

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 20-F

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR 12(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, 2020.
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: 001-38751

Tencent Music Entertainment Group

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

17/F, Matsunichi Building, Kejizhongyi Road
Midwest District of Hi-tech Park, Nanshan District
Shenzhen, 518057, the People's Republic of China
(Address of principal executive offices)

Ms. Min Hu, Chief Financial Officer

17/F, Matsunichi Building, Kejizhongyi Road
Midwest District of Hi-tech Park, Nanshan District
Shenzhen, 518057, the People's Republic of China
Tel: +86-755-8601 3388

E-mail: ir@tencentmusic.com

(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
American depository shares, each ADS represents two Class A ordinary shares, par value US\$0.000083 per share*	TME	The New York Stock Exchange

* Not for trading, but only in connection with the listing on the New York Stock Exchange of American depository shares.

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.

3,385,143,738 ordinary shares, comprised of 1,670,004,560 Class A ordinary shares, par value US\$0.000083 per share, and 1,715,139,178 Class B ordinary shares, par value US\$0.000083 per share, as of December 31, 2020.

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.

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 accounting firm that prepared or issued its audit report.

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

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	i
FORWARD-LOOKING INFORMATION	iii
PART I	1
ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS	1
ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE	1
ITEM 3. KEY INFORMATION	1
ITEM 4. INFORMATION ON THE COMPANY	51
ITEM 4A. UNRESOLVED STAFF COMMENTS	95
ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS	95
ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	118
ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	132
ITEM 8. FINANCIAL INFORMATION	135
ITEM 9. THE OFFER AND LISTING	137
ITEM 10. ADDITIONAL INFORMATION	137
ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	147
ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES	148
PART II	151
ITEM 13. ITEM DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES	151
ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS	151
ITEM 15. CONTROLS AND PROCEDURES	151
ITEM 16.A. AUDIT COMMITTEE FINANCIAL EXPERT	152
ITEM 16.B. CODE OF ETHICS	152
ITEM 16.C. PRINCIPAL ACCOUNTANT FEES AND SERVICES	153
ITEM 16.D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEE	153
ITEM 16.E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS	153
ITEM 16.F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT	153
ITEM 16.G. CORPORATE GOVERNANCE	153
ITEM 16.H. MINE SAFETY DISCLOSURE	154
PART III	155
ITEM 17. FINANCIAL STATEMENTS	155
ITEM 18. FINANCIAL STATEMENTS	155
ITEM 19. EXHIBITS	155

INTRODUCTION

Except where the context otherwise indicates and for the purpose of this annual report only:

- “ADSs” refers to the American depositary shares, each representing two Class A ordinary shares;
- “AI” refers to artificial intelligence;
- “China” or “PRC” refers to the People’s Republic of China, excluding, for the purpose of this annual report only, Taiwan, Hong Kong and Macau;
- “CMC” refers to China Music Corporation;
- “DJ” refers to disc jockey, a person who hosts recorded music for an audience;
- “Group” refers to our company, its subsidiaries, its controlled structured entities (“Variable interest entities”, or “VIE”) and their subsidiaries (“Subsidiaries of VIEs”);
- “HK\$” or “Hong Kong dollars” refers to the legal currency of the Hong Kong SAR;
- “IFRS” refers to International Financial Reporting Standards as issued by the International Accounting Standards Board;
- “MCSC” refers to the Music Copyright Society of China;
- “monthly ARPPU” of each of our online music services and social entertainment services for any given period refers to the monthly average of (i) the revenues of the respective services for that period divided by (ii) the number of paying users of the respective services for that period. The monthly ARPPU of social entertainment services is calculated based on revenues from social entertainment and others, including advertising services provided on our social entertainment platforms;
- “ordinary shares” refers to our ordinary shares of par value US\$0.000083 per share;
- “paying ratio” for a given period is measured by the number of paying users as a percentage of the mobile MAUs for that period;
- “paying users” for our online music services (i) for any given quarter refers to the average of the number of users whose subscription packages remain active as of the last day of each month of that quarter; and (ii) for any given year refers to the average of the total number of paying users of the four quarters in that year. The number of paying users for our online music services for any given period excludes the number of users who only purchase digital music singles and albums during such period because these purchasing patterns tend to reflect specific releases, which may fluctuate from period to period;
- “paying users” for our social entertainment services (i) for any given quarter refers to the average of the number of paying users for each month in that quarter; (ii) for any given year refers to the average of the total number of paying users of the four quarters in that year. The number of paying users of our social entertainment services for a given month refers to the number of users who contribute revenues to our social entertainment services (primarily through purchases of virtual gifts or premium memberships) during that month;
- “publishing rights” refers to the copyrights of music and non-music works for the purpose of this annual report;
- “RMB” or “Renminbi” refers to the legal currency of the People’s Republic of China;
- “Spotify” refers to Spotify Technology S.A., one of our principal shareholders;
- “Tencent” refers to Tencent Holdings Limited, our controlling shareholder;
- “US\$,” “dollars” or “U.S. dollars” refers to the legal currency of the United States;

