(6) Party A shall not transmit personal information collected in violation of applicable information protection laws or without the authorization of the corresponding personal information subject to Party B.

14. Party A undertake not to crack the data or data analysis results of Party B by means such as reverse engineering, decompilation or disassembly, or attempt to trace, locate or backstep the specific user’s or user’s personal information by other means; the data information obtained through this cooperation will only be used for the purposes, methods and scope described in this Agreement or other written requirements of both parties, and will not be used for other purposes without the written authorization of the other party.

15. Both parties promise that the data obtained in this cooperation will not be transferred across borders to countries and regions outside the People’s Republic of China.

IV. Settlement Terms

1. Both parties agree that the settlement data in this Order Contract shall be based on the statistical platform data of Party B. Party B shall ensure the truthfulness and legality of the statistical data. If Party B or Party A has any objection to the data statistics, it shall submit a written objection to the statistical data in the previous month before the first three business days of the following month. If Party B and Party A do not submit a written objection during the aforesaid period, it shall be deemed that Party B and Party A approve Party B’s click data statistics and Party B is qualified to perform the service. Data objection does not affect the settlement and payment of the disputed part.

2. If the error of disputed data between both parties does not exceed 5%, the statistical data of Party B shall prevail. If the disputed data exceeds 5%, both parties shall jointly find out the reasons for the data objection, and negotiate solutions through mutual understanding and accommodation according to the actual reasons. If the reason cannot be found out, both parties can negotiate a compromise plan, and Party B will pay the service fee to Party A according to the quarterly consumption amount and product line of the sub-account maintained by Party A and the agreement of the service provider policy, and the specific content shall be subject to the service provider policy confirmed by Party B in writing or by email. Party A shall issue a valid VAT invoice with a tax rate of 6% and corresponding amount to Party B 10 business days before Party B pays. If the invoice is delayed, the invoice does not meet Party B’s requirements and the invoice certification fails, Party B shall postpone the payment time accordingly and shall not bear the liability for breach of contract.

3. The information on billing and account to be credited of Party A and Party B shall be subject to the information shown by either party in the “Financial Center of Super Huichuan Advertising Platform”.

V. Limitation of liability

1. Party A shall bear all the compensation liabilities for the losses of Party B and/or other relevant third parties (including but not limited to compensation, legal fees, attorney fees and notarial fees) that must be paid according to law caused by Party A's violation of this Agreement. Party A agrees that Party B has the right to cancel Party A's account in Party B's system at any time after the above situation occurs, and has the right to deduct the above expenses and/or loss compensation from the amount paid and to be paid by Party B or the amount to be paid by Party A.

2. In order to protect Party A's rights and interests, Party B may suspend providing services when it finds abnormity in Party A's or customer's own information contents and accounts.

3. If the above-mentioned third party complaining because the information content specified by Party A, the products and services corresponding to the link page are illegal, fraudulent and provide legal basis and requires Party B to disclose the basic information of Party B, Party A and customers to the third party according to laws, regulations and policies of the competent authority, exclusively including: name, address and contact information, Party A will accept that Party B's disclosure does not violate the confidentiality agreement of this Agreement. If the competent administrative authority and judicial authority require Party B to disclose information beyond the above scope, it will not be deemed to violate the relevant confidentiality agreement of this Agreement.

4. If Party B provides corresponding security measures according to the existing technology to ensure the safe and normal provision of the service, but due to possible computer viruses, network communication failures, system maintenance and other factors and possible force majeure events, Party B cannot guarantee the absolute security of the service and provision of the service normally under any conditions, Party A shall understand this and shall not require Party B to bear the responsibility under the following circumstances:

(1) System shutdown maintenance;

(2) Failure of data transmission or delay, inaccuracy, error and omission arising from the faults in service equipment, communication or any equipment;

(3) Failure to carry out business due to system obstacles arising from force majeure factors such as typhoon, earthquake, tsunami, flood, power outage, war, terrorist attack;

(4) Service interruption or delay caused by hacking, technical adjustment or failure of telecommunications department, website upgrade, third-party problems, etc.;

(5) Failure to serve or delay in service caused by government actions, orders of international and domestic courts.

4. Party A confirms that Party A's behavior of providing services is based on Party A's independent judgment and needs to bear risks by itself. Party A shall be solely responsible for the loss (if any) that may be caused by the loss of its computer system or data.

5. Party A agrees that Party B shall not assume any responsibility for the following circumstances:

(1) The failure to provide the service is not caused by Party B's intention or negligence;

(2) Party B, Party A and/or any third party suffer losses due to Party A's intention or negligence;

(3) Party A violates this Agreement or Party B's system rules. The system rules include the operation specifications stated in Party B's system and other normative documents issued by Party B..

6. On the premise of ensuring the integrity and legality of the right to disclose Confidential Information to the Receiving Party, if the Receiving Party refuses to perform the confidentiality obligations under this Agreement or implements the prohibitive clauses in 6.5, thus causing losses to the Disclosing Party, the Receiving Party shall bear the liability for compensation to the Disclosing Party, and the amount of compensation shall be limited to the actual losses of the Disclosing Party as the upper limit. If the Receiving Party's behavior is seriously negligent or intentional, resulting in serious consequences of disclosure, the Disclosing Party has the right to directly investigate the legal liability of the Receiving Party through judicial channels to the public prosecution agency.

7. Party B guarantees that its intellectual property rights, operation rights and other rights in Party B's platform, Party B's system and Party B's website comply with relevant national laws and regulations, and do not infringe upon the legitimate rights and interests of any subject.

VI. Agreement Responsibility

1. Liability for fault in contracting

Both parties hereto warrant that they are legally qualified to engage in the cooperation hereunder and that they are not in breach of the competence representation warranties under this Agreement. In case of contracting negligence or invalidation of the contract due to the disqualification of the subject of this Agreement, the competent party shall have the right to unilaterally terminate this Agreement by written notice, and shall have the right to investigate civil liability against the disqualified party for the actual losses caused by its contracting negligence.

2. If the contents, information or supporting documents submitted by Party A, Party B or their customers have false propaganda or other violations of relevant laws and regulations, Party B has the right to unilaterally terminate this Agreement, and has the right to require the provider of the aforesaid materials to compensate Party B for all economic losses caused thereby.

3. If Party A violates rules and regulations in the service process, Party A shall be punished according to the operation specifications clearly stated in Party B's system. For the definition of violations, please refer to the system rules, including the express operation specifications in Party B's system and other normative documents issued by Party B..

4. Liability for breach of confidentiality obligation

The Disclosing Party shall be liable to the Disclosing Party for the loss of the Disclosing Party if the Disclosing Party refuses to perform the confidentiality obligations under this agreement or implements the prohibitive clauses in 6.5 under the premise of ensuring the integrity and legality of the Confidential Information disclosed to the Receiving Party. The amount of compensation shall be limited to the actual loss of the Disclosing Party.

If the Disclosing Party's behavior is seriously negligent or intentional, resulting in serious consequences of disclosure, the Disclosing Party has the right to directly recite the judicial channels to the public prosecution agency to pursue the legal responsibility of the Disclosing Party.

5. Party A shall sign and shall be subject to the *Agreement Letter of Honesty and Integrity* (Annex), and shall not provide any form of illegitimate interests to the employees, consultants and close relatives of employees or consultants of Party B and its affiliated enterprises, and shall not act in violation of the contents of the Agreement Letter of Honesty and Integrity. Otherwise, Party A agrees that Party B has the right to terminate this Agreement immediately, and Party A shall pay 30% of all expenses paid by Party A to Party B under this Agreement as liquidated damages; Or (b) the total amount of providing any form of illegitimate interests as liquidated damages, whichever is greater.

6. Liability for breach of contract in defective performance of payment obligation

If Party A refuses to perform the payment obligations to Party B on time or delay the payment obligations after Party B has provided Party A with the payment date and account period agreed by both parties, Party B has the right to require Party A to correct the defective performance and pursue the penalty of 5% of the total amount per day due to be settled in the current month. If the defective performance of Party A's payment obligations has lasted for ten (10) days, Party B has the right to unilaterally terminate the performance under this Agreement and refuse to make any payment to Party A.

7. Other clauses in this Agreement stipulating the responsibilities shall be undertaken by agreement

VII. Confidentiality and website system security

1. The Confidential Information involved in this Agreement mainly specifies the following contents

(1) Operation management information, including but not limited to: business planning, production operation performance and financial data, current and expected customer and supplier information, financial information, human resource data, business operation documents and other similar information;

(2) Technical information, including, but not limited to, technical know-how and ideas, designs, processes, technology and integration schemes, implementation plans, consultation reports, computer programs (including source and object codes), and other similar information;

(3) The information provided by both parties in the early stage or during the cooperation for the purpose of the contract, including but not limited to: the cooperation contract, agreement, meeting minutes, the overall implementation and process details of the project (including but not limited to: all the information learned by customers through the inquiry channel of Party B), and other similar information.

(4) Other information that need to be kept .secret in a certain form.

2. The following information will not be regarded as confidential

(1) If the information is known to the public when it is obtained.

(2) If, after the information is obtained, it is known to the public not due to the responsibility of the Receiving Party.

(3) Obtain express information from a third party who has a legal right to keep secrets without the obligation to keep them.

3. Relieving of confidentiality obligation
(1) The information has been or will be made available to the public for reasons not attributable to the Receiving Party.

(2) The Disclosing Party provides the information to a third party without requiring it to comply with the confidentiality obligation.

There is objective evidence that the Receiving Party has known or obtained the information communicated by the Disclosing Party before accepting the information. Or the Receiving Party has independently developed in this respect by relying on persons who do not have direct or indirect access to the Confidential Information provided by the Disclosing Party.

(1) The information cannot be kept secret because of an executive or judicial order or enforcement. If the Receiving Party is unable to notify the Disclosing Party before or when the information is forced to be disclosed, it shall give the Disclosing Party timely and reasonable written notice after the forced disclosure.

(2) The statutory conditions for relieving confidentiality obligations have been met.

4. Statement of rights of the Disclosing Party

The Disclosing Party shall guarantee the accuracy and completeness of the Confidential Information disclosed by the Disclosing Party to the Receiving Party. The Disclosing Party shall have the complete and lawful right to disclose part or all of the Confidential Information to the Receiving Party.

5. Right exercise and confidentiality obligation of the Receiving Party

The Receiving Party shall have the right to grant use and access to the Confidential Information to employees (including but not limited to employees of its branches) who are required to know the Confidential Information for business purposes and who know and agree to comply with the relevant provisions of this Agreement. The performance of an appropriate written agreement between employees and Receiving Party shall be sufficient to enable them to comply with all the terms of this Agreement. Without the prior written authorization or consent of the Disclosing Party, the Receiving Party shall not:

(1) Disclosure of any Confidential Information to any third party; (2) Use of Confidential Information for the benefit of third parties;

(3) Use of Confidential Information not for the purposes under this Agreement,

6. Statement of collateral obligations

This confidentiality obligation is a statutory collateral obligation for the performance of this Agreement. After the completion and termination of this Agreement, the obligations involved in the above confidentiality clauses shall not be exempted by the termination of this Agreement except in accordance with the conditions of Clause 6.3.

7. System security:

Party A and Party B shall ensure the security of its own website and customers' website and system operation. The transmitted information shall not contain any malicious codes and programs and will not affect the normal operation of the website system and will not infringe on the legitimate rights and interests of users and customers.

Beijing Baosheng Science and Technology Co., Ltd.

Special seal for contract

Party A's signature and seal:

Guangzhou Juyao Information Technology Co., Ltd.

Special seal for contract

Party B's Signature and seal:

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Agreement Letter of Honesty and Integrity

Party A: Beijing Baosheng Science and Technology Co., Ltd. (hereinafter referred to as "Party A" or "Cooperative Company")

Party B: Guangzhou Juyao Information Technology Co., Ltd. (hereinafter referred to as "Party B" or "Super Huichuan Platform")

Party B highly respects Party A's good reputation in the industry. At the same time, as a company that takes honesty as its corporate value, Party B also hopes that in the process of cooperation between Party A and Party B, they can jointly safeguard honesty and transparent business integrity behavior norms.

Therefore, before the cooperation between the two parties begins, Party A and Party B agree on the following business integrity code of conduct to be observed in the cooperation process:

1. Integrity

Integrity is the basis of cooperation between both parties. As a company with good reputation in the industry, Party A adheres to the principle of integrity in the course of business dealings and promises not to engage in dishonest acts of deception or even fraud, including but not limited to:

1) Do not conspire to price and increase or lower quotations with other companies that have cooperative relations with Super Huichuan Platform, including but not limited to suppliers and agents;

2) The documents, materials, data, statements and oral statements provided to the Super Huichuan Platform shall be truthful and accurate, and false information or concealment of important information shall not be provided;

3) Strictly abide by the commitments made to Super Huichuan Platform, contracts, agreements and memorandums signed by both parties, and provide products and/or services on time, guaranteeing quality and quantity.

4) According to the requirements of Super Huichuan Platform, take the initiative to declare whether there is an association with employees of Super Huichuan Platform (including but not limited to staff, employees and consultants of Super Huichuan Platform and/or Alibaba's affiliated companies) ("The association means that Alibaba Group's employees and their immediate family members are direct investors of the cooperative company);

5) When participating in the bidding of Super Huichuan Platform Project, take the initiative to declare whether there is an association between the Company and other subjects participating in the bidding ("association" refers to the relationship between the controlling shareholders, actual controllers, directors, supervisors and senior management personnel of the Company or between indirectly controlled enterprises, as well as other relationships that may lead to the transfer of interests.), and prohibit bidding and bidding collusion.

2. Anti-illegitimate interests

In order to protect fair commercial competition and pure commercial cooperation, the cooperative company promises not to directly or indirectly provide any form of illegitimate interests to the employees of Super Huichuan Platform in the name of facilitating the signing and performance of contracts, obtaining higher commercial interests, better commercial treatment or securities market appreciation than any third party, and promoting personal feelings or etiquette exchanges, including but not limited to:

1) Provide any personal benefits or gifts, including but not limited to physical objects, cash or cash equivalents, concessions, and other property rights; Cash equivalents include but are not limited to consumer card vouchers, gift vouchers, shopping cards, exchange vouchers, recharge cards, transportation cards, telephone cards, recharge of various telephone charges or other recharges available for use or consumption, stored value cards and other forms of valuable gift certificates or securities;

2) Provide entertainment and hospitality, including but not limited to karaoke, SPA, foot bath, golf, commercial performances, tourism, commercial sports activities, luxury catering and hospitality, etc.;

3) Provide job opportunities, including but not limited to establishing labor relations, labor dispatch, outsourcing services, part-time jobs, consulting consultant and other forms, and/or paying them any form of remuneration;

4) Provide investment opportunities, that is to say, hold the shares of Party B in its own name or in the name of a third party, except for the shares held through the equity in open securities exchange market and less than 5% of the issued shares, through direct or indirect holding of funds without actual control rights, or through trusts in which the beneficiaries are not themselves or related persons;

5) Provide loans, or other benefits.

The cooperative company agrees that once the above situation occurs, Super Huichuan Platform has the right to immediately terminate all contracts with the cooperative company in part or in whole without any responsibility, and the cooperative company shall pay liquidated damages to Super Huichuan Platform, the amount of which is (a) thirty percent (30%) of the total amount agreed in the contract; Or (b) thirty percent (30%) of the total service fees paid by Super Huichuan Platform to the cooperative company; Or (c) the total amount of the provision of any form of illegitimate advantage, whichever is the highest. In addition, all the cash rewards obtained by the cooperative company at Super Huichuan Platform will be deducted and will not be distributed. If they have been distributed, Super Huichuan Platform has the right to recover them according to this Agreement Letter.

In this case, Super Huichuan Platform has the right to disclose the supplier's breach of contract to any third party or to the public.

3. Feedback channel of honesty and integrity

1) In order to support the honesty and integrity construction of Super Huichuan Platform, if employees of Super Huichuan Platform ask for bribes in their daily business processes, the cooperative company must refuse and report to the head of Integrity and Compliance Department of Alibaba Group through the following channels. If the bribery behavior of the employees who supply Super Huichuan Platform is not rejected or declared, and their requirements are met, the behavior shall be regarded as the bribery behavior of the cooperative company.

2) If the cooperative company knows and suspects that employees of Super Huichuan Platform and Alibaba have violated the above agreement, it is welcome to contact the head of Integrity and Compliance Department of Alibaba Group, and Alibaba Group promises to keep the contact information confidential.

Tip-off hotline: 4008-5 ~ 4S198 (4008-I-I want to report)

Tip-off email: lianzhen@alibaba-inc.com

Tip-off website: jubao.alibaba.com

Special reminder: Partners must make it clear that the rights and obligations between Super Huichuan Platform and partners shall be subject to written documents stamped by all parties, and the written and oral commitments made by employees of Super Huichuan Platform are not binding on Super Huichuan Platform and partners without prior written authorization of Super Huichuan Platform.

（以下无正文，签章处）

甲方签章处：

乙方签章处：

2023-03-03

Beijing Baosheng Science and Technology Co., Ltd.	Guangzhou Juyao Information Technology Co., Ltd.
Special seal for contract	Special seal for contract
Party A's signature and seal:	Party B's signature and seal:
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Administrative Measures for KA Agents of Alibaba Group's Super Huichuan Platform (including Rules for Judging Violations and Corresponding Measures)

I. Purpose, Aim and Scope of Application

1. Purpose: These Measures are formulated to ensure the healthy development of Alibaba Group's Super Huichuan Platform, standardize the promotion content and behavior, improve the user experience and prevent the risk of violation of laws and regulations.

2. Aim: Alibaba Group's Super Huichuan Platform abides by the relevant provisions of laws, regulations, rules and normative documents, and it is strictly forbidden to promote activities and articles that violate national laws and regulations, such as terrorism, explosion, gun, drug, online fraud, obscenity and gambling, as well as information and advertisements that violate public order and good customs, entice and abet minors to commit crimes, and strive to build a legal, healthy and safe marketing promotion platform.

3. Scope of application: These judging rules and corresponding measures are applicable to agents of Alibaba Group's Super Huichuan Platform.

II. Definition of involvement

1. Alibaba Group's Super Huichuan Platform: refers to the marketing promotion platform (hereinafter referred to as "Super Huichuan Platform") that is authorized by the media to legally operate the marketing promotion business of the media and realize the media traffic through Wolong, Huichuan and other advertising systems. Authorized media include but are not limited to Shenma Search (website: sm.cn), UC Information Flow and other product lines, subject to the consent of Party B or Alibaba Group's Super Huichuan Platform.

2. Agent: refers to the company subject that, with the consent of Alibaba Group's Super Huichuan Platform, acts as an agent for third-party companies to carry out information promotion and account operation on Alibaba Group's Super Huichuan Platform in its own name.