Table of Contents

- “we,” “us,” “our company” and “our” refer to Tencent Music Entertainment Group (or, where the context requires, its predecessor), its subsidiaries and, in the context of describing our operations and consolidated financial information, its VIEs;
- with respect to MAU data used in this annual report:
 - “mobile MAUs” or “PC MAUs” for a given month (i) with respect to each of our products (except *WeSing*) is measured as the number of unique mobile or PC devices, as the case may be, through which such product is accessed at least once in that month; and (ii) with respect to *WeSing*, is measured as the number of user accounts through which *WeSing* is accessed at least once in that month;
 - “mobile MAUs” for a given period refers to the monthly average of the sum of the mobile MAUs for that period;
 - “online music mobile MAUs” for a given month refers to the sum of mobile MAUs of our music products, namely *QQ Music*, *Kugou Music* and *Kuwo Music*, for that month; duplicate access of different services by the same device is not eliminated from the calculation;
 - “social entertainment mobile MAUs” for a given month refers to the sum of mobile MAUs that have accessed the social entertainment services offered by (i) *WeSing*; (ii) *Kugou’s Live Streaming* services; (iii) *Kuwo’s Live Streaming* services; (iv) *Kugou Changchang*; and (v) *QQ Music’s Live Streaming* services; duplicate access of different services by the same user account or device is not eliminated from the calculation;
 - “social entertainment mobile MAUs” for a given period refers to the monthly average of the sum of the social entertainment mobile MAUs for that period; and
 - our MAUs are calculated using internal company data, treating each distinguishable user account or device as a separate MAU even though some users may access our services using more than one user account or device and multiple users may access our services using the same user account or device.

This annual report on Form 20-F includes our audited balance sheets as of December 31, 2019 and 2020 and our audited consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2018, 2019 and 2020.

Substantially all of our operations are conducted in China and all of our revenues is denominated in Renminbi. Our reporting currency is the Renminbi. This annual report on Form 20-F also contains translations of certain foreign currency amounts into U.S. dollars for the convenience of the reader. Unless otherwise stated, all translations from Renminbi to U.S. dollars were made at RMB6.5250 to US\$1.00, the noon buying rate on December 31, 2020 set forth in the H.10 statistical release of the U.S. Federal Reserve Board. In addition, unless otherwise noted, all translations from Hong Kong dollars to U.S. dollars and from U.S. dollars to Hong Kong dollars in this annual report were made at a rate of HK\$7.7534 to US\$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 31, 2020. We make no representation that the Renminbi or U.S. dollar amounts referred to in this annual report could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade.

We completed an initial public offering of our ADSs on December 14, 2018. The ADSs, each representing two Class A ordinary shares, are traded on the New York Stock Exchange under the symbol “TME.”

FORWARD-LOOKING INFORMATION

This annual report contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “likely to” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategies and financial needs. These forward-looking statements include, but are not limited to, statements about:

- our growth strategies;
- our future business development, financial condition and results of operations;
- our ability to retain, grow and engage our user base and expand our music entertainment content offering;
- our ability to retain and grow our paying users and drive their spending on our services;
- expected changes in our revenues, content-related costs and operating margins;
- our ability to retain key personnel and attract new talent;
- competition landscape in China’s online music entertainment industry;
- general economic, political, demographic and business conditions in China and globally; and
- the regulatory environment in which we operate.

We would like to caution you not to place undue reliance on these forward-looking statements and you should read these statements in conjunction with the risk factors disclosed in “Item 3. Key Information—3.D. Risk Factors.” Other sections of this annual report include additional factors which 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. We qualify all of our forward-looking statements by these cautionary statements. We do not undertake any obligation to update or revise the forward-looking statements except as required under applicable law. You should read this annual report and the documents that we reference in this annual report completely and with the understanding that our actual future results may be materially different from what we expect.

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

3.A. Selected Financial Data

Not applicable.

3.B. Capitalization and Indebtedness

Not applicable.

3.C. Reason for the Offer and Use of Proceeds

Not applicable.

3.D. Risk Factors

Below please find a summary of the principal risks we face, organized under relevant headings.

Risks Related to Our Business and Industry

- *If we fail to anticipate user preferences to provide online music and/or long-form audio entertainment content catering to user demands, our ability to attract and retain users may be materially and adversely affected.*
- *We depend upon third-party licenses for the content of our content offerings, and any adverse changes to or loss of, our relationships with these content providers may materially and adversely affect our business, operating results, and financial condition.*
- *We may not have obtained complete licenses for certain copyrights with respect to a portion of the content offered on our platform.*
- *We allow user-generated content to be uploaded on our platform. If users have not obtained all necessary copyright licenses in connection with such uploaded content, we may be subject to potential disputes and liabilities.*
- *Assertions or allegations that we have infringed or violated intellectual property rights, even not true, could harm our business and reputation.*
- *Our license agreements are complex, impose numerous obligations upon us and may make it difficult to operate our business. Any breach or adverse change to the terms of such agreements could adversely affect our business, operating results and financial condition.*
- *Minimum guarantees required under certain of our license agreements for music and long-form audio content may limit our operating flexibility and may materially and adversely affect our business, financial condition and results of operations.*

Table of Contents

- *If we are unable to obtain accurate and comprehensive information necessary to identify the copyright ownership of the music or long-form audio content offered on our platform, our ability to obtain necessary or commercially viable licenses from the copyright owners may be adversely affected, which may result in us having to remove content from our platform, and may subject us to potential copyright infringement claims and difficulties in controlling content-related costs.*
- *If music copyright owners withdraw all or a portion of their music works from the MCSC to the extent the MCSC had not obtained authorization to license from the relevant copyright owners as of December 31, 2020, we may have to enter into direct licensing agreements with these copyright owners, which may be time-consuming and costly, and we may not be able to reach an agreement with some copyright owners, or may have to pay higher rates than we currently pay.*
- *Uncertainties surrounding the monetization of content may cause us to lose users and materially and adversely affect our business, financial condition and results of operations.*
- *Increasing focus with respect to environmental, social and governance matters may impose additional costs on us or expose us to additional risks. Failure to comply with the laws and regulations on environmental, social and governance matters may subject us to penalties and adversely affect our business, financial condition and results of operations.*

Risks Related to Our Relationship with Tencent

- *If we are no longer able to benefit from our business cooperation with Tencent, our business may be adversely affected.*
- *Any negative development in Tencent's market position, brand recognition or financial condition may materially and adversely affect our user base, marketing efforts and the strength of our brand.*
- *Tencent, our controlling shareholder, has had and will continue to have effective control over the outcome of shareholder actions in our company. The interests of Tencent may not be aligned with the interests of our other shareholders and holders of the ADSs.*
- *We may have conflicts of interest with Tencent and, because of Tencent's controlling ownership interest in our company, we may not be able to resolve such conflicts on terms favorable to us.*

Risks Related to Our Corporate Structure

- *If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.*
- *Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law of the PRC and how it may impact the viability of our current corporate structure, corporate governance and business operations.*
- *We rely on contractual arrangements with our VIEs and their respective shareholders for a large portion of our business operations, which may not be as effective as direct ownership in providing operational control.*
- *Any failure by our VIEs or their respective shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.*

Risks Related to Doing Business in China

- *A severe or prolonged downturn in the PRC or global economy could materially and adversely affect our business and our financial condition.*

Table of Contents

- *Uncertainties with respect to the PRC legal system could materially and adversely affect us.*
- *The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.*
- *Our operations depend on the performance of the internet infrastructure and telecommunications networks in China, which are in large part operated and maintained by state-owned operators.*

Risks Related to the ADSs

- *The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.*
- *If securities or industry analysts do not publish favorable research, or if they adversely change their recommendations regarding the ADSs, the market price for the ADSs and trading volume could decline.*
- *The sale or availability for sale of substantial amounts of the ADSs could adversely affect their market price.*
- *The dual-class structure of our ordinary shares may adversely affect the trading market for our ADSs.*

Risks Related to Our Business and Industry

If we fail to anticipate user preferences to provide online music and/or long-form audio entertainment content catering to user demands, our ability to attract and retain users may be materially and adversely affected.

Our ability to attract and retain our users, drive user engagement and deliver a superior online music and long-form audio entertainment experience depends largely on our ability to continue to offer attractive content, including songs, playlists, video, long-form audio, lyrics, live streaming of performances and karaoke-related content. Content that was once popular with our users may become less attractive if user preferences evolve. The success of our business relies on our ability to anticipate changes in user preferences and industry dynamics, and respond to such changes in a timely, appropriate and cost-effective manner. If we fail to cater to the tastes and preferences of our users, or fail to deliver superior user experiences, we may suffer from reduced user traffic and engagement, and our business, financial condition and results of operations may be materially and adversely affected.

We strive to generate creative ideas for content acquisition and to source high-quality content, including both popular, mainstream content and long-tail content. Sourcing attractive content may be challenging, expensive and time-consuming. We have invested and intend to continue to invest substantial resources in content acquisition and production. However, we may not be able to successfully source attractive content or to recover our content acquisition and production investments. Any deterioration in our content quality, failure to anticipate user preferences, inability to acquire attractive content, or any negative feedback of users to our existing content offerings may materially and adversely affect our business, financial condition and operating results.

We depend upon third-party licenses for the content of our content offerings, and any adverse changes to or loss of, our relationships with these content providers may materially and adversely affect our business, operating results, and financial condition.

Significant portions of our music and long-form audio offerings are licensed from our content partners, including leading publishers and labels in China and internationally with whom we have entered into master distribution and licensing agreements. There is no assurance that the licenses currently available to us will continue to be available in the future at royalty rates and on terms that are favorable, commercially reasonable or at all.

[Table of Contents](#)

The royalty rates and other terms of these licenses may change as a result of various reasons beyond our control, such as changes in our bargaining power, changes in the industry, or changes in the law or regulatory environment. If our content partners are no longer willing or able to license content to us on terms acceptable to us, the breadth or quality of our content offerings may be adversely affected or our content acquisition costs may increase. Likewise, increases in royalty rates or changes to other terms of our licenses may materially and adversely affect the breadth and quality of our content offerings and may, in turn, materially and adversely affect our business, financial condition and results of operations.

There also is no guarantee that we have all of the licenses for the content available on our platform, as we need to obtain licenses from many copyright owners, some of whom are unknown, and there are complex legal issues such as open questions of law as to when and whether particular licenses are needed. Additionally, there is a risk that copyright owners (particularly aspiring artists), their agents, or legislative or regulatory bodies may require or attempt to require us to enter into additional license agreements with, and pay royalties to, newly defined groups of copyright owners, some of which may be difficult or impossible to identify.

Even when we are able to enter into license agreements with content partners, we cannot guarantee that such agreements will continue to be renewed indefinitely. It is also possible that such agreements will never be renewed at all. The non-renewal or termination of one or more of our license agreements, the renewal of license agreements on less favorable terms, any deterioration in our relationships with content providers or the entry of license agreements between our content providers and any of our competitors could have a material adverse effect on our business, financial condition and results of operations.

We may not have obtained complete licenses for certain copyrights with respect to a portion of the content offered on our platform.

Under PRC law, to secure the rights to provide music or long-form audio content on the internet or for our users to download or stream music or long-form audio from our platform, or to provide other related online music or long-form audio services, we must obtain licenses from the appropriate copyright owners for one or more of the economic rights, including the content publishing and recording rights, among others. See “Item 4. Information on the Company—4.B. Business Overview—Regulations—Regulations on Intellectual Property Rights—Copyright.”

We may not have complete licenses for the copyrights underlying a portion of the content offered on our platform, and therefore we may be subject to assertions by third parties of infringement or other violations by us of their copyright in connection with such content. As of December 31, 2020, we offered over 60 million music tracks on our platform, and we had licenses to both music publishing and musical recording rights for approximately 85% of those tracks. We have sought, and will continue to seek, licenses to the remaining tracks to the extent we identify the relevant copyright owners and enter into agreements with them.