3. Surrogated company (referred to as Customer): refers to the company subject that has set up a promotion account on the Alibaba Group's Super Huichuan Platform through the agent and carried out information promotion and account operation.

4. Promotion account: refers to the account that the agent company applied to open on the Alibaba Group's Super Huichuan platform to help customers promote information. One customer can be associated with multiple promotion accounts.

5. Judgment rules of promotion violation: It is a general term for judgment rules of all promotion violations and corresponding violation accounts of Alibaba Group's Super Huichuan Platform. It is a reference standard to check, judge violation and punishment for agents and their surrogated companies.

6. Customer Blacklist: The existing promotion account of a customer listed on the customer blacklist by Alibaba Group's Super Huichuan Platform will be closed, and all promotion activities will be stopped. Moreover, the customer will no longer be able to set up a promotion account on Alibaba Group's Super Huichuan Platform through any agent to promote information.

III. Types of violations

(I) Involving major complaints:

"Major complaint" refers to the situation that the promotion content or promotion behavior of customers or agents violates laws and regulations, and this Agreement and all policies and specifications formulated by Alibaba Group's Super Huichuan Platform cause the relevant subjects of Alibaba Group's Super Huichuan Platform to be complained by third parties (including but not limited to third parties accusing Alibaba Group's Super Huichuan Platform of infringement in the form of letters and media reports, filing lawsuits against the relevant subjects of Alibaba Group's Super Huichuan Platform, reporting to relevant regulatory authorities that the relevant subjects of Alibaba Group's Super Huichuan Platform are subject to review or inquiry, etc.), or exposing the relevant subjects of Alibaba Group's Super Huichuan Platform to supervision, investigation or

inquiry by relevant regulatory authorities.

(II) Involving in-advance compensation

It refers to the situation that after the customer opens an account normally, the netizens who trade with the customer suffer economic losses and personal health damage due to suspected illegal contents such as counterfeiting, fraud and phishing in the customer's website, promotion behavior or promotion content during the advertising process.

If the customer's advertising behavior conforms to the in-advance compensation agreed above, the user can submit an in-advance compensation request to the company according to the *In-advance Compensation Plan for Users*.

(III) Involving serious violations:

"Serious violation" refers to the situation that after the customer opens an account normally, the netizens who trade with the customer suffer economic losses and personal health damage due to suspected illegal contents such as counterfeiting, fraud and phishing in the customer's website, promotion behavior or promotion content during the advertising process:

1. The promotion content is suspected of involving illegal business: It refers to the page and material involving illegal information content (including information, materials, contents after page jump and historical operation records of accounts within one week), such as suspected gambling and pornography.

2. The promotion content is suspected of involving fraudulent information: It refers to the pages and materials involving any form of fraudulent information, including but not limited to false customer service, online money making and part-time fraud (including materials, contents after the material page jumps and historical operation records of the account within one week).

3. Other serious violations, such as the situation that there is no subject or the subject name is inconsistent with the customer on advertorial fan-attracting page of tourism and form-type page.

(IV) Involving general violations:

"General violation" refers to the situation that modification of the website or material content during the advertising process after the customer opens an account normally, results in inconsistency with the content submitted for account opening., including but not limited to the following situations:

1. The promotion content involving special industries without qualifications: it refers to the promotion content involving high-risk industries or industries requiring special permission for access, but the required qualifications are lacking, the provided qualifications are invalid, the validity period is exceeded or the requirements are not met.

2. The actual promotion content is seriously inconsistent with the registration information: It refers to that the content of page which the material of the promotion account points to is inconsistent with the account registration information and promotion business, being suspected of promoting for a third-party company or non-registered business.

IV. Measures for Handling Violations

(I) Measures for involving major complaints

In order to protect the legitimate rights and interests of consumers, operators and Alibaba Group's Super Huichuan Platform, and prevent suspected violations of national laws and regulations, departmental and local regulations and regulatory requirements, Alibaba Group's Super Huichuan Platform will reject all accounts corresponding to customers for accounts involving major complaints, and Alibaba Group's Super Huichuan Platform will also add corresponding customers to the "customer blacklist". No agent is allowed to represent the customer in the promotion of Alibaba Group's Super Huichuan Platform. Depending on the seriousness of the case, Alibaba Group's Super Huichuan Platform will also impose corresponding penalties on the original business agents or service agents, including but not limited to terminating their service qualifications.

(II) Measures for involving in-advance compensation

When a user or a third party applies for compensation to the Alibaba Group's Super Huichuan Platform, the Alibaba Group's Super Huichuan Platform will review it according to the compensation standard. If it meets the compensation scope, it has the right to compensate the user or a third party after deducting the reward amount in the current quarter. Compensation caused by violations shall be borne by the corresponding agents. The agents shall negotiate and complete the compensation by themselves within 5 business days from the date when the Alibaba Group's Super Huichuan

Platform confirms the violation, illegality, irrationality or need to pay compensation. If the agents fail to compensate in time, it will be paid by Alibaba Group's Super Huichuan Platform in advance. In this case, Alibaba Group's Super Huichuan Platform will deduct twice the compensation amount from the agent's corresponding quarterly reward (if the compensation amount is less than 100 yuan, it will be calculated according to 100 yuan) as liquidated damages.

(III) Measures for involving serious violations

1. Taking the account as the dimension, if an account involves any form of serious violation once, the account will be rejected for opening;

2. Suspected of involving gambling, pornography and fraud violations: Taking the account as the dimension, the illegal account will be punished for 10 times of the cash consumed in the current quarter. If the consumption amount is less than 100 yuan, it will be calculated according to 100 yuan;

3. Other serious violations other than the above violations: Taking the account as the dimension, the illegal account will be punished for 3 times of the cash consumed in the current quarter. If the consumption amount is less than 100 yuan, it will be calculated according to 100 yuan;

(IV) Measures for involving general violations

1. The account will be rejected in case of involving general violation once;

2. Taking the account as the dimension, the illegal account will be punished for twice the cash consumed as of the violation date in the current quarter. If the consumption amount is less than 100 yuan, it will be calculated according to 100 yuan;

3. The account can be promoted normally after being modified and retried;

4. If the same account violates the rules for the second time, the account will be rejected and the illegal account will be punished for twice the cash consumed in the current quarter. If the consumption amount is less than 100 yuan, it will be calculated according to 100 yuan, and the account will not be allowed to be opened again.

(V) The method of deduction and punishment for violations and measures of involving various violations

1. If the illegal account is operated by a service agent, the penalty amount corresponding to the illegal account shall be deducted from the overall service reward base of the corresponding service agent in the current quarter, and the customer subject corresponding to the illegal account shall not be included in the accounting of various service reward indicators of the deduction and punishment service agency in terms of serious violations, which shall be subject to the subsequent policy agreement

Examples of rebate accounting:

1) If the customer under the agent has accounts numbered 1/2/3, if 3 violates the rules and 3 meets the service reward accounting (the specific policy assessment shall prevail), the calculation formula is: (1 +2 +3-3* deduction and punishment multiple) * the service ratio of the agent in the current quarter

2) If the customer under the agent has accounts numbered 1/2/3, if 3 violates the rules and 3 fails to meet the service reward accounting (the specific policy assessment shall prevail), the calculation formula is: (1+2-3* deduction and punishment multiple) * the service ratio of the agent in the current quarter

2. If the illegal account is not operated by a service agent, the penalty amount corresponding to the illegal account shall be deducted from the overall business performance completion and reward base of the corresponding business agent in the current quarter, and the customer subject corresponding to the illegal account shall not be included in the accounting of various service reward indicators of the deduction and punishment service agency in terms of serious violations, which shall be subject to the subsequent policy agreement.

Examples of rebate accounting:

1) If the customer under the agent has accounts numbered 1/2/3 and 3 violates the rules, the calculation formula is: (1+2-3-3* deduction and punishment multiple) * the business ratio of the agent in the current quarter

3. For the above-mentioned deduction and punishment involving serious violations or general violations, if the quarterly reward amount of the agent is less than the deduction and punishment amount, the agent shall pay back the difference or deduct it from the reward amount (if any) to be issued by the subsequent media or make up it in cash.

4. Alibaba Group's Super Huichuan Platform judges the violations of customers and agents and make punishment in accordance with these Measures and the actual condition. In case customers' or agents' behaviors involve multiple violations in these Measures, the order of priority of major complaints, serious violations and general violations shall prevail.

(VI) Penalty cycle

1. Penalty for violations arising before the 20th (inclusive) day of the last month of the current quarter shall be deducted from the current quarter according to the above rules.

2. Penalty for violations arising after 21th (inclusive) day of the last month of the current quarter, only service rewards or business rewards and various reward bases in the next quarter will be deducted according to the above rules, and other assessment indicators will be accounted normally.

V. Penalty of agents' violations

Agents' violation and punishment rules; If the Alibaba Group's Super Huichuan Platform receives a report or complaint, after being verified by the channel and operation team of the Alibaba Group's Super Huichuan Platform, a serious violation will be recorded; Violation requirements shall be subject to the policy release. If violations are found, they have the right to deduct penalties from the quarterly reward amount. If the circumstances are serious, they have the right to cancel the annual reward qualification or agent qualification. The email address of Alibaba Group's Super Huichuan Platform to receive complaints and reports is jiancha@list.alibaba-inc.com, and the disposal results of complaints and reports are subject to the judgment of Alibaba Group's Super Huichuan Platform.

VI. Changes in management measures

1. Alibaba Group's Super Huichuan Platform has the right to modify these Administration Measures at any time as needed. For any modification or supplement to the contents of these Administration Measures, the Alibaba Group's Super Huichuan Platform shall notify the agents in writing or by mail. New Administration Measures will be implemented after update and the modification has no retrospective effect.

2. Without affecting the implementation of these Administrative Measures, Alibaba Group's Super Huichuan Platform has the right to transfer all rights and obligations in these Administrative Measures to affiliated companies according to actual operating conditions.

3. Alibaba Group's Super Huichuan Platform has the right to adjust the current platform name (referring to "Alibaba Group's Super Huichuan Platform") without prior notice to our company. The platform name shall be subject to the publicity or notice of Alibaba Group's Super Huichuan Platform. The change of platform name shall not affect the rights and obligations of both parties under the original platform name, and our company shall still abide by the original platform management system and rules.

VII. Effective time

These Administrative Measures shall take effect on January 1 of the year when the contract is signed. Violations before these Measures come into effect are applicable to the judgment rules and treatment methods when violations occur.

VIII. Miscellaneous

Uncovered matters shall be subject to the information published by Alibaba Group's Super Huichuan Platform.

Agent Authorization Certificate

Party B Guangzhou Juyao Information Technology Co., Ltd. (referred to as "Juyao Company") authorizes Party A Beijing Baosheng Science and Technology Co., Ltd. as KA business agent of Alibaba Group's Super Huichuan Platform, and the authorized party has the right to independently conduct commercial negotiation and cooperation on Alibaba Group's Super Huichuan Platform resources in its own name.

[Time of authorization]: from January 1 2023 to December 31, 2023

[Scope of authorization]: Non-exclusive authorization may not be transferred to any third party without the prior written consent of the authorizer.

[Industry of authorization]: Non-agency industry

[Territory of authorization]: within the territory of the People's Republic of China

This letter of authorization will take effect immediately upon being stamped with the official seal of our company.

---------- (以下无正文，签章处) ----------

甲方签章处：

乙方签章处：

2023-03-03

Beijing Baosheng Science and Technology Co., Ltd.

Special seal for contract

Party A’s signature and seal:

Guangzhou Juyao Information Technology Co., Ltd.

Special seal for contract

Party B’s Signature and seal:

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Service Agent Authorization Certificate

Party B Guangzhou Juyao Information Technology Co., Ltd. (hereinafter referred to as “Juyao Company”) authorizes Party A Beijing Baosheng Science and Technology Co., Ltd. to be the service agent for KA business cooperation of Alibaba Group’s Super Huichuan Platform, and the service agent provides services according to customer authorization. the authorized party has the right to independently conduct commercial negotiation and cooperation on Alibaba Group’s Super Huichuan Platform resources in its own name.

[Time of authorization]: from January 1, 2023 to December 31, 2023

[Scope of authorization]: Non-exclusive license shall not be transferred to any third party without the prior written consent of the authorizing party.

[Territory of authorization]: within the territory of the People’s Republic of China

This letter of authorization will take effect immediately upon being stamped with the official seal of our company.

---------- (以下无正文，签章处) ----------

甲方签章处：

乙方签章处：

Beijing Baosheng Science and Technology Co., Ltd.

Special seal for contract

Party A's signature and seal:

Guangzhou Juyao Information Technology Co., Ltd.

Special seal for contract

Party B's Signature and seal:

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Trademark Authorization Letter

Authorizing Party (Party B): Guangzhou Juyao Information Technology Co., Ltd.

Authorized Party (Party A): Beijing Baosheng Science and Technology Co., Ltd.

The following table shows the trademark rights within the territory of the People's Republic of China that Party B and its related parties holds or obtain authorization grant:

Item	Trademark	Category	Registration number /Application number
1			
2			
3			
4			

Party B hereby authorizes Party A to use the above trademarks within the territory of the People's Republic of China for the following areas: company front desk, posters, exhibition boards, official service websites of agents, advertising media (outdoor advertising display devices, media advertisements, publicity materials (venue decoration, business cards, PPT, work clothes and invitation letter). Before the authorized party uses the authorized trademarks, the authorizing party must confirm the use mode and trademark pattern.

Beijing Baosheng Science and Technology Co., Ltd.

Special seal for contract

Party A’s signature and seal:

Guangzhou Juyao Information Technology Co., Ltd.

Special seal for contract

Party B’s Signature and seal:

The authorization is non-exclusive and cannot be transferred and will last from January 1, 2023 to December 31, 2023

The remainder of this page is intentionally left blank

（以下无正文，签章处）

甲方签章处：

乙方签章处：

Business Cooperation Agreement on Agent Data Promotion of Ocean Engine

Contract No.: CONT20221124873239

Party A: Xiamen Today's Headline Information Technology Co., Ltd.

Address: 3F-A1176, Zone C, No.3 Innovation Building, Siming Software Park, Phase I, Software Park, Xiamen Torch Development Zone for High Technology Industries

Contact: Rong Yao

Tel:

Email address:

Mailing address:

(The above email address agreed herein or other email addresses with the suffix @bytedance.com is the valid email address for Party A to send and receive notices)

Party B1: Beijing Baosheng Technology Co., Ltd.

Address: East F5, Building 8, Xishanhui, Shijingshan District, Beijing

Contact: Zhan Wentong

Tel:

Email address:

Mailing address: East F5, Building 8, Xishanhui, Shijingshan District, Beijing

(The above email address agreed herein or other email addresses with the suffix @bsacme.com is the valid email address for Party B to send and receive notices)

Party B2: Beijing Baosheng Network Technology Co., Ltd.

Contact: Zhan Wentong

Tel:

Email address:

Mailing address: East F5, Building 8, Xishanhui, Shijingshan District, Beijing

(The above email address agreed herein or other email addresses with the suffix @bsacme.com is the valid email address for Party B to send and receive notices)

Beijing Baosheng Technology Co., Ltd. and Beijing Baosheng Network Technology Co., Ltd. are collectively referred to as Party B hereunder, and they are jointly and severally liable to Party A for the performance of the Agreement.

Party A and Party B, in accordance with the current laws, regulations, rules and national standards of the People's Republic of China, have signed the Agreement upon friendly consultation regarding the provision of Data Promotion Services by Party B to the clients represented by Party B. **Ocean Engine Data Promotion Service Agreement (website: https://ad.oceanengine.com/overture/account/agreement/ (hereinafter referred to as "Online Agreement") and other agreements, Platform Rules, policies, specifications, service usage rules, notifications, and other content related to Data Promotion Services of Ocean Engine that may be released by the Data Promotion Platform are all integral parts of the Agreement. The Data Promotion Platform has the right to update the aforementioned agreements, rules, notices, and contents from time to time, and notify Party B of such updates through webpage announcements, system internal messages, emails, phone calls, or letters. Such notifications shall be deemed to have been served on Party B and be binding upon Party B at the time of announcement or delivery.**

Part I Business Terms

Article 1 Cooperation Matters and Definitions

1. Party B entrusts Party A to provide Data Promotion Services for Party B in accordance with the Agreement, and shall pay Party A the agreed data promotion service fees accordingly.

2. Party A authorizes Party B to be a comprehensive agent in China except for the advantageous agency scope of local industries, automobile manufacturers, automobile dealers and real estate developers (Party A has the right to unilaterally adjust and change the agency scope and term of Party B, subject to Party A's notice). During the agency period (i.e. cooperation period hereunder), Party B shall only act as an agent for Data Promotion Services within the scope authorized by Party A, and shall not have any client conflict with Party A's advantageous agents involved in business in the region. **Regardless of any legal relationship formed or existing between Party B and its agent clients, Party B shall, in its own name, enter into relevant agreements with such clients and directly enjoy rights and obligations as a party thereto. Party B shall also clearly agree with such clients on the scope of work, specific services, service standards and other contents. Party B shall not refuse to perform the Agreement for any reason between Party B and its agent clients. Any controversy or dispute arising from Party B's violation of the agreement between Party B and its agent clients or unclear agreement with its agent clients shall be settled by Party B with its agent clients.**

3. Data Promotion Platform: refers to the Ocean Engine Ark Platform (website: https://agent.oceanengine.com/), Ocean Engine Advertising Platform (website: https://ad.oceanengine.com/) and platforms for providing specific data promotion and related services and functions, which can provide data promotion, cost statistics, data query, analysis, material management and other services (subject to the actual services provided by each platform). **In case of any change in the name, operator and website/domain name of the Data Promotion Platform, the notice at that time shall prevail and such change shall not affect the validity of the Agreement.**

4. Ocean Engine Ark Platform: refers to the service and management platform legally operated by Party A orits affiliated companies, which can provide services such as contract signing, customer follow-up, business process, optimized delivery, and intelligent data analysis, etc. (subject to the actual services provided by the platform) (hereinafter referred to as "Ark Platform").

5. Platform Rules: refer to normative documents that have been published or may be published in the future on the Data Promotion Platform, Flow Network Platform or subsequently related platforms, including but not limited to relevant agreements, rules, specifications, notices, policies and announcements that Party B must abide by when enjoying related services hereunder.

6. **Restrictive Measures: refer to the restrictive measures taken by the Data Promotion Platform, Flow Network Platform or subsequently related platforms on some or all functions of accounts of Party B and its agent clients according to the Agreement, Online Agreement, Platform Rules or relevant laws and regulations, including but not limited to closing accounts, restricting the opening of accounts, freezing the funds and interests in accounts (including balances and grants), restricting participation in activities**

organized by platforms, and other restrictions on the use of data promotion functions and services.