With respect to the musical compositions and lyrics we license from our content partners, there is no guarantee that such content partners have the rights to license the copyright underlying all music content covered by our agreements. With respect to any musical compositions and lyrics that the MCSC, a collective copyright organization, was not authorized to sublicense to us, the MCSC undertook to resolve such disputes and compensate the relevant copyright owners from infringement claims made by third-party rights owners against us for using their content on our platform within the validity period of the contract entered into between the MCSC and us. Despite such undertakings by the MCSC, there is no guarantee that we will not be subject to potential copyright infringement claims by third parties in relation to content licensed from the MCSC.

We allow user-generated content to be uploaded on our platform. If users have not obtained all necessary copyright licenses in connection with such uploaded content, we may be subject to potential disputes and liabilities.

We allow users to upload user-generated content on our platform, which exposes us to potential disputes and liabilities in connection with third-party copyright. When users register on our platform, they agree to our standard agreement, under which they agree not to disseminate any content infringing on third-party copyright.

However, we have historically allowed users to upload content anonymously, and our platform has over the years accumulated user-generated content for which users or performers may not have obtained proper and complete copyright licenses. Given the large volume of such user-generated content available on our platform, it is challenging for us to accurately identify and verify the individual users or performers that uploaded such content, the copyright status of such content, and the appropriate copyright owners from whom copyright licenses should be obtained.

Under PRC laws and regulations, online service providers, which provide storage space for users to upload works or links to other services or content, may be held liable for copyright infringement under various circumstances, including situations where the online service provider knows or should reasonably have known that the relevant content uploaded or linked to on its platform infringes upon the copyright of others and the online service provider profits from such infringing activities. For example, online service providers are subject to liability if they fail to take necessary measures, such as deletion, blocking or disconnection, after being duly notified by the legal right holders.

As an online service provider, we have adopted measures to reduce the likelihood of using, developing or making available any content without the proper licenses or necessary consents. Such measures include (i) requiring users to acknowledge and agree that they will not upload or perform content which may infringe upon others' copyright; (ii) putting in place procedures to block users on our blacklists from uploading content; and (iii) implementing "notice and take-down" policies to be eligible for the safe harbor exemption for user-generated content. However, these measures may not be effective in preventing the unauthorized posting and use of third parties' copyrighted content or the infringement of other third-party intellectual property rights. Specifically, it is possible that such acknowledgments and agreements by users may not be enforceable against third parties who file claims against us. Furthermore, a plaintiff may not be able to locate users who generate content that infringes on the plaintiff's copyright and may choose to sue us instead. In addition, individual users who upload infringing content on our platform may not have sufficient resources to fully indemnify us, if at all, for any such claims. Also, such measures may fail or be considered insufficient by courts or other relevant governmental authorities. If we are not eligible for the safe harbor exemption, we may be subject to joint infringement liability with the users, and we may have to change our policies or adopt new measures to become eligible and retain eligibility for the safe harbor exemption, which could be expensive and reduce the attractiveness of our platform to users.

Assertions or allegations that we have infringed or violated intellectual property rights, even not true, could harm our business and reputation.

Third parties, including artists, copyright owners and other online music, long-form audio and other platforms, have asserted, and may in the future assert, that we have infringed, misappropriated or otherwise violated their copyright or other intellectual property rights. As we face increasing competition in China and globally, the possibility of intellectual property rights claims against us grows.

We have adopted robust screening processes to filter out or disable access to potentially infringing content. We have also adopted procedures to enable copyright owners to provide us with notice and evidence of alleged infringement, and are generally willing to enter into license agreements to compensate copyright owners for works distributed on our platform. However, given the volume of content available on our platform, it is not

[Table of Contents](#)

possible to identify and promptly remove all alleged infringing content that may exist. Third parties may take action against us if they believe that certain content available on our platform violates their copyright or other intellectual property rights. Moreover, while we use location-based controls and technology to prevent all or a portion of our services and content from being accessed outside of the PRC as required by certain licensing agreements with our content partners, these controls and technology may be breached and the content available on our platform may be accessed from geographic locations where such access is restricted, in which case we may be subject to potential liabilities, regardless of whether there is any fault and/or negligence involved on our part.

We have been involved in litigation based on allegations of infringement of third-party copyright due to the content available on our platform. We may be involved in similar litigation and disputes or subject to allegations of infringement, misappropriation or other violations of intellectual property rights in China, as well as globally as we seek to expand our international footprint. If we are forced to defend against any infringement or misappropriation claims, whether they are with or without merit, are settled out of court, or are determined in our favor, we may be required to expend significant time and financial resources to defend such claims. Furthermore, an adverse outcome of a dispute may damage our reputation, force us to adjust our business practices, or require us to pay significant damages, cease providing content that we were previously providing, enter into potentially unfavorable license agreements in order to obtain the right to use necessary content or technologies, and/or take other actions that may have a material adverse effect on our business, operating results and financial condition.

We also sublicense some of our licensed content to other platforms. Our agreements with such third-party platforms typically require them to comply with the terms of the license and applicable copyright laws and regulations. However, there is no guarantee that the third-party platforms that we sublicense content to will comply with the terms of our license arrangements or all applicable copyright laws and regulations. In the event of any breach or violation by such platforms, we may be held liable to the copyright owners for damages and be subject to legal proceedings as a result, in which case our business, financial condition and results of operations may be materially and adversely affected.

In addition, music, long-form audio, internet, technology and media companies like us are frequently subject to litigation based on allegations of infringement, misappropriation, or other violations of intellectual property rights. Other companies in these industries may have larger intellectual property portfolios than we do, which could make us a target for litigation as we may not be able to assert counterclaims against parties that sue us for intellectual property infringement. Furthermore, from time to time, we may introduce new products and services, which could increase our exposure to intellectual property claims. It is difficult to predict whether assertions of third-party intellectual property rights or any infringement or misappropriation claims arising from such assertions will substantially harm our business, financial condition and results of operations.

Our license agreements are complex, impose numerous obligations upon us and may make it difficult to operate our business. Any breach or adverse change to the terms of such agreements could adversely affect our business, operating results and financial condition.

Many of our license agreements are complex and impose numerous obligations on us, including obligations to:

- calculate and make payments based on complex royalty structures that involve a number of variables, including the revenue generated and size of user base, which requires tracking usage of content on our platform that may have inaccurate or incomplete metadata necessary for such calculation;
- make minimum guaranteed payments;
- use reasonable efforts to achieve certain paying user conversion targets;
- adopt and implement effective anti-piracy and geo-blocking measures;

[Table of Contents](#)

- monitor performance by our sublicensees of their obligations with respect to content distribution and copyright protections; and
- comply with certain security and technical specifications.

Many of our license agreements grant the licensors the right to audit our compliance with the terms and conditions of such agreements. If we materially breach such obligation or any other obligations set forth in any of our license agreements, we could be subject to monetary penalties and our rights under such license agreements could be terminated, which could have a material adverse effect on our business, financial condition and results of operations.

Minimum guarantees required under certain of our license agreements for music and long-form audio content may limit our operating flexibility and may materially and adversely affect our business, financial condition and results of operations.

Certain of our license agreements for music and long-form audio content require that we make minimum guarantee payments to copyright owners. Such minimum guarantees are not always tied to our number of users or the amount of content used or distributed on our platform. Accordingly, our ability to achieve and sustain profitability and operating leverage in part depends on our ability to increase our revenue through increased sales of our music and long-form audio services to our users in order to maintain a healthy gross margin. The duration of our license agreements that contain minimum guarantees is typically between one to three years, but our paying users may cancel their subscriptions at any time. If our paying user growth forecasts do not meet our expectations or our sales decline significantly during the term of our license agreements, our margins may be materially and adversely affected. To the extent our revenues do not meet our expectations, our business, financial condition and results of operations also could be adversely affected as a result of such minimum guarantees. In addition, the fixed cost nature of these minimum guarantees may limit our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate.

We rely on estimates of the market share of licensable content controlled by each content partner, as well as our own user growth and forecasted revenue, to forecast whether such minimum guarantees could be recouped against our actual content acquisition costs incurred over the duration of the license agreement. To the extent that our actual revenue and/or market share underperform relative to our expectations, leading to content acquisition costs that do not exceed such minimum guarantees, our margins may be materially and adversely affected.

If we are unable to obtain accurate and comprehensive information necessary to identify the copyright ownership of the music or long-form audio content offered on our platform, our ability to obtain necessary or commercially viable licenses from the copyright owners may be adversely affected, which may result in us having to remove content from our platform, and may subject us to potential copyright infringement claims and difficulties in controlling content-related costs.

Comprehensive and accurate copyright owner information for their publishing rights and recording rights underlying our music and long-form audio content is sometimes unavailable to us or difficult or, in some cases, impossible for us to obtain for various reasons beyond our control. For example, such information may be withheld by the owners or administrators of such rights, especially with regards to user-generated content or content provided by aspiring artists. If we are unable to identify comprehensive and accurate copyright owner information for the music or long-form audio content offered on our platform, such as identifying which composers, publishers or collective copyright organizations own, administer, license or sublicense music or long-form audio works, or if we are unable to determine which music or long-form audio works correspond to specific recordings, it may be difficult for us (i) to identify the appropriate copyright owners to whom to pay royalties or from whom to obtain a license or (ii) ascertain whether the scope of a license we have obtained covers specific music or long-form audio works. This also may make it difficult to comply with the obligations of any agreements with those rights holders.

[Table of Contents](#)

If we do not obtain necessary and commercially viable licenses from copyright owners, whether due to the inability to identify or verify the appropriate copyright owners or for any other reason, we may be found to have infringed on the copyright of others, potentially resulting in claims for monetary damages, government fines and penalties, or a reduction of content available to users on our platform, which would adversely affect our ability to retain and expand our user base, attract paying users for our paid music and long-form audio services and generate revenue from our content library. Any such inability may also involve us in expensive and protracted copyright disputes.

If music copyright owners withdraw all or a portion of their music works from the MCSC to the extent the MCSC had not obtained authorization to license from the relevant copyright owners as of December 31, 2020, we may have to enter into direct licensing agreements with these copyright owners, which may be time-consuming and costly, and we may not be able to reach an agreement with some copyright owners, or may have to pay higher rates than we currently pay.

As of December 31, 2020, based on the framework agreement we previously entered into with the MCSC, we obtained licenses from the MCSC with respect to musical composition and lyrics for a substantial portion of our music content library. We cannot guarantee that composers and lyricists in China will not withdraw all or part of their music works from the MCSC. To the extent that the MCSC had not obtained authorization to license from the relevant copyright owners as of December 31, 2020, including circumstances where the copyright owners choose not to be represented by the MCSC, our ability to secure favorable licensing arrangements could be negatively affected, our content licensing cost may increase, and we may be subject to liabilities for copyright infringement. If we are unable to reach an agreement with respect to the content of any music copyright owners who withdraw all or a portion of their music works from the MCSC, or if we have to enter into direct licensing agreements with such music copyright owners at rates higher than those set by the MCSC for the use of music works, our ability to offer music content may be limited or our service costs may significantly increase, which could materially and adversely affect our business, financial condition and results of operations.

Uncertainties surrounding the monetization of content may cause us to lose users and materially and adversely affect our business, financial condition and results of operations.