7. Party B's Products or Products: refer to the goods, services or any other legal publicity objects produced or sold by clients represented by Party B, and Party B shall have the legal rights necessary for data promotion, including but not limited to copyright, trademark right and portrait right, etc. required by the performance of the Agreement.

8. Party B may select, set up or operate according to the Platform Rules and guidelines, or in other ways agreed herein (e.g. email confirmation by the parties) through the Data Promotion Services provided by Party A to display its contents and materials on relevant pages, interfaces or locations of client applications, websites and applets of Party A's affiliated companies and other cooperative network platforms and applications (hereinafter referred to as "Flow Network Platform") or use and enjoy corresponding services and functions.

9. Data Promotion Services: including one or a combination of the following services:

   (1) Publish advertisements for Party B's Products in the form of pictures, texts, videos, audio and live broadcasts on the Flow Network Platform;

   (2) Party B shall provide the contents in the form of text that describes, introduces or promotes Party B's Products and publish it on the Flow Network Platform;

   (3) Party B shall provide the network/download link address and publish it on the Flow Network Platform. Users of the Flow Network Platform can jump to the corresponding page to view information or purchase/use specific services, goods or download APP by clicking the link. Party B shall ensure the legality of Landing Page pointed to by the link and the content and qualification of downloaded products;

   (4) Paid search services to promote goods, services or other publicity objects;

   (5) Other data promotion services that can be used to promote Party B's Products.

   Party B understands and confirms that Party B shall bear the responsibility and pay the corresponding fees for the Data Promotion Services hereunder, whether it is placed and confirmed offline by mail and other offline means or operated and executed online through the accounts of Party B and its agent clients.

10. Promotion Contents/Content Materials: refer to keyword information and website information submitted by Party B or its agent clients; information contents designed and produced by Party B or its agent clients, or by other commissioned parties, or by effective authorization, to display the brands of Party B's agent clients and/or Party B's Products; and information contents presented and displayed by Party B when using the functions related to services hereunder, including but not limited to various forms of content such as pictures, text, video, audio, flash and live broadcast, and all components such as music, sound, lines and visual design contained therein. Content Materials include the Landing Page itself.

11. Landing Page: refers to the page pointed to by the link contained in the Content Materials, that is, the page that the user jumps to or redirects to after clicking on the Content Materials.

12. Self-made Programs and Specific Activities: refer to videos, movies and TV plays, variety shows, sports events or live and live evening party's programs that are shot and produced by Party A and/or its affiliated companies themselves or by an entrusted third party, or have the right to implant commercial content.

Article 2 Cooperation Period

1. The cooperation period between Party A and Party B is from January 1, 2023 to December 31, 2023. Upon expiration of the cooperation period, Data Promotion Services hereunder will be terminated. If the Agreement is dissolved or terminated in advance, the cooperation period will end on the date of early dissolution or termination.

2. If there is still a cash balance (hereinafter referred to as "Cash Balance") in the accounts of Party B and its agent clients upon expiration of the cooperation period, and Party B chooses to continue to use it, the Cash Balance can only be used for bidding data promotion within three natural months after the expiration of the cooperation period (hereinafter referred to as "Extension Period"), and the data promotion during the Extension Period shall still follow the Agreement, unless otherwise agreed by the parties. Upon expiration of the Extension Period, Party A and the Data Promotion Platform have the right to close the accounts and account authority of Party B and its agent clients.

   Upon expiration of the cooperation period, Party B shall not renew and recharge under the Agreement, but can only consume the aforesaid Cash Balance during the Extension Period. However, the consumption generated after the expiration of the cooperation period and the consumption during the Extension Period shall not be used for the accounting of rebates and other similar preferential policies corresponding to the Agreement and/or supplementary agreements and other documents signed by the parties.

3. If there is any prepaid but unconsumed cash balance in the accounts of Party B and its agent clients before the signing of the Agreement, Party B confirms that the aforesaid prepaid but unconsumed cash balance will be transferred to the Agreement and implemented in accordance with the Agreement from the commencement date of cooperation agreed herein.

4. Party B confirms that the grants in the account of Party B's agent client shall comply with the following rules of use:

   (1) The grants can only be used during the cooperation period and Extension Period (if any) under the condition that the accounts of Party B and its agent clients can be operated normally. If the accounts of Party B or its agent clients are closed or restricted, or Party B or its agent clients close their accounts by themselves, the grants cannot be used or will be cleared;

   (2) The grants are non-withdrawable, non-refundable, non-transferable and non-invoiced;

   (3) The grants shall be used before the expiration of the period indicated by the platform. If the expiration period indicated by the platform is later than the cooperation period and/or Extension Period (if any), the grants shall be used during the cooperation period and/or Extension Period (if any). If it is not used within the time limit, it shall be deemed that Party B and its agent clients voluntarily give up the grants and the grants will be cleared upon expiration;

   (4) Other requirements and restrictions on the use of grants notified or publicized by the Data Promotion Platform;

   (5) Data promotion using the grants shall follow the Agreement.

5. Upon expiration of the cooperation period, the non-cash amount in the accounts of Party B and its agent clients except the grants shall not be used for data promotion and consumption. If the non-cash amount in the accounts of Party B and its agent clients is still used for data promotion and consumption, Party B agrees and guarantees to pay the data promotion service fees corresponding to the consumed non-cash amount to Party A according to the Agreement.

Article 3 Data Promotion Methods

1. Non-bidding data promotion

(1) Non-bidding data promotion includes but is not limited to CPT (Cost per Time), CPM Guaranteed Advertisement, CPV Guaranteed Advertisement, Special Project Resource Package and other non-standard resources.

(2) For non-bidding data promotion, the Data Promotion Service Order (hereinafter referred to as the "Order") signed by Party A and Party B before data promotion or confirmed by the valid email agreed herein and Data Promotion Platform shall prevail, and the specific time of data promotion, data promotion location, price and other elements shall be determined in the Order. If Party B issues the Order through email or Data Promotion Platform, the Order shall be regarded as the true intention of Party B and have legal effect and binding force on Party B, and the Order shall take effect after Party A confirms it through the valid email agreed herein and Data Promotion Platform. **Party B understands and confirms that Party A will, by itself or by entrusting a third party, log in to the data promotion background and the accounts of Party B and its agent clients to check and operate according to the Order, and confirm relevant online agreements and rules on behalf of Party B for the use of some functions, so as to realize the non-bidding data promotion and delivery.**

(3) **After the Order is successfully placed, Party A has locked the inventory for Party B and reserved corresponding resources. If the normal, timely and continuous delivery is affected by reasons not caused by the Data Promotion Platform or Party A, the corresponding resources will be wasted, and Party B shall still pay the corresponding data promotion service fees according to the Order. The above reasons include but are not limited to: Party B fails to upload Content Materials in time; Party B's Content Materials/data promotion plan fails to pass the audit; Party B's Content Materials/data promotion plan violates laws, regulations and Platform Rules, resulting in the plan being offline; the accounts of Party B or its agent clients are abnormal (including but not limited to the accounts being closed and imposed by Restrictive Measures); and Party B's data promotion plan is suspended, interrupted, terminated, or unable to timely and continuously release due to other reasons not caused by the Data Promotion Platform or Party A.**

(4) During the cooperation period hereof, if Party B changes the effective order, it shall notify Party A 30 days in advance and obtain Party A's confirmation, and the parties shall sign or confirm the changed order separately. Otherwise, it will be deemed that the Order has not been changed, and the parties will still execute and settle according to the effective order before the change. If the order confirmed by Party B on the Data Promotion Platform is changed, it shall be implemented according to the rules and requirements of the Data Promotion Platform.

2. Bidding data promotion: including but not limited to CPM (oCPM) (Cost per Mille), CPC (Cost per Click) and other bidding delivery. Party B shall promote the data by online bidding method according to the rules of Data Promotion Platform and delivery guidelines. Once Party B's bidding meets the transaction conditions, Party B's Promotion Contents will be presented individually or in aggregate form in specific locations and in specific ways

according to the Data Promotion Platform's optimized delivery model.

3. **Party B understands and confirms that if it has selected the preferred media or scene on the Data Promotion Platform, Party B's Promotion Contents will be mainly delivered on the media or scene selected by it. If there are multiple preferred media or scenes, the Promotion Contents may not be delivered on some media or scenes due to factors such as Content Materials, Platform Rules and bidding strategies. In order to provide better Data Promotion Services to Party B, the Data Promotion Platform may optimize the content and format of Party B's Promotion Contents and intelligently expand it to other flow scenarios.**

4. **For the purpose of optimizing Data Promotion Services, the Data Promotion Platform will adjust and optimize Content Materials, size and format requirements, delivery location and form, data promotion methods, etc. from time to time. Optimization includes but is not limited to adding anchors, marketing components, logos or signs or using creative optimization functions (high-quality clip editing, dynamic creativity, programmed creativity and creative derivation, etc.), which are subject to the actual implementation of the Data Promotion Platform. If the Content Materials does not have or lacks matching and/or correlation with the specific data promotion service attribute, Party B authorizes Party A and the Data Promotion Platform to edit and replace Party B's Content Materials appropriately for suitable display.**

5. **Party B understands and confirms that the results and effects of data promotion are affected by various factors, including but not limited to status of Party B's Products, quality of Content Materials, Party B's operation and delivery strategy and changes in external competitive environment. However, no matter what data promotion method and billing method are adopted, Party A and the Data Promotion Platform do not make any express or implied commitment to Party B and its agent clients on the promotion effect of services hereunder and the sales volume, operating performance and investment income of Party B's Products.**

Article 4 Data Promotion Service Fees

1. Billing method

According to the specific way of data promotion agreed by Party A and Party B, Party B shall settle accounts and pay fees to Party A in corresponding billing methods (including CPT, CPM, CPC and oCPM, etc.); Billing currency: RMB.

2. Payment term

(i) In case of bidding data promotion of Party B, Party B shall pay the data promotion service fees within the agreed time limit as follows:

Payment before data promotion (i.e. prepayment): Party B shall pay the promotion service fees to Party A before data promotion. Each natural month is a settlement period. The parties shall timely calculate the promotion service fees incurred in the previous settlement period within each settlement period. Party A shall timely provide Party B with an invoice of the same amount upon receipt of the sealed order or Data Promotion

Service Fee Statement issued by Party B.

(ii) In case of non-bidding data promotion of Party B, Party B shall pay the data promotion service fees within the agreed time limit as follows:

Payment before data promotion (i.e. prepayment): Party B shall pay the promotion service fees to Party A before data promotion. Each natural month is a settlement period. The parties shall timely calculate the promotion service fees incurred in the previous settlement period within each settlement period. Party A shall timely provide Party B with an invoice of the same amount upon receipt of the sealed order or Data Promotion Service Fee Statement issued by Party B.

Party B understands and confirms that Party A has the right to adjust the payment term agreed herein for the non-bidding data promotion including Special Project Resource Package, and the adjusted payment term and method shall be subject to the supplementary agreement signed by the parties or email.

3. **Party B understands and confirms that for bidding data promotion, the Cash Balance (if any) in the accounts of Party B and its agent clients will be preferentially consumed even if Party B adopts the non-prepaid payment method. After the Cash Balance is consumed out, Party B shall pay the data promotion service fees to Party A according to the above payment term. For non-bidding data promotion, Party B shall pay Party A the data promotion service fees according to the above clause of payment term.**

4. If Party B adopts the non-prepaid payment method, even if the payment term is not expired, as long as Party A has reasonable reasons to think that Party B is about to lose or has lost the ability to pay or is at risk of late payment, Party A has the right to suspend Party B's data promotion and require Party B to pay the fees immediately, and at the same time has the right to change Party B's payment method from "consumption before payment" to "prepayment" or require Party B to pay a certain amount of deposit.

5. Type of invoice: The items that Party A can issue include promotion fee/advertising release fee/advertising fee, and the types of invoices that Party A can issue for Party B include special VAT invoice/ordinary VAT invoice.

6. Party B shall pay by bank transfer, and Party A does not accept other payment methods. The settlement currency is RMB. Party A's receiving bank account information is as follows:

   Account name: Xiamen Today's Headline Information Technology Co., Ltd.

   Bank of deposit:

   Bank account:

Article 5 Cooperation Policy

1. **Party B confirms that during the cooperation period, Party A has the right to set relevant assessment indicators on Party B's data promotion every quarter (subject to Party A's further email notice), and Party A assesses the achievement and cumulative achievement of relevant assessment indicators in the previous quarter and before at the beginning of each quarter. If any assessment indicators of Party B are not achieved, Party A has the right to immediately terminate the Agreement without any liability for breach of**

contract or compensation.

2. During the cooperation period, if Party B applies to Party A for and confirms the data promotion distribution policy or return policy (hereinafter collectively referred to as "Annual Framework Policy", including but not limited to the policy content, actual implementation of the policy, deposit and other related contents) approved by Party A through the effective contact information agreed herein, the contents of the Annual Framework Policy confirmed by Party B in the aforesaid way are the true intention of Party B and have legal effect and binding force on Party B. The written agreement (if any) signed separately on the Annual Framework Policy shall prevail.

Part II General Terms

Article 1 Protection of Users' Personal Information

For the purpose of the Agreement, the parties shall handle the users' personal information in accordance with relevant laws and regulations. The data provider undertakes that the data it provides to the receiver complies with laws and regulations and has obtained the authorization and consent of the relevant personal information owner, and does not infringe upon the legitimate rights and interests of any third party. The data receiver undertakes to protect the security of personal information in a manner consistent with relevant laws and regulations and by taking necessary measures, and to handle relevant personal information in accordance with laws and regulations, the aforementioned authorization and consent of the personal information owner and provisions of the Agreement.

Article 2 Data Promotion Platform Account

1. The accounts registered and opened by Party B and its agent clients on the Data Promotion Platform (including the accounts registered and opened by Party B on the Ocean Engine Ark Platform and the Ocean Engine Advertising Platform accounts registered and opened by Party B's agent clients for entrusting Party B to engage in data promotion cooperation) will only be used by Party B, Party B's agent clients and corresponding authorized subjects. Party B is prohibited from donating, borrowing, renting, transferring, or selling such accounts in any form without Party A's written consent.

2. **Party B shall bear all legal responsibilities for the activities and behaviors in the name of accounts of Party B and its agent clients (including but not limited to signing/confirming agreements online, configuring and operating accounts or conducting data promotion, etc.), including but not limited to assuming responsibilities and paying data promotion service fees according to the Agreement.**

3. Party B undertakes that Party B and its agent clients shall properly keep the accounts registered and opened on the Data Promotion Platform and passwords, and maintain the security and confidentiality of these accounts and passwords. Party B shall be solely liable if the accounts are stolen or the passwords are lost due to improper keeping of Party B or its agent clients or other force majeure factors. In case of losing the account or forgetting the password, Party B may appeal and request to retrieve the account or password in time according to the appeal channels of Party A or the Data Promotion Platform. Party B understands and recognizes that the password retrieval mechanism of Party A or the Data Promotion Platform only needs to identify the consistency between the information filled in the appeal form and the information recorded in the system, but cannot identify whether the claimant is a really authorized user of the account.

4. Party B understands and agrees that if the accounts of Party B and/or its agent clients are not logged in or used for a certain period of time, in order to ensure the security of accounts and the legitimate rights and interests of Party B or its agent clients, Party A has the right to re-verify the identity of users of accounts of Party B and/or its agent clients and other information according to the operation process of the Data Promotion Platform.

5. **Party B understands and confirms that if Party B or its agent clients operate their accounts according to the guidelines and rules of various platforms (including but not limited to Data Promotion Platform, and Flow Network Platform, etc.) and the agreements confirmed by Party B or its agent clients, including but not limited to authorizing the Data Promotion Platform accounts to bind other platform accounts, providing/receiving data, materials, etc., Party B confirms that the aforesaid operations have sufficient authorization and authority, and the platform prompts, instructions, rules and agreements made during operation have full legal effect and binding force for Party B and/or its agent clients, and Party B bears all legal responsibilities for the aforesaid operations. Any disputes arising from the aforesaid operations and related matters shall be handled and resolved by Party B itself with its agent clients or other relevant third parties, and have nothing to do with Party A and its affiliated companies and various platforms.**

6. **Party B understands and agrees that if Party B's account is closed, the account of Party B's agent clients will be subject to Restrictive Measures (including but not limited to delivery restrictions or prohibited use) and cannot be used.**

7. After the dissolution or termination of the Agreement, Party A has the right to close all accounts registered and opened by Party B and its agent clients on the Data Promotion Platform and account permissions.

8. Party A or its affiliated companies and the Data Promotion Platform shall have the right to review the contents and data related to data promotion and delivery by the accounts of Party B and its agent clients, and collect relevant information such as exposure and display of Party B's Promotion Contents for the purposes of data promotion compliance investigation, violation identification and handling, data promotion analysis and optimization, service provision, problem investigation, risk control and internal audit.

Article 3 Submission and Review of Data Promotion Contents

1. **Party B understands and agrees that the Data Promotion Platform will formulate different data promotion rules (including but not limited to different subject types, material specifications, and promotion industry categories, etc.) based on business strategies and user maintenance, and will review relevant qualifications and Content Materials for data promotion on the basis of these rules.**

2. Within the scope agreed herein, the specific contents of data promotion shall be subject to those submitted to Party A by Party B or its agent clients or uploaded to the Data Promotion Platform and accepted after being reviewed by the Data Promotion Platform (the Content Materials submitted or provided by Party B in the Agreement include the Content Materials submitted or provided by Party B's agent clients).

3. Depending on the way of data promotion, Party B shall submit the Content Materials in advance according to the specifications and sizes of the Data Promotion Platform before data promotion. If Party B wants to change the data promotion contents, it shall also submit the changed Content Materials in advance according to the requirements of the Data Promotion Platform, failing which Party B shall still pay the corresponding data promotion service fees

according to the Agreement and bear the consequences caused by the failure to change the Content Materials in time.

4. The relevant qualifications of data promotion and Content Materials provided by Party B must be true and legal, and must not resort to deceit, deceive or mislead consumers, violate laws, regulations, rules and public moral standards, and must not be suspected or constitute unfair competition and infringe any third party's legitimate rights and interests (including but not limited to infringing others' intellectual property rights such as copyright, trademark rights and patent rights, infringing others' personal rights or other legitimate rights and interests, etc.), and must comply with relevant laws, regulations and rules; otherwise Party A has the right to refuse to publish.

5. Party B guarantees that it will not randomly add any APP download link, download button, download QR code and other portals to guide users to download any APP. If it is necessary to add an APP download link or other portals to guide users to download APP, Party B shall obtain confirmation from Party A in advance and upload relevant application information through the APP management center designated by Party A, add the APP download link in the way permitted by Party A or the Data Promotion Platform, and express five elements of information (APP name, version information, developer's name, authority information and privacy policy) to users. There must be no inconsistency between the Content Materials and relevant application information, or other situations that mislead or induce users to download; otherwise Party A has the right to reject Party B's data promotion requirements, immediately make the Content Materials being delivered go offline and require Party B to assume corresponding responsibilities set forth in the Agreement.

6. If Party B uses the live broadcasting traffic attraction function for data promotion, Party B understands and agrees:

(1) Party B guarantees that the live broadcast content (including but not limited to pictures, text, video, audio, flash and live broadcast, and all components such as music, sound, lines and visual design contained therein, etc.) and the portraits involved in the live broadcast are original or legally authorized (including sub-authorization), and Party A or its affiliated companies and the Data Promotion Platforms do not need any additional authorization from any third party for editing, processing, displaying, promoting and using the live broadcast content.

(2) Party A or its affiliated companies and the Data Promotion Platform have the right to edit (including but not limited to selection, acceptance or rejection, decomposition and assembly) and process (including but not limited to adding subtitles, music, pictures and videos) the live broadcast content to form highlighted clips, and display or use the highlighted clips as materials in Party B's Promotion Contents. Party B undertakes that it shall not maliciously tamper with and use the aforesaid highlighted clips, and shall not use the highlighted clips for purposes other than data promotion.

(3) In case of any dispute caused by Party B or its agent client's violation of the aforesaid guarantee or losses suffered by Party A and its affiliated companies, Party B shall independently bear the responsibility and compensate Party A and its affiliated companies for all losses.

7. Party A will review the data promotion contents and Content Materials submitted by Party B according to relevant laws, regulations and the rules of the Data Promotion Platform.

8. Party A's review and final delivery shall not relieve Party B's responsibility to guarantee the authenticity and legality of the Promotion Contents, relevant qualifications and product sales/promotion. Party B shall bear all legal

responsibilities for any controversies, appeals and disputes arising from Party B's data promotion contents or product sales/promotion, and Party B shall fully compensate Party A and/or its affiliated companies for any losses (including but not limited to any third-party claims, compensation paid in advance or penalties imposed by state organs, etc.) suffered by Party A and/or its affiliated companies thereby. In such case, Party B shall not refuse to be liable for compensation according to the Agreement on the grounds that the Promotion Contents and/or Content Materials and relevant qualifications have been reviewed and delivered by Party A or the Data Promotion Platform or provided by other third parties.

9. No matter whether it falls within the scope of Party A's review responsibility, Party A has the right to immediately suspend the delivery and take corresponding Restrictive Measures, and at the same time has the right to require Party B to modify or rectify after receiving the written notice from Party A and compensate all losses caused to Party A and its affiliated companies, provided that Party A finds out that Party B and its agent clients, including but not limited to their business conduct, Party B's Products, data promotion, Content Materials, product sales/promotion, personnel related to Party B and its agent clients (including but not limited to executives and spokespersons of Party B and its agent clients), and the use of Data Promotion Platform related functions and services, etc.: 1) violate relevant laws and regulations or will probably lead to illegal risks, or hinder the business order of the platform or infringe on consumers' rights and interests, or seriously violate social public order and good customs; or 2) have illegal, negative events or other improper behaviors that are reported and investigated by the competent authority. In such case, before Party B modifies upon request of Party A, Party A shall have the right to refuse to lift any Restrictive Measures and to publish the data promotion contents. Party A shall not be liable for breach of contract for the failure to publish or delay the data promotion caused thereby. If Party B refuses to modify, delays the modification or fails to meet Party A's requirements, Party A shall have the right to unilaterally terminate the Agreement.

10. Party B shall review the Promotion Contents to be released by itself and qualifications with the utmost care of professionals to avoid any illegal situation in the Promotion Contents and Content Materials as much as possible.

11. If Party A receives an investigation by a competent authority or a complaint from a third party due to Party B or its agent clients, including but not limited to their business conduct, Party B's Products, data promotion, Content Materials, product sales/promotion, personnel related to Party B and its agent clients (including but not limited to executives and spokespersons of Party B and its agent clients), and the use of Data Promotion Platform related functions and services, etc., or if Party B or its agent clients complains against other third parties, Party B agrees that Party A shall provide the information of Party B's cooperation hereunder, including but not limited to entity information and data promotion information, to the competent authority or third party, and at the same time, Party B shall cooperate to solve the above investigation, complaint and dispute. If a third party complains that Party B, Party B's agent clients and Party B's Promotion Contents infringe its legal rights, Party B shall provide counter-notice and preliminary evidence upon request of Party A to prove that it does not constitute infringement, and Party A shall have the right to provide relevant qualification and other certification documents provided by Party B to the third party. If Party B refuses to provide or the evidence provided by it is insufficient to prove that it does not constitute infringement, Party A shall have the right to terminate the Agreement or suspend the delivery

and require Party B to pay liquidated damages at the rate of 20% of the corresponding data promotion service fees of the Content Materials/Products complained of infringement or RMB 30,000 (whichever is higher). If the liquidated damages are insufficient to cover the losses of Party A and its affiliated companies, Party B shall make the further compensation.

12. In order to optimize and provide Data Promotion Services that are more in line with market demand, Party B authorizes Party A or its affiliated companies to have the right to migrate the Data Promotion Platform accounts and/or related data in the accounts among various data promotion platforms for the purpose of providing Data Promotion Services.

13. For the purpose of verifying and ensuring the service quality provided by Party B to its agent clients, Party B authorizes Party A to have the right to provide Party B's subject identity, operation and information related to data promotion to Party A's affiliated companies or related operation platforms of affiliated companies for viewing and analysis.

Article 4 Data Statistics

1. Party A and Party B confirm that all data under the Agreement (including but not limited to data promotion information, release time, page views, and clicks, etc.) shall be counted by Party A and used as the basis for settlement. Party A guarantees that the statistical data are objective and true.

   During the term of the Agreement, every data promotion period is a cycle. If Party B has any objection to Party A's performance (including data promotion), it shall clearly submit it to Party A in written form (valid in the form of e-mail, accompanied by corresponding materials, such as webpage copying, etc.) within 5 natural days after the end of the data promotion period. If Party B fails to raise an objection in the written form within the above time limit, it shall be deemed that Party B has no objection to the data promotion, implementation and corresponding expenses.

2. Party B shall only monitor and make statistics on the Data Promotion Services supported by Party A and the data promotion types and resources opened by Party A in accordance with the Agreement and the Order/Scheduling Agreement. Party B and the third-party statistical agency entrusted by Party B in compliance with provisions hereof shall keep strictly confidential the information acquired during data statistics and monitoring, undertake to take necessary management measures and technical means no lower than the general level of the industry to protect the information and data security, and shall not use the information acquired for any purposes other than those agreed herein.

3. In case of non-bidding data promotion:

   (1) Party B may choose to entrust a third-party statistical agency notified by Party A to conduct data statistics.

   (2) Based on the data issued by Party A, if the difference between the statistical data of the third-party statistical agency entrusted by Party B and the data of Party A does not exceed 10% (inclusive), the data of the third-party statistical agency shall prevail; if it exceeds 10%, Party A and Party B shall review the data together with the third-party statistical agency and correct the error according to the facts. If it is confirmed that Party A's data is wrong, the data of the third-party statistical agency shall prevail; if not, Party A's data shall prevail. If no agreement can be reached, the dispute settlement method agreed herein shall apply.

   (3) Party A has the right to unilaterally adjust, reduce or change the third-party statistical agency by notifying Party B

in advance. Only when Party B entrusts the corresponding third-party statistical agency according to Party A's latest notice, the data error of non-bidding data promotion can be settled according to the previous clause. If Party B chooses a third-party statistical agency other than the third-party statistical agency agreed herein (subject to Party A's latest notice) for monitoring and data statistics, its statistical data will be invalid unless agreed by Party A in writing.

(4) In the above-mentioned data review, the parties confirm that they do not recognize and support the settlement and investigation rules of "synchronous click monitoring", "frequency", "TA%" and "ivt" data of third-party statistical agency, and the rules of Party A shall prevail.

(5) If Party B builds its own monitoring link to conduct data statistics for non-bidding data promotion, Party B confirms that all data hereunder shall be subject to Party A's statistical data.

4. In case of bidding data promotion, Party B may choose to entrust a third-party statistical agency or build its own monitoring link to conduct data statistics, but all data hereunder shall be subject to Party A's statistical data.

Article 5 Liability for Breach of Contract, Exemption Clauses and Special Agreements

1. Party B shall pay the data promotion service fees (including deposit, if any) to Party A at the time and amount agreed in the Agreement. If Party B fails to pay the fees in full and on time as agreed, it shall pat the late fees at 3% of the total fees owed for each day overdue until the arrears are fully paid, and Party A shall have the right to directly deduct the unpaid data promotion service fees and late fees from the account balance of Party B and its agent clients (including Cash Balance, and rebates, etc.) and Party B's deposit. At the same time, Party A has the right to suspend Party B's data promotion needs in part or in whole from the overdue date without any liability for breach of contract. If Party B fails to pay the data promotion service fees in full within 15 days from overdue date, Party A has the right to terminate Party B's data promotion without any liability for breach of contract.

2. In case of any of the following breaches of contract by Party B, Party B shall still pay the corresponding data promotion service fees in full according to the Agreement, and Party A shall have the right to immediately make the materials being delivered go offline, take Restrictive Measures and unilaterally terminate the Agreement, and require Party B to compensate all losses caused to Party A and/or its affiliated companies:

(1) Party B fails to pay the data promotion service fees in full within 15 days from overdue date without justifiable reasons;

(2) Party B transfers, copies, spreads, assigns or licenses, or discloses, permits or provides others with access to Party A's trade secrets, software, data and other information content in any way, or engage in any business or business activities in violation of the confidentiality and/or users' personal information protection requirements of the Agreement;

(3) After Party A issues notice, Party B still fails to correct or fails to correct within the time limit or fails to meet Party A's requirements after correction, provided that Party B and its agent clients, including but not limited to their business conduct, Party B's Products, data promotion, Content Materials, product sales/promotion, personnel related to Party B and its agent clients (including but not limited to executives and spokespersons of Party B and its agent clients), and the use of Data Promotion Platform related functions and services, etc., violate relevant laws and regulations or will probably lead to illegal risks, or hinder the business order of the platform or

infringe on consumers' rights and interests, or seriously violate social public order and good customs, or have illegal, negative events or other improper behaviors that are reported and investigated by the competent authority;

(4) After Party B's link is approved or promoted online, Party B displays the contents that violate the current laws, regulations and rules by modifying the page or program content pointed to by the link, setting website jump, setting malicious codes, or setting viruses, etc.;

(5) Party B fails to add a download link in the way agreed herein or the added download link fails to express the five elements of information to users, or there is any inconsistency between the Content Materials and the relevant application information or other situations that mislead or induce users to download; or without Party A's confirmation, Party B changes the Content Materials by itself, including but not limited to changing the ordinary products originally promoted into products that need special business qualifications, adding or changing download links, etc.;

(6) Party B carries out data promotion beyond the agency scope and period agreed in the Agreement;

(7) Party B and/or its affiliated companies carry out agent activities or other activities in the name of Party A or its affiliated companies beyond or without the authorization of Party A and its affiliated companies;

(8) Party B or its agent clients provides any Content Materials containing malicious software, spyware or any other malicious code in the data promotion, resulting in infringement of the legitimate rights and interests of Party A and/or users;

(9) Party B develops subordinate agents;

(10) Party B shall sign a written contract with its agent clients. Party B fails to check the legality and authenticity of the subject qualification submitted by its agent clients, and fails to provide Party A with the cooperation contract between Party B and its agent clients upon being notified by Party A;

(11) Party B has or may have one of the following circumstances:

1) Suspension of business, suspension of production, closure of business, rectification, reorganization, deadlock, liquidation, takeover or trusteeship, dissolution, revocation or cancellation of business license or bankruptcy;

2) The financial condition of Party B deteriorates, causing serious difficulties in operation, or experiencing events or situations that have a material adverse impact on its normal operation and financial condition;

3) Party B or its controlling shareholder or legal representative is involved in major litigation, arbitration, dispute, claim or other legal procedures, or Party B's major assets are detained, sealed up, frozen, enforced or other measures with the same effect are taken, resulting in material adverse impact on Party B's solvency and operating ability;

4) Any other circumstance occurring to Party B which, according to Party A's reasonable judgment, may or has had a material adverse impact on Party B's ability to perform the Agreement or does not meet Party A's requirements to agents.

(12) Other material breach of contract that causes Party A's performance of the Agreement has no practical significance.

3. Party A shall have the right to terminate the Agreement or suspend the delivery, take Restrictive Measures and require Party B to pay the liquidated damages at the rate of 20% of the corresponding data promotion service fees of the Content Materials/Products complained of infringement or RMB 30,000 (whichever is higher), provided that Party B cannot prove that it has fulfilled the review obligations agreed herein, and the Content Materials uploaded/submitted by Party B or delivered, or the product sales/promotion or data, or the business conduct of Party B or its agent clients have the following circumstances: (1) infringement of the legal rights of any third party; (2) there is evidence to prove the existence of a substantial suspicion of the foregoing infringement; or (3) Party A has received true and reasonable complaints (including but not limited to any third party accusing Party A or its affiliated companies of infringement in the form of complaint, letter or media report, filing a lawsuit against Party A or its affiliated companies, and reporting to the relevant competent authorities, etc.) due to its Content Materials or product sales/promotion, or business conduct of Party B or its agent clients, etc. In such case, if the liquidated damages are insufficient to cover the losses of Party A and its affiliated companies, Party B shall make the further compensation. Party B shall settle any disputes arising from Party B's Products by itself and bear all legal responsibilities. If Party A or its affiliated companies compensates any third party or suffers punishment from state organs due to Party B's infringement or illegal behavior, Party B shall also compensate Party A and its affiliated companies in full for the losses suffered as a result.

4. **If Party B violates the Business Partners Management Specifications of Ocean Engine issued by Party A (if the name of this specification is changed, the platform notice at that time shall prevail), Party A has the right to take corresponding measures and/or require Party B to bear corresponding responsibilities for Party B and the accounts of Party B and its agent clients in accordance with the latest Business Partners Management Specifications of Ocean Engine. Party B shall solve and bear the consequences and losses arising therefrom between Party B and its agent clients.**

5. Data Promotion Resources hereunder shall only be used to promote the corporate image, brand, product or service of the customers (i.e. the actual providers of the promoted products or services) specified in the orders signed by the parties, the Data Promotion Schedule, and other documents, unless otherwise specified in the Agreement. Party B shall not use the Data Promotion Resources hereunder to promote any other customer by resale, transfer or in any other way without Party A's prior written consent. Otherwise, Party A shall have the right to immediately stop publishing or refuse to publish the data promotion contents, and Party B shall, within 5 working days upon Party A's written notice, pay Party A the liquidated damages at the rate of 20% of the rate card of the Data Promotion Resources used in breach of contract, and Party A shall have the right to terminate the Agreement in advance. If the liquidated damages mentioned above are not sufficient to cover Party A's losses, Party B shall compensate Party A in full for the losses thus incurred.

6. If Party B's breach of contract of the Agreement causes any losses to Party A and/or its affiliated companies, in addition to the liability for breach of contract agreed herein, Party B shall also compensate Party A and/or its affiliated companies for the rights protection expenses incurred in realizing their rights, including but not limited to investigation fees, travel expenses, attorney fees, legal fees, preservation fees and preservation guarantee fees (or preservation insurance premiums), etc. In such case, Party A has the right to directly deduct the liquidated damages, compensation and rights protection expenses to be paid by Party B from Party B's advance payment, deposit and the account balance of Party B and its agent clients (including Cash Balance and rebate amount, etc.), and Party B shall make up for the insufficient part.

7. **If Party A delays, interrupts or terminates the Data Promotion Services without justifiable reasons, it shall explain the reasons in writing to Party B. If the agreed data promotion is not delivered at the agreed time or delivered incorrectly due to Party A's fault, Party A shall provide resource compensation for Party B's data promotion according to the principle of "one for one", that is to say, Party A shall only provide resource compensation of equal value to Party B for the wrong delivery and missing delivery according to the above principle, and Party A shall not bear any other responsibilities.**

8. If Party A commits any of the following violations, Party B has the right to unilaterally terminate the Agreement:

(1) Failure to provide Data Promotion Services as agreed within 30 days from overdue date without justifiable reasons;

(2) Violation of confidentiality requirements of the Agreement;

(3) Other material breach of contract that causes Party B's performance of the Agreement has no practical significance.

9. During the cooperation period hereof, if Party B cancels the effective order and Data Promotion Schedule, it shall notify Party A in writing 30 days in advance and obtain Party A's written confirmation. If Party B fails to obey the aforesaid agreement when cancelling, it shall be deemed as Party B's breach of contract (if Party B should pay the data promotion service fees before data promotion but fails to pay it, it shall be deemed as Party B's cancellation of order in violation of the Agreement). **In case of breach by Party B, Party B confirms that it shall pay to Party A the promotion expenses for the resources actually invested by Party A and the amount of locked inventory and the corresponding resources reserved by Party A, and shall pay the liquidated damages to Party A at the rate of 20% of the promotion expenses agreed in the corresponding order, the Data Promotion Schedule and other documents or RMB 30,000, whichever is higher.** In such case, Party A has the right to deduct the above liquidated damages from the advance payment of Party B. If Party B has no advance payment, Party B shall pay the above liquidated damages to Party A within 10 working days after canceling the data promotion. If the above liquidated damages are insufficient to cover the losses of Party A, Party B shall compensate Party A in full for all losses suffered thereby.

10. Party A shall have the right to inspect Party B's Promotion Contents, product sales or promotion, business conduct of Party B or its agent clients and information released on the platform. If Party A finds or suspects that there are any problems in Party B's Promotion Contents, product sales, business conduct of Party B or its agent clients and information released on the platform, it has the right to send a notice of inquiry and correction to Party B, or exercise the right to delete information, close the authority, suspend/stop the services under the Agreement, and has the right to deal with the aforesaid behavior of Party B according to the Platform Rules. The specific content shall be subject to the Agreement and Platform Rules. At the same time, Party A reserves the right to further investigate Party B for relevant responsibilities.

11. **Exemption clauses:**

(1) Based on the overall market interests and business needs and in order to provide better Data Promotion Services, the adjustment, restriction, change or going offline of Data Promotion Services, service contents, service methods, product functions, layout and page design under the Agreement caused by any changes in requirements of Flow Network Platform, data promotion rules (including but not limited to audit rules, access rules, promotion rules, and deposit requirements for specific industries, etc.) and Platform Rules, Party A's adjustment, improvement of user experience, optimization of advertising quality, changes in national policies and market environment are reasonable changes. Party A shall not be liable for breach of contract if the Data Promotion Services hereunder cannot be provided as agreed or cannot be continued due to the above adjustment, change or going offline.

(2) To ensure the normal operation of the Flow Network Platform and the Data Promotion Platform, Party A or its affiliated companies shall shut down and maintain the website and platform regularly or irregularly,

if necessary. Party A shall not be liable for breach of contract if the services hereunder cannot be provided as agreed due to such circumstances.