We have devoted substantial efforts to monetize our user base by increasing our number of paying users and cultivating our users' willingness to pay for content. We currently generate our revenues from (i) online music services, (ii) social entertainment services, and (iii) others. At a strategic level, we plan to continue to optimize our existing monetization strategies and explore new monetization opportunities. However, if these efforts fail to achieve our anticipated results, we may not be able to increase or even maintain our revenue growth. For example, we generated most of the revenue for our live streaming services from the sale of virtual gifts. Users of our live streaming services get free access to the live music performance or other types of music content with the option to purchase virtual gifts to send to performers and other users. User demand for live streaming services may decrease substantially or we may fail to anticipate and serve user demands effectively. In addition, we introduced the pay-for-streaming model for our online music services in the first quarter of 2019 and have been increasing the number of songs coming behind the paywall. See "Item 4. Information on the Company—4.B. Business Overview—How We Generate Revenue—Online Music Services – Paid Music" for more information of the pay-for-streaming model. While we believe the adoption of pay-for-streaming has driven the number of paying users, paying ratio and paying user retention of our online music services, we cannot guarantee that its early popularity will continue, or that our attempts to explore new monetization models or enhance our paying user conversion will be successful.

In order to increase the number of our paying users and cultivate our users' willingness to pay for content, we will need to address a number of challenges, including:

- providing consistently high-quality and user-friendly experience, particularly with the development of our pay-for-streaming model for our online music services;

[Table of Contents](#)

- continuing to curate a catalog of engaging content;
- continuing to introduce new, appealing products, services and content that users are willing to pay for;
- continuing to innovate and stay ahead of our competitors;
- continuing to maintain and enhance the copyright protection environment; and
- maintaining and building our relationships with our content providers and other industry partners.

If we fail to address any of these challenges, especially if we fail to offer high-quality content and superior user experience to meet user preferences and demands, we may not be successful in increasing the number of our paying users and cultivating our users' willingness to pay for content, which could have a material adverse impact on our business, financial condition and results of operations.

Our business depends on our strong brands, and any failure to maintain, protect and enhance our brands could hurt our ability to retain or expand our user base and advertising customers.

We rely on our strong brands, principally *QQ Music*, *Kugou*, *Kuwo* and *WeSing*, to maintain our market leadership. Maintaining and enhancing our brands depends largely on our ability to continue to deliver comprehensive, high-quality content and service offerings to our users, which may not always be successful. Maintaining and enhancing our brands also depends largely on our ability to remain a leader in China's online music entertainment market, which could be difficult and expensive. If we do not successfully maintain our strong brands, our reputation and business prospect could be harmed.

Our brands may be impaired by a number of factors, including any failure to keep pace with technological advances, slower load times for our services, a decline in the quality or breadth of our content offerings, any failure to protect our intellectual property rights, or alleged violations of law and regulations or public policy committed by us. Additionally, if our content partners fail to maintain high standards, our brands could be adversely affected.

If we fail to keep up with industry trends or technological developments, our business, results of operations and financial condition may be materially and adversely affected.

The market for online music entertainment and long-form audio content is rapidly evolving and subject to continuous technological changes. Our success will depend on our ability to keep up with the changes in technology and user behavior resulting from new developments and innovations. For example, as we provide our product and service offerings across a variety of mobile systems and devices, we are dependent on the interoperability of our services with popular mobile devices and mobile operating systems that we do not control, such as Android and iOS. If any changes in such mobile operating systems or devices degrade the functionality of our services or give preferential treatment to competitive services, the usage of our services could be adversely affected.

Technological innovations may also require substantial capital expenditures in product development as well as in modification of products, services or infrastructure. We cannot assure you that we can obtain financing to cover such expenditure. See “—We require a significant amount of capital to fund our content acquisitions, user acquisitions and technology investments. If we cannot obtain sufficient capital, our business, financial condition and prospects may be materially and adversely affected.” If we fail to adapt our products and services to such changes in an effective and timely manner, we may suffer from decreased user traffic and user base, which, in turn, could materially and adversely affect our business, financial condition and results of operations.

China's internet, music entertainment and long-form audio industries are highly regulated. Our failure to obtain and maintain requisite licenses or permits or to respond to any changes in government policies, laws or regulations may materially and adversely impact our business, financial condition and results of operation.

The PRC government regulates the internet industry extensively, including foreign ownership of companies in the internet industry and the licensing requirements pertaining to them. A number of regulatory authorities, such as the Ministry of Commerce, or the MOFCOM, the Ministry of Culture and Tourism, the National Copyright Administration, the Ministry of Industry and Information Technology, the National Radio and Television Administration and the Cyberspace Administration of China regulate different aspects of the internet industry. In addition to complying with the laws and regulations promulgated and enforced by Chinese governmental authorities, operators in the internet industry may also need to rely heavily on Chinese governmental authorities' policies and guidelines. Such laws, regulations, policies and guidelines cover many aspects of the telecommunications, internet information services, copyright, internet culture, internet publishing industries and online audio-visual products services, including entry into such industries, scope of permitted business activities, licenses and permits for various business activities and foreign investments into such industries. Operators are required to obtain various government approvals, licenses and permits in connection with their provision of internet information services, internet culture services, internet publication services, online audio-visual products and other related value-added telecommunications services. If we fail to obtain and maintain approvals, licenses or permits required for our business, we could be subject to liabilities, penalties and operational disruption and our business could be materially and adversely affected. In addition, if we fail to follow applicable laws, regulations, policies and guidelines, or applicable laws, regulations, policies and guidelines are tightened by any regulatory authorities, or if there are new laws, regulations, policies or guidelines introduced to impose additional government approvals, licenses, permits and requirements, our business may be disrupted and our results of operations may suffer.