(3) Party A shall have the right to adjust, suspend or terminate the Data Promotion Services hereunder at the corresponding time node without liability for breach of contract in case of any circumstances including but not limited to the requirements of the competent authority, social public events, media reports or major time nodes, etc.

(4) If Party A cannot provide Data Promotion Services as agreed due to the above three circumstances, Party A shall provide Data Promotion Services for the affected parts under conditions not lower than those originally agreed by the parties after the circumstance disappears. If Party A is unable to publish or provide services based on actual conditions, the parties shall settle accounts according to the data promotion services actually provided.

(5) Party B understands and agrees that in order to optimize customer experience, the Data Promotion Platform will continue to explore and provide differentiated product solutions to customers with different delivery experiences, and the actual product functions that Party B can use will be subject to the page display. At the same time, the Data Promotion Platform may provide estimated data services on some product pages, but such estimated data services do not constitute any suggestions or commitments of Party A and the Data Promotion Platform. The accuracy of such data is subject to the available technologies and conditions, commodity status, Party B's operations and changes in the external competitive environment, and is for Party B's reference only. Party B is still obliged to make decisions based on its own business judgment and bear the consequences, responsibilities and risks of such decisions.

(6) After Party A provides the Data Promotion Services as agreed herein, Party A shall not be liable for any breach of the contract if Party B's Promotion Contents cannot be displayed on the user's network terminal due to the setting of its network terminal device, client application, websites or applets by users of network terminals such as computers and mobile phones, or if the Data Promotion Services deviate the Agreement due to the software and hardware and network configuration provided by Party B or its agent clients.

(7) Party B and its employees shall not cause any real or potential damage or conflict to the interests, goodwill and brand image of Party A, its employees and Party A's affiliated companies, failing which, Party A shall have the right to terminate the Agreement immediately upon written notice to Party B without any liability for breach of contract and shall have the right to hold Party B and its employees legally liable.

(8) Party A or its affiliated companies and the Data Promotion Platform may quote Party B's Promotion Contents as a data promotion case for display or participation in awards for the purpose of building an excellent case creative library, disseminating excellent cases and operating needs. Under such circumstances, Party A shall not be deemed to have breached the contract and shall not bear any liability.

(9) Party A or the Data Promotion Platform may provide or display contents and reference cases on promotion content design, copywriting, delivery strategy and product selection, etc. to Party B, or gather

high-quality creative materials through product functions for Party B's reference (hereinafter collectively referred to as "Reference Contents"). Party B understands and confirms that the intellectual property rights of the Reference Contents belong to Party A or its original obligee, and Party B will not use them in any way that infringes the rights and interests of Party A or any third parties. The Reference Contents are for Party B's reference only, and shall not be regarded or understood as any license, authorization, commitment and guarantee made by Party A or the Data Promotion Platform for all or part of the Reference Contents. Party B shall decide whether to refer to the Reference Contents according to its own situation. Party B shall ensure the legality and compliance of the act of using Reference Contents and bear the corresponding legal consequences.

12. **Limitation of liability: If Party A violates its obligations under the Agreement and causes any actual losses to Party B, it shall compensate Party B for the directly calculable actual losses, but the ceiling of liquidated damages and/or compensation to be paid by Party A shall not exceed 20% of the total amount of orders or data promotion plans involved in the breach.**

13. Special agreement on the data promotion of Self-made Programs and Specific Activities;

(1) **If Party B displays and promotes Content Materials in Party A's Self-made Programs and Specific Activities and enjoys corresponding rights and interests, the Self-made Programs and Specific Activities will reflect Party B's corresponding rights and interests (the specific rights and interests shall be subject to written or email confirmation by the parties), and the data promotion form shall be subject to the final form in the Self-made Programs and Specific Activities. Upon expiration of the data promotion period, Party A has the right to make Party B's Content Materials and rights and interests go offline or replace them. All intellectual property rights related to Self-made Programs and Specific Activities shall belong to Party A or its affiliated companies unless otherwise agreed by the parties. Party B shall not use the Self-made Programs and Specific Activities in any form in other promotion and delivery channels or authorize or transfer them to any third party without Party A's written consent, failing which Party B shall be liable for all losses caused to Party A and its affiliated companies.**

(2) The intellectual property rights of the Content Materials provided by Party B to Party A are owned by Party B or legally authorized to Party B. Party B has the right to authorize and irrevocably authorizes Party A and its affiliated companies to use them globally, non-exclusively and sublicensibly, in programs and specific activities and their promotion activities, or promotion activities of Flow Network Platform, and Party A and its affiliated companies have the right to modify, copy, adapt, translate, compile or make derivative products of the relevant contents. Party A shall use the Content Materials provided by Party B for the purposes and uses agreed upon by the parties and shall not abuse them or infringe upon Party B's legitimate interests or demean Party B's image.

(3) **Party B understands and confirms that any situation in which Party B's rights and interests cannot be realized, such as the scheduling adjustment of Self-made Programs, the inability to broadcast, the cessation or postponement of Specific Activities, etc., which is not due to Party A's reasons or is due to factors beyond Party A's control, shall not be deemed as Party A's breach of contract. In such case**

Party A shall not be liable for any compensation to Party B (including but not limited to compensation for errors and omissions and losses, etc.), and the actual expenses incurred by the parties according to the provided services hereunder (including but not limited to the consideration of Party B's use of data promotion resources, etc.) shall be settled according to the facts, and the production cost actually invested by Party A shall be settled by Party A and Party B through negotiation after signing a supplementary agreement.

(4) **Uncontrollable factors include but are not limited to: programs, columns and specific activities involved in the delivery project are not approved or licensed by the relevant government examination and approval authorities; or the applicable laws, policies or government regulatory requirements change and adjust during the cooperation period; or sports events and evening parties are stopped or postponed due to force majeure, social public events, government requirements or control, resulting in programs, columns and specific activities cannot be launched or postponed; or after modification or extension, administrative examination and approval or filing review still cannot be obtained; programs, columns and specific activities go offline; the implementation of project contents (including but not limited to hosts, actors and guests, directors and shooting environment) needs to be changed; program and project arrangement adjustment caused by Party A's broadcasting channel rebroadcasting major events or news, live programs, equipment maintenance, overall revision and other reasons.**

(5) If offline activities are involved, Party B shall be responsible for the personal and property safety of personnel, materials and equipment of Party B and its agent clients, and cooperate with the on-site management of activities (including but not limited to property, safety, fire protection and epidemic prevention, etc.).

(6) If the data promotion cooperation of Self-made Programs and Specific Activities is suspended or terminated in advance due to the reasons of Party B or its agent clients, including but not limited to the unauthorized cancellation of cooperation by Party B or its agent clients, illegal, negative events or improper behaviors of Party B and its agent clients and/or relevant personnel of Party B and its agent clients (including but not limited to executives and spokespersons of Party B and its agent clients), and Party A judges that continuing cooperation will affect the reputation of Party A and/or its affiliated companies, the production costs of Self-made Programs and Specific Activities shall be borne by Party B, and Party B shall be liable for all losses of Party A and its affiliated companies.

14. Special agreement on programmatic PMP advertising: If Party A and Party B cooperate on programmatic PMP advertising, they shall also abide by the provisions of Annex IV "Cooperation Terms on Programmatic PMP Advertising".

Article 6 Anti-commercial Bribery

In order to protect the legitimate rights and interests of the parties, ensure that the business contact of the parties comply with the principles of good faith and fair trade, aim to establish a long-term friendly business partnership between the parties and promote the sound development of bilateral relations, the parties have reached the following terms and conditions through friendly consultation:

1. Commercial bribery referred to in this article means that Party B or its employees give, promise, induce, demand or accept any direct or indirect illegitimate interests, materially and spiritually, to or from any person, including but not limited to Party A's employees, or influence and/or attempt to influence any person's actions or decisions made in his/her position, or improperly obtain or retain business.

2. Party B or its employees shall not provide, give, promise, induce, demand or accept (gift or present at unfair value) any direct or indirect benefits outside the scope of cooperative business to or from Party A's employees, affiliates or any third party in the name of Party B or itself, including but not limited to explicit rebate, implicit rebate, cash, shopping card, physical goods, securities, travel, shares, dividends, cash gifts, gifts, tickets for entertainment, special discounts or samples, and travel, catering, entertainment, cooperative business derivative benefits or other material and non-material benefits paid by Party B.

3. Conflicts of interest referred to in the Agreement include but are not limited to: (1) Party B or its employees shall not provide any form of loan to Party A's employees and their related personnel; (2) If any of Party B's shareholders, supervisors, managers, senior executives, project leaders and project members is Party A's employee or its related personnel, he shall truthfully and comprehensively inform Party A in writing before cooperation and take the initiative to withdraw; (3) In the process of cooperation, Party B or its employees shall not allow Party A's employees and their spouses to hold Party B's equity or any third party to hold Party B's equity on behalf of Party A's employees and their spouses (except those held through the open securities exchange market and less than 0.1% of the issued equity, through direct or indirect holding of funds without actual control, or through trust of beneficiaries other than themselves or related personnel). Party B is obliged to disclose the existing or possible conflicts of interest to Party A in a timely manner, and cooperate with Party A to take measures to eliminate the possible impact on their cooperation.

4. Before employing a subcontractor or other representative, Party B shall conduct due diligence on its own to ensure that the potential subcontractor or other representative is a legitimate and qualified entity to perform its services. All agreements between Party B and any third party, including but not limited to subcontractors (whether selected by Party B or appointed by Party A), suppliers, agents or other independent third parties with which Party B cooperates, must contain a statement or warranty from the third party that it will not give, promise or demand or accept any undue advantage to or from anyone for the purpose of influencing or attempting to influence the actions or decisions of any person or obtaining or retaining undue business or other advantages for its company. If the above-mentioned third party and its employees violate the relevant anti-commercial bribery provisions and cause impact on Party A, Party B shall be deemed to have violated the provisions of the Agreement, and Party A shall have the right to hold Party B liable for breach of contract according to the Agreement.

5. "Party B's employee(s)" referred to in the Agreement means: (1) any director, manager or employee of Party B; (2) any director, manager and employee of any subsidiary or related party of Party B; (3) any direct or indirect shareholder of a company acting in the name of Party B; and/or (4) any employee of any direct or indirect shareholder of a company acting in the name of Party B. Party B's employees guarantee that they will abide by the provisions of the Agreement and relevant laws and regulations in all transactions and business with Party A in accordance with the Agreement. Party B shall resist corruption by its employees and/or any third party. If Party B's

employees violate the Agreement, Party B shall be deemed to have violated it, and Party A shall have the right to hold Party B liable for breach of contract.

6. Party A has the right to independently or entrust a professional third party to review Party B's financial records related to the transactions stipulated herein and collect evidence of violations, including but not limited to reviewing relevant financial books, auditing and supervising relevant data promotion and implementation documents such as data promotion agreements, orders, statements, payment and related documents, monitoring reports, data promotion evaluation reports signed with Party B, and interviewing relevant personnel. Party B shall maintain an internal control system to ensure the accuracy of financial statements and information and reflect all activities and expenses related to the Agreement in the financial records. Party B shall actively assist and cooperate with Party A in audit and review, and shall not refuse audit, conceal information or provide false information. If Party A requests Party B to provide information during investigation or audit, Party B shall actively cooperate and be responsible for the authenticity of the information provided by it. Within five years after the dissolution or termination of the Agreement, Party B shall keep complete documents of all financial records and information related to the Agreement, and Party A shall have the right to copy and keep the aforesaid records or documents.

7. If Party B violates one of the above-mentioned agreements or Party A has reasonable grounds to believe that Party B is at risk of violating the above-mentioned agreements, including but not limited to Party B's refusal to cooperate with audit and review, inaccurate financial records, false statements or suspected bribery, Party A shall have the right to unilaterally terminate the Agreement with Party B in part or in whole, and the Agreement shall be terminated immediately when Party A sends notice to Party B. Party B shall bear all liabilities for breach of contract, and shall pay the liquidated damages at the rate of 30% of the total contract amount involved (any higher proportion specified in relevant laws and regulations shall apply) to Party A. If the aforesaid liquidated damages are less than RMB 100,000, RMB 100,000 shall apply. Party A has the right to directly deduct the liquidated damages that Party B should bear from the contract payment. Party B shall indemnify, defend and hold Party A harmless from all losses, damages, claims and fines suffered by Party A thereby. If Party B violates the Agreement, Party A reserves all rights to hold Party B and Party B's directly responsible persons liable for civil and/or criminal legal liabilities.

8. Party B may report to Party A about any violation or attempted violation of the anti-commercial bribery agreement, any laws and regulations on anti-commercial bribery and anti-corruption and Party A's systems, as well as Party A's employees or/or their affiliated personnel engaging in any illegal and prohibited behaviors such as bribery, embezzlement, eating and taking cards, conflict of interest, fraud, leakage of secret, dereliction of duty, abuse of power , and other violations of the legitimate rights and interests of both parties involved in the cooperation. Party A shall keep confidential any reporting behavior and informant. For the true and effective reporting behavior and informant, after the reported incident is verified, Party A will give the informant a reward of RMB 10,000 to RMB 1 million according to the relevant system of Party A and the specific circumstances of the reported incident.

9. Special email address of Party A for reporting complaints: jiancha@bytedance.com and clean@bytedance.com.

Article 7 Confidentiality and Intellectual Property Rights

1. Any information of the other party that either party knows or becomes aware of because of the conclusion or

performance of the Agreement shall be the proprietary information of the other party. Either party shall keep any proprietary information confidential and shall not disclose it to any person or entity without the prior written consent of the other party, except as required for normal performance of obligations hereunder or as otherwise provided for by national laws and regulations.

2. The parties shall keep confidential the specific contents of this Agreement. Neither party shall disclose the cooperation between the parties and the specific contents of the Agreement to any third party without the prior written consent of the other party.

3. Without the written permission of Party A, Party B and its affiliated companies shall not use the names, trademarks, trade names, brands, domain names and websites of Party A and/or its affiliated companies and Flow Network Platforms, or disclose cooperation with Party A in their marketing, business cards, documents, websites, external publicity and any other aspects, otherwise it will be deemed as infringement, and Party A has the right to suspend or terminate the Agreement and require Party B to take remedial measures (including but not limited to stopping use, going offline, etc.), announce Party B's breach of contract and require Party B to compensate Party A and its affiliated companies for all losses caused thereby.

4. Party B confirms that Party A and its affiliated companies and the Data Promotion Platform have the right to use the enterprise names, trademarks, trade names, brands, logos, domain names and websites of Party B and its affiliated companies in marketing, business cards, documents, websites and external publicity.

5. The execution and performance of the Agreement shall not lead to the transfer of the original intellectual property rights of each party unless otherwise expressly agreed by the parties.

6. The termination, dissolution, revocation or invalidity of the Agreement shall not affect the validity of this confidentiality clause and its binding force on the parties.

Article 8 Force Majeure and Change of Circumstances

1. If Party A or Party B delay or fail to perform their obligations hereunder partially or completely due to force majeure or change of circumstances, they shall not bear the liability for breach of contract, but shall take timely measures to reduce the losses caused by force majeure or change of circumstances. Force majeure includes but is not limited to government regulation, national policy adjustment, terrorist attacks, hacker attacks, natural disasters, public emergencies, wars, power outages, technical adjustment of telecommunications departments, technical failures and virus intrusion, etc. The parties shall not be liable to each other for any failure or delay in performance of the Agreement in part or in whole due to the force majeure events mentioned above.

2. The following matters are changes of circumstances agreed in the Agreement:

(1) The server is terminated. In case of the following circumstances, Party A may stop providing Data Promotion Services without notifying Party B.

1) Irresistible situation caused by non-human factors such as emergency maintenance and overhaul of service equipment.

2) Failure of basic telecommunication service.

3) Termination of line service of the platform.

Party A shall notify Party B of the above situation within 12 hours after the occurrence of such situation.

(2) The server of Party A or its affiliated companies cannot operate temporarily due to illegal attack, and it cannot be restored after Party A or its affiliated companies tries its best to repair it.

(3) Other major changes in objective circumstances that cannot be foreseen by the parties at the time of signing the Agreement and are not caused by force majeure, which occur after the conclusion of the Agreement

3. If the force majeure event or change of circumstances lasts for 20 days or accumulates for more than 30 days during the term of the Agreement, either party has the right to unilaterally terminate the Agreement in advance by written notice.

Article 9 Supplement, Change and Dissolution of Agreement

1. For matters not covered in the Agreement, Party A and Party B may sign a written supplementary agreement after negotiation. The written supplementary agreement sealed by the parties has the same legal effect as the Agreement. In case of any conflict between the supplementary agreement and the Agreement, the supplementary agreement shall prevail.

2. During the execution of the Agreement, Party A shall have the right to terminate the Agreement without any liability for breach of contract upon Party A's prior written notice to Party B one month in advance.

3. Regardless of whether the Agreement is terminated in advance or not, the parties shall complete the financial settlement and clarify their respective responsibilities. If Party B terminates the Agreement without authorization and causes losses to Party A, it shall compensate Party A for all losses.

4. Upon the expiration of the term of the Agreement, the Agreement may be renewed if the parties reach an agreement through negotiation and sign a written agreement.

5. If any provision of the Agreement is null and void or unenforceable in whole or in part due to violation of law or government regulations or for other reasons, such provision shall be deemed to be deleted. But the deletion of such provision shall not affect the legal effect of the Agreement and other provisions herein.

Article 10 Commitments and Guarantees

1. Party A guarantees that it has the legal qualification to engage in data promotion and the authority to sign the Agreement. Party B agrees that if Party A's business scope changes, primary business changes or there are other reasonable reasons, Party A has the right to transfer all its outstanding rights and obligations hereunder to its affiliated companies at any time without affecting Party B's rights and obligations, provided that Party A shall notify Party B in writing. "Party A's affiliated companies" means any enterprise that controls or is controlled by Party A, or is jointly controlled by the same entity with Party A. "Control" means direct or indirect ownership of more than fifty percent (50%) of the equity, voting rights or management rights of the enterprise.

2. Party B guarantees that it has the legal authority to promote Party B's Products and sign the Agreement. Regardless of the rights of Party B's Products, Party B shall sign the Agreement in its own name and bear all legal responsibilities directly.

3. **Party B shall not transfer agents or develop subordinate agents without the written permission of Party A. Party B shall not use its relationship with any third party as a reason for non-performance of the Agreement. Regardless of whether the Agreement is dissolved or terminated, any dispute between Party B and its client shall be settled by Party B and its client, and Party B shall bear corresponding responsibilities. If Party B fails to properly settle such dispute, Party A has the right to temporarily withhold the deposit paid by Party B and the account balance of Party B and its agent clients (including Cash Balance and rebate amount, etc.), and Party A shall not directly intervene in such dispute. Party B shall be liable for any losses caused to Party A and its affiliated companies thereby.**

4. Party B shall fulfill its reasonable and necessary duty of prudent security to ensure the legality and security of the promoted contents, and ensure that it will not provide any Content Materials containing malicious software, spyware or any other malicious code in the data promotion, and will not violate or evade any laws, regulations, rules and national standards.

5. During the term of the Agreement, if any current employee of Party A or its affiliated enterprises becomes a shareholder or senior executive of Party B, Party B undertakes to immediately notify Party A in writing, failing which, Party A has the right to terminate the Agreement at any time without any liability.

6. Party B shall not directly or indirectly induce, demand, persuade or encourage employees of Party A and/or its affiliated companies to leave their jobs, and shall not establish or attempt to establish any relationship with the employees of Party A and/or its affiliated companies, including but not limited to employment relation, business cooperation relation or any other relations directly or indirectly related to the interests and business of Party A

and/or its affiliated companies. If Party B violates this clause, Party A has the right to terminate the Agreement immediately, and Party B shall pay the liquidated damages of RMB 100,000 to Party A. If the liquidated damages are insufficient to cover the losses of Party A and its affiliated companies, Party B shall make further compensation.

7. Party B shall maintain the fair competition environment in the market and the unified management system of Party A, and shall not engage in vicious competition or other unfair competition with other agents of Party A.

8. In the process of cooperation, either party shall ensure the service quality, and shall not damage the overall market image of the other party, nor engage in other acts that harm the interests of the other party.

9. Party B undertakes that, without Party A's written consent after terminating or rescinding the Agreement with Party A, it shall not express or imply any material contact with Party A to others, or express or imply in any other way that it is Party A's agent or Ocean Engine's agent.

Article 11 Dispute Settlement

1. The Agreement is signed at Haidian District, Beijing. Any dispute arising from this Agreement shall be settled by the parties through friendly negotiation. If the negotiation fails, either party has the right to file the dispute to the People's Court of Haidian District, Beijing for litigation.

2. The conclusion, performance and interpretation of the Agreement shall be governed by the laws of the People's Republic of China.

Article 12 Notice and Service

1. Any notices, documents and materials issued by Party A and Party B due to the conclusion and performance of the Agreement (including but not limited to the Regulations on the Use of Ocean Engine Brand and Related Brands by Ocean Engine Partners, the Business Partners Management Specifications of Ocean Engine, the Data Promotion Schedule, the Data Promotion Service Order, the Data Promotion Service Fee Statement, the adjustment or change notice of the third-party monitoring organization, etc. The document title may be changed, subject to the actual document title adopted at that time) are an integral part of the Agreement and have the same legal effect as the Agreement unless otherwise agreed in the Agreement. The aforesaid notices, documents and materials may be delivered by mail at the address listed on the first page, e-mail, WeChat, contact telephone or in-station letter notification of the Data Promotion Platform, publicity and other instant messaging tools recognized by the parties. In case of mail, it shall be deemed to have been served when delivered to the mailing address; in case of e-mail, it shall be deemed to have been served within 24 hours from the time of sending.

2. For any disputes arising from the Agreement, the parties confirm that the judicial authorities can serve the litigation documents through any one or more of the contact methods agreed in the Agreement (including but not limited to mailing at the contact address agreed herein, sending e-mail or SMS), and the time of service shall be the fastest one of the above modes of service. Party A and Party B jointly confirm that the above modes of service are applicable to all judicial stages, including but not limited to first instance, second instance, retrial, execution and supervisory proceedings. At the same time, the parties guarantee that the address for service is accurate and valid. If the provided address is inaccurate or the changed address is not notified in a timely manner, resulting in the inability or failure to serve the legal documents in a timely manner, they shall bear the legal consequences thereby.

3. For matters not covered in the Agreement, Party A and Party B can confirm them through the email address of the contact person listed on the first page. If either party changes the contact person or contact information, it shall notify the other party in writing 5 working days before the change, and the changing party shall bear all the consequences of failing to notify in time.

4. For the purpose of the Agreement, the parties will use the Data Promotion Platform to deliver notices and specifications, including but not limited to the release and publicity of notices, rules and policies such as data promotion audit specifications, business partner management specifications, data promotion audit and control rules, which shall be subject to the released and published contents at the Data Promotion Platform. Where notices, policies and specifications are sent through the Data Promotion Platform, they will be deemed to have been served and taken effect upon being publicized by the platform and shall be binding on Party B.

5. If either party sends a notice to the other party in multiple ways, the earliest date on which the other party receives

the notice shall be the date of service.

Article 13 Forces and Effect

1. The Agreement and the annexes hereto shall come into effect from the date of stamping by the parties.

2. The Agreement is made in duplicate, with Party A holding one copy and Party B holding one copy, which have the same legal effect.

3. The Agreement constitutes the entire agreement between Party A and Party B regarding the subject matters, and supersedes any oral or written communication, declaration, understanding or agreement made by the parties regarding the subject matters before the signing of the Agreement.

(No text below)

Party A: Xiamen Today's Headline Information Technology Co., Ltd. (Seal)

Date: January 1, 2023

（本行以下为签署页）

甲方：厦门今日头条信息技术有限公司

（服务方盖章）

日期：2023 年 01 月 01 日

Party B1: Beijing Baosheng Technology Co., Ltd. (Seal)

Date: January 1, 2023

Party B2: Beijing Baosheng Network Technology Co., Ltd. (Seal)

Date: January 1, 2023

Annex:

Annex I: Data Promotion Service Order

Annex II: Data Promotion Service Fee Statement

Annex III: Letter of Commitment on Personal Information Protection

Annex IV: Cooperation Terms on Programmatic PMP Advertising

Annex I: It is for reference only, and will be subject to signature or email confirmation at that time

Data Promotion Service Order

Annex II: It is a template only, and this template will be used at that time

Data Promotion Service Fee Statement

Party A has provided Data Promotion Services for Party B according to the cooperation agreement with the contract number (the specific contract title shall be subject to the actual contract signed, hereinafter referred to as the "original agreement").

Publishing period: From XX (month) XX (day), 2023 to XX (month) XX (day), 2023

Project summary:

Project number	Project name	Start time	End time	Amount
/	/	/	/	/

Total amount of expenses (including tax, in figures):/

Total amount of expenses (including tax, in words):/

Total VAT amount (in figures):/

Total VAT amount (in words):/

Amount excluding tax (in figures):/

Amount excluding tax (in words):/

Note: VAT amount is subject to the amount listed in the actual invoice, and the total amount including tax remains unchanged.

Party B takes the original agreement signed by both parties as the payment basis, and the data promotion service fees incurred in this statement shall be paid to Party A's bank account agreed in the original agreement. Party B has confirmed that the data promotion information, release time, frequency and amount in this statement are correct. Party A shall provide legal and effective invoices of equal amount to Party B according to the agreement between both parties.

Invoice title of Party B:

This statement has the same legal effect as the original agreement.

Party A:
(Seal)
Date:

Party B:
(Seal)
Date:

Letter of Commitment on Personal Information Protection

To comply with the provisions of laws and regulations related to personal information protection, and fully protect the personal information of relevant data subjects when Party B entrusts Party A to provide data promotion services for its agent clients, Party A, Party B and Party B's agent clients may handle the relevant personal information jointly, separately or as entrusted. When handling the personal information, Party B and its agent clients have the obligation to abide by the laws, regulations, rules and national standards related to personal information protection (hereinafter referred to as "**Data Protection Requirements**"), and fulfill the obligations of personal information protection, data security and confidentiality.

"Personal information" under the Letter of Commitment refers to all kinds of information related to identified or identifiable natural persons recorded electronically or by other means, but does not include anonymous information. The "handling" of personal information includes the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information.

1. **Party B hereby promises and guarantees that it will require its agent clients to comply with the Data Protection Requirements and fulfill the obligations of personal information protection, data security and confidentiality with the following agreements not less than those in the Letter of Commitment:**

   1) The handling of personal information by any agent client shall comply with the Data Protection Requirements, strictly abide by the principles of legality, legitimacy, necessity and good faith in personal information handling, and only carry out corresponding handling activities within the scope of data promotion cooperation. In the process of handling personal information, all clients should follow the principles of openness and transparency, disclose personal information handling rules to relevant data subjects, and express the purpose, method and scope of information handling. Data handling shall have clear and reasonable purposes, and shall be directly related to the handling purpose and carried out within the minimum scope required to achieve the handling purpose. Data handling shall be carried out within the authorization scope of the data subject in a way that has the least impact on the personal rights and interests of the data subject, and shall avoid adverse effects on the rights and interests of the data subject due to inaccurate and incomplete personal information. If the relevant personal information is handled beyond the authorization scope of the data subject, clients shall obtain

the authorization and consent of the relevant data subject according to the Data Protection Requirements, unless otherwise provided for in the Data Protection Requirements.

2) If a client intends to transmit personal information to the Data Promotion Platform, it must comply with the Data Protection Requirements before transmitting. Unless otherwise stipulated in the Data Protection Requirements, the client has fully informed the data subject of the legal contents stipulated in the Data Protection Requirements such as the types, handling purposes and handling methods of the personal information involved in the personal information transmitted to the Data Promotion Platform, and obtained the authorization and consent of the data subject.

3) Where a client uploads relevant personal information to the Data Promotion Platform and uses the Data Promotion Services, it will not violate the Data Protection Requirements, nor harm the legitimate rights and interests of Party A, Party A's affiliated companies, relevant data subjects, or entities with relevant rights over data, nor exceed the scope of authorization and consent of the data subject or entities with relevant rights over data to the client and any other relevant parties regarding the relevant information handling matters.

4) If a client obtains relevant personal information from the Data Promotion Platform based on the necessity of data promotion service cooperation, the client will handle relevant personal information within the scope of data promotion cooperation according to the Data Protection Requirements, within the scope authorized by the data subject and according to the security rules/policies set by Party A and the Data Promotion Platform, and strictly ensure the safety of relevant personal information. Without the written permission of Party A, the client shall not subcontract relevant personal information handling activities to any third party. Subject to the provisions of this article, the client shall bear full responsibility for the data handling activities of the third party. After the personal information handling activities specified in this article are finished, the client shall delete relevant personal information in time, unless otherwise stipulated by laws and regulations.

5) Unless agreed by Party A in writing and strictly limited by the Data Protection Requirements, the authorization scope of the data subject and the purpose scope of data promotion cooperation, any client will not share, provide, transfer or publicly disclose relevant personal information to a third party, nor will it further handle the relevant personal information beyond the above scope. Subject to this article, if it is really necessary to transmit relevant personal information to a third party, the client promises that such behavior will not violate the Data Protection Requirements, damage the legitimate rights and interests of Party A, Party A's affiliated companies, relevant data subjects, or entities with relevant rights over data, and will not exceed the scope of authorization and consent of the data subject or entities with relevant rights over data to the client and any other relevant parties. The client will strictly restrict the handling activities of the third party and ensure the safety of personal information.

6) In the process of data promotion cooperation, the client may use the relevant technical services of Party A or its affiliated companies (e.g. website building services). If the relevant technical services involve the collection or further handling of personal information of users/customers of Party A or its affiliated companies on any platforms/products or other scenarios of Party A or its affiliated companies, the client shall ensure that the relevant handling activities fully comply with the Data Protection Requirements, including but not limited to: the client shall provide privacy policies or similar documents to the relevant data subjects according to the Data Protection Requirements, inform them of the legal contents stipulated in the Data Protection Requirements such as the type of data to be handled, handling purpose and handling method, and obtain their

authorization and consent. At the same time, the client shall provide its real and effective contact information to facilitate the relevant data subjects to exercise the rights under the Data Protection Requirements.

7） Any client will not engage in the following acts or activities that violate laws and regulations and social good customs through the Data Promotion Services and/or the data handling activities under the Agreement:

a) Any act or activity related to obscenity, pornography, gambling, superstition, terror, violence, and fraud, etc.

b) Any act or activity related to the expression of discrimination against nationality, race, religion, disability, and disease, etc.

c) Any use of neutral technical analysis services (including analysis reports or other services) provided by Party A or its affiliated companies to further create an audience list involving the above information or labels, produce any analysis reports or use them to promote client’s products/services or for other purposes.

8） One of the purposes of Party A in providing Data Promotion Services is to provide appropriate advertising and promotion services to the audience and provide promotion channels for related clients’ products/services, instead of improper mining and intrusion on the specific and true identity of related audience. Therefore, Party A is not allowed to use personal information or label categories (e.g. names and ID numbers) reflecting the true identity of the audience. At the same time, Party A does not want clients to take advantage of the plight of the audience and obtain further commercial benefits through Data Promotion Services, so Party A does not allow the use of personal information or label categories related to the personal plight of the data subject to infringe upon or unfairly treat individual rights. In addition, the audience affected by social prejudice and discrimination may be negatively affected in obtaining information and cannot be treated fairly. Therefore, Party A does not allow the use of biased and discriminatory personal information or labels, and the use of Data Promotion Services according to the above personal information or labels based on certain types of products or services.

9） All clients will not violate the Data Protection Requirements and will not attempt to obtain relevant personal information in an illegal manner or in a way that violates the security rules of Party A and the Data Promotion Platform..

10） In order to meet the Data Protection Requirements and protect the safety of personal information, the client shall take relevant technical measures (e.g. encryption technology, etc.) to ensure the safety of personal information during data transmission and handling, and the client shall actively cooperate with Party A to

handle relevant personal information in a form that meets the Data Protection Requirements.

11) All clients shall have the necessary organizational management system and technical measures to ensure the safety of personal information in accordance with the Data Protection Requirements. In case of personal information security incidents (including disclosure, damage, tampering, loss, unauthorized access and handling of personal information, and the infringement of relevant rights and interests of data subjects), the client shall immediately notify Party A in writing and take effective remedial measures at the first time. In case of the above personal information security incidents caused by client, the client shall independently handle the disputes arising therefrom (including but not limited to complaints, administrative penalties and litigations), so that Party A, Party A's affiliated companies and relevant data subjects are free from infringement and loss, and bear all responsibilities.

12) At the request of Party A/Data Promotion Platform, the client shall provide Party A with all necessary information in a timely manner to prove that the client complies with the Data Protection Requirements and handles personal information within the agreed scope of the Agreement and the Letter of Commitment and the authorized scope of the data subject. The aforesaid necessary information includes but is not limited to the client's data security capability and the handling of personal information. The information provided by the client shall be true and accurate without any falsehood or concealment. Party A has the right to conduct security audit on the client's data security and data handling, and the client shall actively cooperate in such audit.

13) When the cooperation period of the Agreement expires or the data promotion service cooperation is terminated for any other reason, the client promises to delete or destroy all personal information obtained from Party A/Data Promotion Platform, including original data and backup data, and guarantees that these personal information cannot be restored by technical means after deletion.

2. During the cooperation process of the Agreement, if Party B handles personal information, Party B understands and acknowledges that the relevant obligations stipulated in the Letter of Commitment will also apply to Party B. Party B promises to strictly comply with the requirements of the Letter of Commitment.

3. If Party B and/or its agent clients violate the Letter of Commitment, it will be regarded as material breach of contract and/or infringement, and Party B and its agent clients shall bear joint and several liability to Party A. In such case, Party A has the right to require Party B and/or its agent clients to compensate Party A, Party A's affiliated companies, data subjects or third parties for all losses suffered, and has the right to unilaterally suspend or terminate Party B's data promotion needs and any cooperation with Party B. Party B shall bear all legal liabilities and shall be responsible for eliminating the impact and properly solving the problem.

4. The Letter of Commitment shall not be terminated or invalidated due to the invalidity, suspension or termination of the Agreement or data promotion cooperation.

Party B1: Beijing Baosheng Technology Co., Ltd. (Seal)

Date: January 1, 2023

Party B2: Beijing Baosheng Network Technology Co., Ltd. (Seal)

Date: January 1, 2023

Cooperation Terms on Programmatic PMP Advertising

Party A and Party B shall carry out cooperation in programmatic PMP advertising. According to the specific cooperation situation, the following terms and conditions shall apply to programmatic PMP advertising:

Article 1 Definitions

1. **Network Traffic Trading Services**: refer to services provided by Party A or its affiliated companies to demand side for network traffic supply side, which may include but not limited to network traffic access, material delivery, delivery monitoring, and financial settlement, etc. The system providing Network Traffic Trading Services is referred to as “network traffic trading system”.

2. **PMP**: means that Party A provides high-quality advertising space to a limited number of advertisers or advertising operators, and both parties agree on transaction contents such as unit price and advertising space through offline transactions, and realize real-time intelligent advertising by means of programmatic docking. The system providing this type of Network Traffic Transaction Service is referred to as “PMP”, i.e. Private Marketplace.

3. **Demand-Side Platform**: refers to an online advertising platform service system, which provides advertisers with promotion content delivery and optimization service system, also known as DSP. Under the Agreement, the Demand-Side Platform is Party B or the DSP designated by Party B that conforms to the Agreement.

4. Supply-Side Platform: refers to the media service platform that integrates media resources and provides programmatic advertisement distribution and screening for media owners or managers, also known as SSP. Under the Agreement, Supply-Side Platform is Party A.

5. **Audience**: refers to the target group that the promotion contents hope to reach.

6. **Account**: refers to the unique digital number (“ACCOUNT ID”) that identifies the identity of Party B or the DSP designated by Party B when using the service in the network traffic trading system. The account name and password provided by Party B will be associated with this account.

Article 2 Contents of Cooperation

1. Party B can only carry out programmatic advertising on the network traffic trading service platform through the DSP confirmed by Party A in writing or e-mail and satisfied by Party A, and connect with Party A’s network traffic trading system according to the technical specifications provided by Party A, and Party A will provide Network Traffic Trading Services according to the Agreement. Party B confirms that

Party A has the right to adjust or reduce the DSP satisfied by Party A and will notify Party B in advance. This clause shall not be deemed as or constitute any guarantee provided by Party A to the DSP or any liability for its actions.

2. **Party A has the right to adjust the pricing rules and payment methods of Network Traffic Trading Services according to the actual situation, and relevant adjustments shall be communicated with Party B in advance. If Party B has any objection, Party A shall actively seek solutions with Party B. If Party B disagrees with the adjustment in writing, Party B may terminate the Agreement.**

Article 3 Consumption Requirements and Payment Methods of PMP Advertising

1. **In the PMP network traffic trading service platform of Party A, for the network traffic sent by Party A, Party B has the right to choose whether to return the advertisement of Party B's clients through DSP conforming to the Agreement according to the delivery method. At the same time, the parties shall take each natural month as a settlement cycle, and in each settlement cycle, Party B must ensure that the minimum monthly consumption of its settlement cycle is RMB 100,000. If it is less than one natural month, the minimum consumption shall be calculated based on one natural month. If Party B fails to meet the minimum consumption standard within a settlement cycle, Party B shall still settle according to the minimum consumption standard agreed in the Agreement. If Party A adjusts the minimum consumption amount, it shall notify Party B in time, and the parties confirm to be subject to the latest notice of Party A.**

2. The delivery methods include but are not limited to BPG (Brand Programmatic Guarantee), PDB (Programmatic Direct Buying), and PD (Programmatic Direct), etc. Among them, BPG and PDB shall be settled according to the Data Promotion Service Order signed by Party A and Party B or confirmed by mail; The Data Promotion Service Order confirmed by both parties under PD mode is for reference only, and will be settled according to the actual consumption amount of Party B..