Tencent Music Entertainment (Shenzhen) Co., Ltd., or Tencent Music Shenzhen, a wholly owned subsidiary of Guangzhou Kugou Computer Technology Co., Ltd., or Guangzhou Kugou, operates our online music services, *QQ Music*, and online karaoke business, *WeSing*. Tencent Music Shenzhen also intends to apply for Value-added Telecommunications Business Operation License, or the ICP License and an Online Publishing Service Permit for releasing music works for the first time via the internet. As of the date of this annual report, Tencent Music Shenzhen has not been subject to any legal or regulatory penalties in the past for the lack of any of these licenses. However, we cannot assure you that it can successfully obtain these licenses in a timely manner, or at all. As Tencent Music Shenzhen operates *QQ Music* and *WeSing*, an Audio and Video Service Permission, or AVSP, may be required. Tencent Music Shenzhen currently operates these two platforms as sub-domains of *www.qq.com* of Shenzhen Tencent Computer System Co., Ltd., which holds a valid AVSP for the *www.qq.com* domain and is controlled by our parent, Tencent. As of the date of this annual report, Tencent Music Shenzhen has not been subject to any legal or regulatory penalties for failure to obtain such licenses. In the event Tencent Music Shenzhen is required to obtain an AVSP under its own name for operating our *QQ Music* and *WeSing* platforms, Tencent Music Shenzhen may not be eligible for an AVSP, because the current PRC laws and regulations require an applicant for the AVSP to be a wholly state-owned or state-controlled entity.

In addition, as of the date of this annual report, each of Guangzhou Kugou and Beijing Kuwo holds a valid AVSP while Guangzhou Kugou has submitted an application for an expansion of the permitted scope of business under its AVSP to cover its provision of certain types of audio and video programs through mobile network to users' mobile devices. Guangzhou Kugou and Beijing Kuwo plan to respectively apply for an Online Publishing Service Permit for their release of original music works via the internet. As of the date of this annual report, Guangzhou Kugou has not been subject to any legal or regulatory penalties for failure to include the above-mentioned business in the permitted scope of business under its AVSP, and neither Guangzhou Kugou nor Beijing Kuwo has been subject to any legal or regulatory penalties for the lack of the Online Publishing Service Permit. There is, however, no assurance that such applications will eventually be approved in a timely manner, or at all. If any of Tencent Music Shenzhen, Guangzhou Kugou, Beijing Kuwo, our other subsidiaries, our VIEs or

[Table of Contents](#)

our VIE's subsidiaries is found to be in violation of PRC laws and regulations regarding licenses and permits, we could be subject to legal and regulatory penalties and our business operations may not be able to continue operating in the same manner or at all, and our business, financial condition and results of operations could be materially and adversely affected.

PRC laws and regulations are evolving, and there are uncertainties relating to the regulation of different aspects of the internet, music entertainment and long-form audio industries, including but not limited to exclusive licensing and sublicensing arrangements. Pursuant to an article posted on National Copyright Administration's official website, in September 2017, the National Copyright Administration held meetings with a number of music industry players, including us, where it encouraged the relevant industry players to "avoid acquiring exclusive music copyright" and indicated that they should also not engage in activities involving "collective management of music copyright." There is substantial uncertainty as to whether some of our historical or current licensing arrangements may be found objectionable by the regulatory authorities. In such event, we may be subject to legal and regulatory penalties and/or have to revisit and modify such arrangements in a way that may cause substantial costs, and our ability to offer music content and our competitive advantages may be harmed. Such events may have a material and adverse impact on our business, financial condition and results of operations.

Besides, PRC has gradually imposed regulatory requirements on platforms with regards to virtual currencies. On February 9, 2021, the Cyberspace Administration of China, together with six other authorities, jointly issued the Guidance Opinions on the Strengthening the Regulation and Management Work of Internet Streaming, which requires internet streaming platforms to set up appropriate caps on the maximum purchase price for each piece of virtual gifts and maximum value of virtual gifts that the users give to the performers each time. A portion of our revenue is from virtual gift payments from our users to performers, so any limitation imposed by PRC authorities on the sale, exchange or circulation of virtual gifts in the future may reduce the virtual gift payments and therefore may adversely affect the engagement of our live-streaming performers, which may result in a loss of users and a material and adverse effect on our business, financial condition and results of operation.

We operate in a relatively new and evolving market.

Many elements of our business are unique, evolving and relatively unproven. Our business and prospects primarily depend on the continuing development and growth of the online music entertainment industry, the live streaming industry as well as the long-form audio industry in China, which are affected by numerous factors. For example, content quality, user experience, technological innovations, development of internet and internet-based services, regulatory environment and macroeconomic environment are important factors that affect our business and prospects. The markets for our products and services are relatively new and rapidly developing and are subject to significant challenges. In addition, our continued growth depends, in part, on our ability to respond to constant changes in the internet industry, including rapid technological evolution, continued shifts in customer demands, frequent introductions of new products and services and constant emergence of new industry standards and practices. Developing and integrating new content, products, services or infrastructure could be expensive and time-consuming, and these efforts may not yield the benefits we expect to achieve. We have recently completed our acquisition of Lazy Audio, a well-established audio platform in China, to tap into the burgeoning long-form audio industry in China. See "Item 4. Information of the Company—4.A. History and Development of the Company—Recent Transactions" for more information about Lazy Audio. We cannot assure you that we will succeed in any of these aspects or that these industries in China will continue to grow as rapidly as in the past. If online music, live streaming or long-form audio as forms of entertainment lose their popularity due to changing social trends and user preferences, or if such industries in China fail to grow as quickly as expected, our business, financial condition and results of operation may be materially and adversely affected.

We operate in a competitive industry. If we are unable to compete successfully, we may lose market share to our competitors.

We operate in a competitive industry. We face competition for users and their time and spending primarily from the online music services provided by other online music services providers in China. We also face competition from online offerings of other forms of content, including long-form audio, karaoke services, live streaming, radio services, literature, games and video provided by other social entertainment services providers. In particular, we are increasingly facing noticeable competition from offerings of other emerging forms of content which have been growing in popularity rapidly in recent years, such as live streaming and user-generated short videos.