3. Agreement on unit price: the unit price shall be subject to the current rate card of Party A.

4. Payment method:

(i) For PMP advertising promotion in programmatic delivery, Party B shall pay Party A the data promotion service fees within the agreed time limit as follows:

> Payment before data promotion (i.e. prepayment): Party B shall pay the promotion service fees to Party A before data promotion. Each natural month is a settlement period. The parties shall timely calculate the promotion service fees incurred in the previous settlement period within each settlement period. Party A shall timely provide Party B with an invoice of the same amount upon receipt of the sealed order or Data Promotion Service Fee Statement issued by Party B.

Article 4 Operative Provisions of Party A's Network Traffic Trading Service Platform

1. Party B can only deliver the promotion contents of Party B's clients on Party A's network traffic trading system, and

shall not transfer the promotion resources in the Agreement to publish the promotion contents of other platforms/systems.

2. Party B guarantees that Party B and its clients are legally qualified to release the corresponding promotion contents, and the related goods and services in the promotion contents are legal, conform to the relevant national standards and regulations, pass the corresponding administrative examination and approval, are not fake and shoddy products, and do not infringe on the legitimate rights and interests of any third party. Party B shall review the relevant certification documents that its clients should provide according to law to ensure the legality of promotion contents.

3. Party B ensures that it has obtained the consent of its clients to release the promotional contents through Party A's network traffic trading system, and Party B shall review the government approval and relevant certification documents required by its clients to release the promotional contents according to law.

4. Party B shall review relevant certification documents related to the promotion contents and submit them at the request of Party A before delivery, including but not limited to clients' true information, trademark right certificate or authorization document, copyright certificate or authorization document, portrait right authorization certificate, approval number, inspection report and other certification materials used to prove the authenticity, legality and validity of its promotion contents.

5. Party B guarantees that the delivery qualification and promotion contents comply with all applicable laws, regulations, rules, binding policies and Party A's specifications on promotion contents (including but not limited to the Advertising Management Specification of Ocean Engine).

6. Party A will review and spot check the promotion contents uploaded by Party B. If it fails to meet Party A's specifications, Party A has the right to unilaterally take measures such as stopping publishing the promotion contents or suspending account transactions.

7. If the promotion link address of Party B is infected by computer virus, Party A has the right to suspend the release of promotion contents involved, and notify Party B to disinfect the server. Only after Party B disinfects the server and Party A confirms that the promotion link is safe can the release of promotion contents involved be resumed. The suspension of the promotion content release during this period shall not be regarded as Party A's breach of contract, and the loss caused thereby shall be borne by Party B. If Party A does not release the promotion contents additionally, Party B shall still pay the full service fees to Party A according to the Agreement.

8. In order to protect Party B's rights and interests, Party A may suspend the provision of Network Traffic Trading

Services and notify Party B when abnormal activities are found in Party B's own systems and accounts.

9. Party B guarantees that the uploaded promotion contents are consistent with the contents on the Landing Page, and the overall advertising effect will not cause misunderstanding by consumers. During the effective display period of the promotion contents, the Landing Page shall not be changed.

10. If the promotion contents of Party B or the DSP designated by Party B violates the Agreement, Party A and its cooperative website have the right to refuse to publish or delete it at any time after publishing, and will not display all the promotion contents uploaded by Party B or the DSP designated by Party B through system settings, even if Party B has successfully bid. At the same time, Party A has the right to require Party B to pay the liquidated damages of RMB 5, 000 for each violation, and the liquidated damages shall be paid separately by Party B. If the loss caused to Party A and/or its cooperative website due to violated information of Party B or the DSP designated by Party B exceeds RMB 5,000, Party B shall compensate separately within 5 working days.

11. Advertising data statistics: the same as the data statistics for non-bidding data promotion in the third paragraph of Article 4 of Part II "General Terms" of the Agreement.

Article 5 Rights and Obligations of the Parties

1. Party B shall recharge, quote and upload promotion information according to the specifications published by the network traffic trading system. Any losses caused by improper operation of Party B shall be borne by Party B. Improper operation includes but is not limited to failing to follow the instructions, failing to operate in time, leaking passwords, bypassing security procedures and using malicious computer programs.

2. Party B understands and agrees that Party A and its affiliated companies have the right to keep Party B's information (including but not limited to the information release location selected by Party B, the information contents released by Party B, etc.) on the server of Party A or its affiliated companies according to law.

3. **Party B confirms and agrees that Party A does not make any express or implied commitment to the audience visits, promotion effect and business performance that Party B can obtain by using the Network Traffic Trading Services.**

4. If Party B violates any guarantee or promise under the Agreement, Party A has the right to unilaterally terminate the services to Party B immediately, except as agreed in the Agreement, once Party A or its cooperative website finds out such violation, Internet audience complains against Party B or relevant competent authority investigate Party B, etc.

5. Party B shall provide Party A with the true and accurate identity, address, promotion qualification and other information of its clients, and Party B may enter the above information through API or network traffic trading system provided by Party A for Party A's verification. If Party B fails to submit in time or the materials submitted are incomplete or inaccurate, Party A has the right to refuse to release all the promotion contents of the client involved.

6. If Party B modifies the data of its account in Party A's network traffic trading system, it shall apply to Party A and modify it after verification by Party A.

7. The advertisement content published and submitted by Party B on Party A's network traffic trading service platform must indicate the advertisement source.

8. If Party A violates the obligations hereunder and causes losses to Party B, the ceiling of compensation shall be the bid of Party B at the time of bidding (the maximum budget limit). If Party B violates the obligations hereunder and causes losses to Party A, Party A's affiliated companies and/or cooperative websites and other relevant third parties, Party B shall bear the liability for compensation for losses, and Party A has the right to directly deduct from the advance payment paid by Party B, including but not limited to compensation agreed in this clause, liquidated damages agreed in the Advertising Management Specification of Ocean Engine, compensation payable according to law, legal fees, attorney fees, and notarial fees, etc., and Party A has the right to immediately suspend or terminate cooperation with Party B. If Party B fails to pay advance payment to Party A or the advance payment is insufficient to compensate Party A, Party A's affiliated companies and/or cooperative websites and other related third parties for losses, Party A has the right to deduct directly from the rebate payable agreed in the Agreement and any other contracts between Party A and Party B. If the rebate amount is still insufficient, Party A has the right to require Party B to pay separately.

9. When Party B engages in data promotion on Party A's network traffic trading service platform, it shall comply with the Platform Rules (including but not limited to the Advertising Management Specification of Ocean Engine, operation specifications and assessment rules, etc.). When Party A's Platform Rules are updated, Party B can be informed by means of website publicity, e-mail and in-station notification. If Party B violates Party A's Platform Rules during data promotion, Party B shall pay liquidated damages or compensation according to Party A's Platform Rules. If Party B refuses to pay, Party A has the right to deduct it from the advance payment paid by Party B. If Party B fails to pay the advance payment to Party A or the advance payment paid by Party B is insufficient to

compensate, Party A has the right to deduct it directly from the rebate payable agreed in the Agreement and any other contracts between Party A and Party B. If the rebate amount is still insufficient to cover Party A's losses, Party B shall make further compensation and Party A has the right to immediately suspend or terminate the cooperation with Party B, and investigate Party B's liability for breach of contract.

10. Party B shall not change the promotion content page without permission during the delivery process, and shall be liable for breach of contract once found. For the first violation, Party B shall pay the liquidated damages of RMB 20,000; for the second violation, it shall pay RMB 100,000; for the third violation, it shall pay RMB 500,000; and for the fourth violation, Party A has the right to permanently stop cooperation with Party B. If Party B changes the promotion content page without permission, resulting in illegal content being investigated by relevant administrative organs, Party B shall cooperate with Party A to make a truthful statement on the aforesaid situation. If the above liquidated damages are insufficient to cover the losses of Party A and its affiliated companies, Party B shall make further compensation.

11. Party B and its DSP interface service provider shall not have any unfair competition behavior of traffic hijacking by providing any malicious program, spyware or any other means. If the traffic hijacking behavior of Party B and/or its DSP damages the legitimate rights and interests of Party A and/or its users/clients, Party A has the right to require Party B and its DSP to bear all legal responsibilities.

12. Party B shall classify the advertising clients and promotion contents according to the requirements of Party A and the traffic service platform's cooperative website, and promise not to use the clients and promotion contents prohibited by the cooperative website for advertising bidding on the cooperative website. Party B shall be liable for any losses caused to Party A, Party A's affiliated companies or cooperative websites due to violation of this clause.

13. Party A shall not be liable for any disputes arising from the promotion cooperation between Party B and the media or final clients. Party A does not establish any relationship with clients, nor does it charge any fees to clients (unless otherwise agreed). Party B shall negotiate with clients on all matters such as charging, invoice issuance, refund and customer service, provide necessary technical support, guidance and training for clients, and supervise clients to abide by the rules of Party's network traffic trading service platform. Party B shall not set terms or make commitments related to Party A in any form without the written consent of Party A.

14. In the process of cooperation, the network traffic trading system and any information, materials, transaction records and data provided by Party A are Party A's trade secrets and all related intellectual property rights belong to Party A. Party B guarantees to delete these information and data in time. Unless otherwise agreed by Party A in writing, Party B shall not use the above information and data, including but not limited to association (or mapping), reproduction, dissemination, processing, analysis, reuse and distribution, in any way other than for the purpose of the Agreement, regardless of whether the above information and data are as a whole, separate fragments or combined with other information and data.

15. Party B agrees that Party A shall not assume any responsibility under the following circumstances: (1) the services are not provided due to reasons other than Party A's intentional act or negligence; (2) Party B and/or any third party suffer losses due to Party B's intentional act or negligence; (3) Party B violates the Agreement, or other agreements, contracts and/or convents with Party A, or violates Party A's Platform Rules such as content delivery.

(No text below)

Party A: Xiamen Today's Headline Information Technology Co., Ltd. (Seal)

Date: January 1, 2023

（本行以下无正文）

甲方：厦门今日头条信息技术有限公司

（服务方盖章）

日期：2023 年 01 月 01 日

Party B1: Beijing Baosheng Technology Co., Ltd. (Seal)

Date: January 1, 2023

Party B2: Beijing Baosheng Network Technology Co., Ltd. (Seal)

Date: January 1, 2023

Network Promotion Service Agreement

Contract No.:

Party A: Jiangsu Manyun Software Technology Co., Ltd.

Unified social credit code: 91320114MA1MXEHK9K

Address: F3-6, Building 3 (Unit A), Wanbo Science and Technology Park, No. 20 Fengxin Road, Yuhuatai District, Nanjing

Contact person: Li Kaili

Tel:

E-mail:

Party B: Beijing Baosheng Science and Technology Co., Ltd.

Unified social credit code: 911101073180232025

Address: East F5, Building 8, Xishanhui, Shijingshan District, Beijing

Contact person: Gong Sheng

Tel:

E-mail:

In accordance with the Civil Code of the People's Republic of China, Advertising Law of the People's Republic of China, Copyright Law of the People's Republic of China, Law of the People's Republic of China against Unfair Competition and other relevant laws and regulations, Party A and Party B have reached the following agreement on the provision of online advertising services for Party A on media/delivery platforms agreed in the Contract by Party B entrusted by Party A for joint compliance.

The Contract is executed by Party A and Party B in Shijingshan District, Beijing on [March 6, 2023].

Article 1 Definition

Unless otherwise specified, the following terms in the Contract have the following meanings:

1. **Party A's products:** refer to the products or services that Party A has independent and complete legal rights (including but not limited to ownership and related intellectual property rights), or that Party A has legal authorization to entrust Party B to carry out information promotion.

2. Delivery platforms: refer to the third-party media, channels or platforms owned by Party B or legally authorized in cooperation with Party B.

3. Party A's materials: Texts, pictures, links, audios, videos and other materials related to Party A's products provided by Party A for Party B. If Party A does not entrust Party B to provide promotion content production services, such materials shall be promoted by Party B on delivery platforms according to Party A's instructions; if Party A entrusts Party B to produce promotion contents, Party B shall process, design and produce them on the basis of such materials.

4. Promotion content production service: refers to the service that Party B designs and produces the promotion content (including but not limited to texts, pictures, audios, videos, etc., referred to as "promotion content") to be released on the delivery platforms on the basis of Party A's materials and according to the requirements and rules of delivery platforms.

5. Recharge agency service: refers to the service provided by Party B to open an account and recharge in the name of Party A on the platform of Party B according to the Execution Form confirmed by both parties (the specific name is subject to actual performance, hereinafter referred to as Execution Form) or e-mail. After receiving Party A's recharge demand email, Party B shall recharge to the account number ("Party A's Account Number") separately confirmed by Party A and Party B according to the agreement, and the actual recharge amount shall be subject to Party A's account number record (the recharge amount does not include Party B's rebate, delivery platform refund and other preferential policy amounts of Party B or delivery platforms).

6. Operation optimization services: Party B shall provide management optimization services for Party A's delivery, including but not limited to traffic procurement, formulation of delivery operation strategy, media location selection, marketing operation, shooting and production of delivery materials, cost statistics, data query, data report, account optimization, etc.

7. Billing mode: Both parties hereunder shall adopt one or more of the following billing modes, which shall be subject to the check in the Execution Form.

1) CPA (Cost-per-Action): Pay according to the approval of authentication materials submitted by users every time [the approval of authentication is subject to the confirmation of Party A]:

2) CPC (Cost Per Click): In Party B's platform, every time a network user clicks on Party A's advertisement, the click fee will be deducted from Party A's promotion fee;

3) CPD (Cost Per Download): In the relevant pages or client interfaces of Party B's agents, Party B shall charge fees according to the contract when network users download the link content given by Party A;

4) CPM (Cost Per Thousand): According to the calculation mode that the promotion content is displayed every thousand times, that is, according to the exposure times of the promotion content in a certain area of Party B's platform, the CPM unit price is determined by Party A and Party B according to the bidding rules of Party B's platform, and the relevant expenses are automatically deducted by Party B's platform system according to the display;

5) CPT (Cost-per-Time): The cost calculation mode based on time unit, that is, the mode of pricing according to the daily promotion content displayed at a specific position on Party B's platform. The promotion position, publication price and discount enjoyed by Party A shall be subject to Party B's specific sales policy.

6) DSP (Demand-Side Platform): refers to a paid service provided by Party B to display and promote Party A's information on Party B's platform, and the fee settlement shall be implemented according to the billinh mode of Party B's platform, that is, the system automatically deducts fees.

7) oCPX (Optimized Cost-per-X): refers to the settlement mode optimized by algorithm, and CPX can refer to any of the above 1)-5) calculation modes instead.

If there are other cooperation modes, both parties will sign a supplementary agreement separately.

8. Advance payment. The contents of this article shall apply when Party A and Party B confirm to cooperate in advance mode. By mutual agreement, Party B may advance the extension service fee of Party A, subject to the actual advance amount confirmed by both parties.

9. Preferential policies (rebates). 2 cargo points **(Please fill in).**

10. Wrong delivery/missed delivery: Wrong delivery refers to the serious wrong playing of the promotion service hereunder for more than 6 consecutive hours due to Party B's platform; missed delivery refers to the failure to play the promotion service hereunder according to the time stipulated herein due to Party B's platform, but does not include the reasonable technical processing time of playing on Party B's platform on that day.

11. Unless otherwise agreed, the terms "month" and "day" herein refer to calendar month and calendar day, and "current month" refers to the corresponding month when the settlement data is issued.

12. The title of the Contract and the title of each clause are drawn up for convenience of retrieval and should not be used to explain the meaning of the Contract.

Article 2 Service and term

1. The term of the Contract is from [January 1, 2023 to December 31, 2023]. If Party A and Party B continue to cooperate after the end of the Contract, the term of the Contract shall be extended according to the time limit agreed by both parties and confirmed by supplementary agreement.

2. During the term of the Contract, Party A entrusts Party B with the following service 123 **(please fill in)**.

1) Promote content production

2) Recharge agency service

3) Operational optimization service

4) Others:

3. The delivery platforms include the following item 2 **(please fill in)**.

1) Kuaishou: https://www.vv.kuaishou.com/

2) Toutiao: https://ad.oceanengine.com/

3) Toutiao Qianchuan: https://qianchuan.jinritemai.com/

4) Baidu:

5) Tencent:

6) alimama.com and its client "Uni Desk" advertising service system that is the subordinate product of Alimama marketing platform.

7) Others:

4. Execution Form.

Both parties may sign each Execution Form, Information Service Form or Settlement Form (the specific name is subject to actual performance, hereinafter collectively referred to as Execution Form) within [7] working days before the commencement date of specific services, and agree on specific services, amount, product name, preferential policies, etc. Unless otherwise agreed in the Execution Form, the performance standards and rights and obligations of both parties shall be subject to the Contract. Any objection arising from the execution of any Execution Form shall not affect the execution and payment of other Execution Forms.

Unless otherwise agreed in the Execution Form, Party A shall provide the corresponding Party A's materials in written form like e-mail **[7]** working days before the specific service starts. If the schedule or promotion content confirmed by Party A needs to be replaced or canceled, relevant rules of Party B and delivery platforms shall be obeyed and Party B shall be informed in written 7 working days in advance. Otherwise, Party B can refuse to replace or cancel.

5. Execution form exception. If Party A is unable to sign the Execution Form in advance due to urgent promotion needs, Party A may submit the promotion order to Party B by mail through the contact mailbox listed herein. If confirmed by Party B, the validity of this mail is equivalent to the Execution Form, and Party A will seal and sign the paper version of the Execution Form with corresponding contents within 15 days after confirmed by Party B.

6. Party A agrees: If the above-mentioned delivery platforms are selected, it means that Party A agrees to follow the promotion rules of delivery platforms at the same time, which are integral parts of the Contract. If the promotion rules of delivery platforms change and will affect the delivery of Party A's information content, Party B shall immediately inform Party A of the change of rules, so that Party A can adjust its operation strategy or deliver materials in time. Otherwise, if the promotion content is removed off shelves, Party B shall bear the responsibility and compensate Party A for all losses.

Article 3 Fees and payment

1. Statistics of settlement data. Party A and Party B confirm that all data hereunder (including but not limited to information release location, release time, page views, clicks, etc.) shall be counted by Party B or delivery platforms as the basis for settlement when the statistical error of settlement data of both parties is within [3%] (inclusive). However, when the statistical error of the settlement data of both parties exceeds [3%] (excluding), it shall be confirmed by both parties through negotiation. If Party A disagrees with some settlement data and provides preliminary evidence, both parties shall reach a new agreement on the disagreed part within 3 working days. If no agreement can be reached and Party B has no evidence to the contrary to overturn Party A's evidence, Party A's data shall prevail. During the objection period, the advertising expenses without objection shall still be settled and paid according to the agreement of the Contract.

2. Settlement. Party B will send the settlement data of last month to Party A by email before the 3rd day of each month, and Party A shall reply and confirm within 3 days. If Party A fails to raise a written objection or reply within the time limit, or fails to raise a written objection or reply after Party B gives a reasonable explanation, it shall be deemed that Party A has no objection to the services provided by Party B. After receiving the special VAT invoice issued by Party B in accordance with Party A's requirements, Party A shall pay the corresponding amount to Party B before [30th] day of the current

month. In case of national legal holidays or delay in payment caused by reasons other than Party A, Party A shall not be deemed as breach of contract.

3. **Mailing invoices.** After Party B issues the invoice according to the Contract, it will send it to Party A's "contact address" agreed herein by mail. If the invoice is lost in the mailing process due to the error of "contact address" filled in or provided by Party A, Party A shall bear the losses incurred every day.

4. **Business termination settlement.** If the business involved herein is terminated (including early termination), both parties shall settle accounts according to the facts after the business is terminated, and the settlement method shall refer to Article 4.2.

5. **Refund.** If Party A applies for a refund due to non-Party B's responsibility, and if the delivery platforms cannot refund, Party A shall settle the account according to the recharge amount. If platforms can be refunded, Party B shall refund the relevant money to the account designated by Party A within 10 working days after Party A applies for refund.

6. **Unless otherwise agreed, all payments hereunder shall be settled and paid in RMB, and all payments shall be paid by Party A through bank transfer.**

7. Billing information of Party A and collection account information of Party B:

Billing information of Party A	Collection account information of Party B
Name: Jiangsu Manyun Software Technology Co., Ltd.	Account name: Beijing Baosheng Science and Technology Co., Ltd.
Opening bank:	Opening bank:
Account No.:	Account No.:
TIN.:	TIN.:
Address:	Address:
Tel:	Tel:

Article 4 Rights and obligations of Party A

1. Party A guarantees that it has the legal qualifications and certificates related to Party A's products, and provides Party B with certificates and approval documents necessary for its business operation and other documents required by Party B's platform and delivery platforms. Party A guarantees that the relevant certificates presented or provided by Party A to Party B are true, legal, sufficient and effective.

2. **Party A guarantees that Party A's materials and products pointed to do not contain contents that endanger national security, obscene pornography, falsehood, gambling, fraud, insult, slander, intimidation and other violations of the Advertising Law of the People's Republic of China and other laws and regulations, do not have any contents that violate public order and good customs, do not damage the legitimate rights and interests of Party B or any third party, and do not have misleading**

propaganda or false propaganda. If Party B finds that Party A's materials have the above situation, Party B has the right to notify Party A of modifying them in time. If Party A refuses to modify the relevant contents, Party B has the right to refuse to deliver relevant advertisements or suspend the delivery of relevant advertisements as required by Party A. Party A shall settle all disputes arising from Party A's violation of the aforesaid agreement and bear the responsibility.

3. Party A has the right to inspect Party B's performance of the Contract at any time, and Party B shall cooperate with it. If Party A puts forward reasonable rectification requirements due to Party B's behavior suspected of illegally reaching the contract, Party B shall cooperate to complete the rectification within [3] hours after receiving Party A's notice and confirming that there is no objection. Otherwise, Party A has the right to terminate the contract by written notice and require Party B to bear Party A's losses.

4. Both parties shall collect, use, process and share users' personal information in accordance with the requirements of relevant laws, regulations, rules and national standards. The data receiver promises to protect personal information in a way not lower than the existing safety standards of the industry. Without the consent and authorization of the data provider and the personal information subject, personal information shall not be shared with or transferred to a third party, and shall not be used beyond the authorized scope.

Article 5 Rights and obligations of Party B

1. Party B guarantees that it has the ability and authorization to perform various services hereunder, including but not limited to the agency, operation authority and ability of delivery platforms. Party B shall show Party A copies of business license, certification documents of the general VAT taxpayer, bank account opening license and other relevant documents, and ensure the validity of Party B's platform agency authorization within the validity period of the Contract.

2. If Party B provides promotion content production services for Party A, it shall ensure that the promotion content is original or has obtained the legal authorization of the obligee to use it in the form contained herein, and that the promotion content complies with the provisions of relevant laws and regulations, does not infringe on anyone's legal rights (including intellectual property rights), does not have rights or any other form of disputes, and conforms to public order and good customs. If Party A is required to bear the liability by any third party due to Party B's promotion content, including compensation, cessation of infringement and other disputes, Party B shall be responsible for solving and bearing all direct or indirect losses caused by Party A (including but not limited to legal fees, notarial fees, attorney fees, preservation guarantee fees, investigation and evidence collection fees, damages paid by the third party, etc.), and Party A has the right to unilaterally notify to terminate the Contract without any liability.

3. The intellectual property rights and other related rights and interests of the promotion content produced by Party B belong to Party A, and Party B can enjoy the right of authorship but the signature method shall be approved by Party A in advance. Any other rights belong to Party A, including but not limited to other rights determined by laws and regulations such as modification, reproduction, distribution, exhibition, publication, information network dissemination, re-creation and production of derivative products. Party B may disseminate, promote, deliver, display or take similar actions to third parties other than Party A and Party B only after obtaining written confirmation from Party A.

4. Party B shall modify the size, file format and content of Party A's materials according to the release rules

of delivery platforms. If Party A's materials do not meet the requirements of laws, regulations or platforms, Party B shall modify them until the promotion contents meet the release requirements. Party B shall be responsible for and bear the consequences for promotion contents released by Party B, including but not limited to all losses of Party A caused by promotion contents being removed off shelves because they do not meet the requirements of laws and regulations or the requirements of delivery platforms (including but not limited to attorney fees, legal fees, preservation fees, notarial fees, etc. incurred to safeguard their own rights and interests, the same below), losses of Party A caused by promotion contents being removed off shelves because of complaints from third parties, and claims by third parties for promotion contents, etc. At this time, Party A has the right to require Party B to refund the expenses involved in the promotion contents of this part. If Party A refuses to modify or fails to modify in time, it is not restricted by this article, and Party A shall bear the corresponding consequences at that time.

5. Party B shall ensure to provide Party A with services such as promotion content production, recharge agency and operation optimization in a timely and accurate manner according to the agreement of both parties or Party A's instructions. Without the consent of Party A, Party B shall not take delivery actions, use the funds in Party A's promotion account without authorization, or have wrong delivery that is inconsistent with Party A's delivery requirements. Otherwise, Party A has the right to investigate Party B's liability for breach of contract according to Article 6.2.

6. In case of service problems caused by Party B, including but not limited to substandard conversion effect, promotion material problems, bid problems and failure to promote according to the agreed time, Party B shall bear corresponding liabilities for breach of contract.

7. Party B has the obligation to keep confidential and prudently use Party A's business, financial, technical, product and service information, user data or any other documents or information (collectively referred to as "Party A's data") obtained or received by Party B during the performance of the Contract. Party B only transfers, duplicates, disseminates and uses Party A's data within the scope agreed herein for the purpose of performance of the Contract. If Party B uses Party A's data in advertising materials, promotion contents and other external display documents produced for Party A, it shall obtain Party A's written consent.

8. If a third party complains that Party A's products corresponding to the delivery content are illegal, and therefore Party B's platform faces examination or inquiry from relevant authorities, Party B has the right to immediately remove or delete relevant products or pages, and at the same time stop the network promotion and delivery service for Party A, and the losses incurred hereby shall be borne by Party A. If Party B suffers from any third party claim or any administrative or judicial punishment and the documents issued by such departments determine that Party A's products or services are illegal, Party A shall compensate Party B for the losses determined in the documents within 5 working days from the date of receiving Party B's notice, and Party B has the right to reserve the right to terminate the Agreement at any time without any legal liability and cost compensation.

9. Party B shall not guide users to register with virtual operator mobile phone number. If Party A has evidence to prove that Party B guides users to register Party A's products with virtual operator mobile phone number, Party A has the right to exclude this part of user data when settling promotion expenses with Party B, and has the right to request early termination of cooperation between both parties.

   (Virtual operator mobile phone number: refers to the mobile phone number purchased by virtual operator from a basic operator, packaged and sold, subject to the number segment sold by virtual operator.)

10. Party B shall not take any false or cheating means in the process of promoting Party A's products, otherwise Party A has the right to require Party B to refund all the promotion expenses paid by Party A, and unilaterally terminate the Contract and related supplementary agreements without any legal liability and cost compensation. In case of any losses caused to Party A (including but not limited to attorney fees, legal fees, preservation fees, notarial fees, etc. incurred by Party B to safeguard its own rights and interests), Party B shall compensate accordingly.

11. Party B shall ensure that its service quality or standards provided for Party A are not lower than that provided for other subjects with competitive relation with Party A and/or Party A’s associates.

12. Party B shall not carry out any behavior that damages or may damage Party A’s business reputation.

Article 6 Breach clause

1. If Party A fails to pay Party B in time as agreed herein, Party B has the right to stop providing the services agreed herein until Party A pays all the fees. Party A has no right to enjoy any preferential/rebate policies (if any) during this period, and Party A shall bear the liquidated damages of [five thousandth] of the unpaid amount for each day overdue. Party A shall bear all the losses caused by Party A's promotion content removed or other losses. Before Party A settles the advance payment, Party B has the right to refuse Party A's subsequent request for advance payment. Party B's breach of contract or disputes between both parties, resulting in Party A's suspension of payment, shall not be bound by this article, and shall not be deemed as Party A's breach of contract at that time.

2. If a third party lodges a complaint, claim or administrative penalty against Party B or delivery platforms due to Party A's fault, Party A shall actively assist Party B or platforms in handling relevant disputes, and all expenses and compensation paid by Party B or the platform for resolving such disputes shall be actually borne and paid by Party A on the premise that Party A knows and agrees to pay the dispute resolution expenses and compensation. Party A shall compensate Party B for the economic losses within 5 days from the date of receipt of Party B's notice, and Party B has the right to deduct them directly from the promotion expenses prepaid by Party A. At the same time, Party B is entitled to reserve the right to terminate the Agreement at any time without any legal liability and cost compensation.

3. If Party B violates the agreement hereunder, Party A shall request Party B to amend it in writing. If Party B fails to amend it within a reasonable time limit specified by Party A, Party A has the right to terminate the Contract without any responsibility, and has the right to require Party B to bear all losses of Party A (including but not limited to legal fees, preservation fees, notarial fees, etc.). Any liability for breach of contract otherwise agreed herein shall be borne in accordance with its agreement.

Article 7 Notice and delivery

1. Unless otherwise agreed by both parties, the notices, documents and materials issued by Party A and Party B due to the conclusion and performance of the Agreement shall be delivered by mail or e-mail. If it is delivered by mail, it shall be deemed to have been served when it is delivered to the contact address of the other party; if the mail is delivered by e-mail, it shall be deemed to have been served on the day when the mail reaches the other party's system. If one party changes the service information, it shall notify the other party in writing three working days in advance. If any losses are caused by the failure to notify, the non-notifying party shall bear its

own losses. The information served by both parties is as follows:

Contact person of Party A: Li Kaili

Contact email:

Tel:

Address:

Contact person of Party B: Gong Sheng

Contact email:

Tel:

Address:

2. Party A and Party B designate the above-mentioned contact persons as their authorized representatives, and both parties confirm that any service plan, materials and promotion contents related to the cooperation matters agreed hereunder shall be served to the other party by the authorized representative of each party in the above-mentioned service method, which shall be regarded as the true intention of the party and shall be bound by the terms of the Agreement.

Article 8 Force majeure

1. "Force majeure" events beyond the reasonable control of both parties, which is unforeseeable or unavoidable even if foreseen, and which prevents, affects or delays either party from performing all or part of its obligations hereunder. Such events include, but are not limited to, government acts, natural disasters, wars, computer viruses, hacking attacks, network failures, service delays by bandwidth or other network equipment or technology providers, service barriers, or any other similar event. Otherwise, it will be regarded as a breach of contract and shall bear the liability for breach.

2. When an event of force majeure occurs, the party suffering from the event of force majeure shall promptly notify the other party in writing and inform it of the possible impact of the event on the Agreement, and shall provide relevant certificates within a reasonable period of time.

3. The party suffering from the force majeure event may temporarily suspend the performance of its obligations hereunder until the impact of the force majeure event is eliminated, and there is no need to bear the liability for breach of contract; however, every effort should be made to overcome the incident and mitigate its negative impact.

Article 9 Dispute resolution and applicable law

In case of any dispute between Party A and Party B within the terms of the Agreement, it shall be settled through negotiation as far as possible. If negotiation fails, either party has the right to submit the dispute or controversy to the People's Court with jurisdiction in the place where Party A is located for litigation.

Article 10 Anti-commercial bribery clause

1. Both parties know that any form of bribery may violate the law and be severely punished by law. Neither party may ask for, receive, provide or give any benefits other than those agreed here to the other party or its relevant personnel, including but not limited to cash, shopping cards, physical objects, securities, tourism or other benefits.

2. If Party B, in violation of the Contract, bribes Party A's personnel either by itself or through its associates or employees for direct or indirect commercial benefits (including but not limited to contractual benefits and/or cooperation opportunities), it shall be deemed as Party B's breach of contract. Party A has the right to terminate the Contract, suspend the settlement of the contract payment, and require Party B to pay liquidated damages at 30% of the total contract price or the bribe amount of Party B (whichever is higher). If the above liquidated damages are not enough to make up for Party A's losses, Party B shall compensate separately.

3. If Party B finds any form of bribery by Party A's personnel, Party B shall report it to Party A (mailing and visiting address: Building 3 (Unit A), Wanbo R&D Park, No. 20 Fengxin Road, Yuhuatai District, Nanjing; Reporting E-mail: DDRX 0amh-group.com).

Article 11 Confidentiality clause

1. Either party shall bear the responsibility of keeping confidential the confidential data and information (hereinafter referred to as “Confidential Information”) of the other party known or contacted through negotiation, signing or performance of the Contract, and take any necessary and reasonable measures based on the principle of honesty and prudence; without the written consent of the other party, such confidential information shall not be disclosed to any third party (except legal requirements, government departments, stock exchanges or other regulatory agencies and legal, accounting, commercial and other consultants of both parties, and necessary employees in connection with the execution of the Contract), or be used or allowed to be used by others beyond the purpose of the Agreement.

2. Confidential information referred to herein refers to information that is not known to the public, has commercial value and is kept confidential by confidential measures, regardless of the carrier and whether it is marked with the word "confidential", including but not limited to business information, technical information and other information stipulated herein-

   1) “Business information” includes but is not limited to insider information, information provided by company customers, customer list, customer needs, company business strategy, product planning, business intelligence, industry information, financial data, personnel information, interview records, crowd characteristics, target crowd delivery planning, advertising creativity, etc.;

   2) “Technical information” includes but is not limited to demand documents, test reports, acceptance reports, source codes, software description documents, etc.;

   3) Confidential information also includes negative information, which is any information that, if made public, will negatively affect the owner of the confidential information or increase the competitiveness of competitors.

3. The confidentiality obligations stipulated in this clause shall continue to be valid during the validity period and after the termination of the Contract until the confidential information is disclosed by the holder through legal channels.

4. If either party violates the confidentiality obligation in this article, it shall immediately stop the breach and take

any necessary measures to prevent further disclosure of confidential information. All expenses incurred therefrom shall be borne by the party itself. The other party has the right to terminate the Contract by written notice, and claims to bear 30% of the total contract price (including all paid expenses and expenses to be paid) as liquidated damages. If the liquidated damages are not enough to make up for the losses of the other party, they should also be made up.

Article 12 Miscellaneous

1. The Contract shall come into effect as of the date when both parties stamp it. The supplement and alteration of the Contract must be made by both parties through negotiation and in written form, and shall come into effect after being sealed by both parties.

2. The Contract is made in duplicate, with each party holding one copy.

3. If the Contract has matters not covered, both parties shall sign a supplementary agreement after further negotiation. The Execution Form attached to the Contract and the supplementary agreement have the same legal effect as the Contract.

(The remainder of the page is intentionally left blank, which is the signature page)

(There is no text below, which is a signature page)

(The remainder of the page is intentionally left blank, which is the signature page of the Network Promotion Service Agreement between both parties)

Party A (seal): Jiangsu Manyun Software Technology Co., Ltd.

Date: March 9, 2023

Party B (Seal): Beijing Baosheng Science and Technology Co., Ltd.

Date: March 9, 2023

EXHIBIT 12.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Shasha Mi, certify that:

1. I have reviewed this annual report on Form 20-F of Baosheng Media Group Holdings Limited (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: May 8, 2023

By:/s/ Shasha Mi
Name: Shasha Mi
Title: Chief Executive Officer

EXHIBIT 12.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Yue Jin, certify that:

1. I have reviewed this annual report on Form 20-F of Baosheng Media Group Holdings Limited (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: May 8, 2023

By: /s/ Yue Jin
Name: Yue Jin
Title: Chief Financial Officer

EXHIBIT 13.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Baosheng Media Group Holdings Limited (the "Company") on Form 20-F for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Shasha Mi, 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: May 8, 2023

By: /s/ Shasha Mi
Name: Shasha Mi
Title: Chief Executive Officer

EXHIBIT 13.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Baosheng Media Group Holdings Limited (the "Company") on Form 20-F for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yue Jin, 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: May 8, 2023

By: /s/ Yue Jin
Name: Yue Jin
Title: Chief Financial Officer

Exhibit 15.1

May 8, 2023

To: Baosheng Media Group Holdings Limited
East Floor 5 Building No. 8, Xishanhui Shijingshan District, Beijing 100041
+86-010-82088021

Dear Sir or Madam,

We hereby consent to the reference of our name under the following headings in the Annual Report on Form 20-F for the fiscal year ended December 31, 2022 (the "**Annual Report**") of Baosheng Media Group Holdings Limited, which will be filed with the Securities and Exchange Commission (the "**SEC**") in May 2023:

A. "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China";
B. "Item 4. Information on the Company—B. Business Overview—Legal Proceedings";
C. "Item 4. Information on the Company—B. Business Overview—Regulation";
D. "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings"; and
E. "Item 10. Additional Information—E. Taxation—People's Republic of China Taxation".

We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7of the Securities Act of 1933 or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully,

Beijing Dacheng Law Offices, LLP