We compete with our competitors based on a number of factors, such as the diversity and quality of content, product features, social interaction features, quality of user experience, brand awareness and reputation, and our ability to continuously attract, incentivize and retain live streaming performers and their agencies. Some of our competitors may be able to respond more quickly to technological innovations or changes in user demands and preferences, acquire more attractive and diverse content, and act more effectively in the development, promotion and sale of products than we can. Also, they may enter into more favorable relationships with content providers and provide their users with content that competes with our offerings. If any of our competitors achieves greater market acceptance or is able to provide more attractive content offerings than we do, our user traffic and market share may decrease, which may result in a loss of users and a material and adverse effect on our business, financial condition and results of operations.

We may fail to attract and retain talented and popular live streaming performers, karaoke singers and other key opinion leaders to maintain the attractiveness and level of engagement of our social entertainment services.

The engagement levels of our user base as well as the quality of our social entertainment content offered on our platform are closely linked to the popularity and performance of our live streaming performers, karaoke singers and other key opinion leaders.

With respect to our live streaming services, we rely on live streaming performers to attract user traffic and drive user engagement. Although we have entered into cooperation agreements that contain exclusivity clauses with certain live streaming performers and/or their talent agencies, those live streaming performers may breach the agreement or decide not to renew their agreements upon expiration.

In addition to our most popular live streaming performers, we must continue to attract and retain talented and popular karaoke singers and other key opinion leaders in order to maintain and increase our social entertainment content offerings and ensure the sustainable growth of our online music user community. We must identify and acquire potential popular karaoke singers and other key opinion leaders and provide them with sufficient resources. However, we cannot assure you that we can continue to maintain the same level of attractiveness to such popular karaoke singers and other key opinion leaders.

If we can no longer maintain our relationships with our live streaming performers, karaoke singers and other key opinion leaders or their appeal decreases, the popularity of our platform may decline and the number of our users may decrease, which could materially and adversely affect our business, financial condition and results of operations.

We cooperate with various talent agencies to manage and recruit our live streaming performers and any adverse change in our relationships could materially and adversely impact our business.

We cooperate with talent agencies to manage, organize and recruit live streaming performers on our platform. As we are an open platform that welcomes all live streaming performers to register on our websites,

cooperation with talent agencies substantially increases our operation efficiency in terms of discovering, supporting and managing live streaming performers in a more organized and structured manner, and turning amateur live streaming performers to full-time ones.

We share a portion of the revenues generated from the sales of virtual gifts attributed to the performers' live streams with live streaming performers and the talent agencies who manage these performers. If we cannot balance the interests between us, live streaming performers and the talent agencies and offer a revenue-sharing mechanism that is attractive to live streaming performers and talent agencies, we may not be able to retain their services. If other platforms offer better revenue sharing incentives to talent agencies, such talent agencies may choose to devote more of their resources to live streaming performers who stream on such other platforms, or encourage their live streaming performers to use or even enter into exclusive agreements with such other platforms, all of which could materially and adversely affect our business, financial condition and results of operations.

Our brand image and business may be adversely impacted by misconduct by our live streaming performers and users and their misuse of our platform.

We do not have full control over how users use or behave on our platform, whether through live streaming, commenting or other forms of sharing or communication. We face the risk that our platform may be misused or abused by live streaming performers or users. We have a robust internal control system in place to review and monitor live streams and other forms of social interactions among our users and will shut down streams that are illegal or inappropriate. However, we may not be able to identify all such streams and content, or prevent all such content from being posted.

Moreover, we have limited control over the real-time behavior of our live streaming performers and users. To the extent such behavior is associated with our platform, our ability to protect our brand image and reputation may be limited. Our business and public perception of our brand may be materially and adversely affected by the misuse of our platform. In addition, in response to allegations of illegal or inappropriate activities conducted through our platform or any negative media coverage about us, PRC government authorities may intervene and hold us liable for non-compliance with PRC laws and regulations concerning the dissemination of information on the internet and subject us to administrative penalties, including confiscation of income and fines or other sanctions, such as requiring us to restrict or discontinue certain features and services. As a result, our business, financial condition and results of operation may be materially and adversely affected.

We face the risk that live streaming performers that perform on our platform may infringe upon third parties' intellectual property rights.

Our agreements with live streaming performers and their agencies provide that content generated through our platform by live streaming performers is owned by us. Live streaming performers are prohibited from disseminating content infringing on others' intellectual property rights. We delete content we deem unauthorized and block the account of the performers. However, we cannot guarantee that all content generated by our live streaming performers or users is legal and non-infringing, and we cannot guarantee that the online performance and/or other use of music works by the live streaming performers are authorized by the corresponding intellectual property rights owners.

As the application of existing laws and regulations to specific aspects of online music business remains relatively unclear and is still evolving, it is difficult to predict whether we will be subject to joint infringement liability if our live streaming performers or users infringe on third parties' intellectual property rights. We rely on our ownership over the content generated by the performers and our exclusive contractual relationship with certain live streaming performers to maintain our competitiveness, but these measures may increase our risk of being liable for infringement committed by the live streaming performers or users. Furthermore, if we are determined to be jointly liable either by new regulations or court judgments, we may have to change our policies and it may materially and adversely impact on our business, financial condition and results of operation.

Failure to protect our intellectual property could substantially harm our business, operating results and financial condition.

We rely upon a combination of trade secrets, confidentiality policies, nondisclosure and other contractual arrangements and patent, copyright, software copyright, trademark, and other intellectual property laws to protect our intellectual property rights. Despite our efforts to protect our intellectual property rights, the steps we take in this regard might not be adequate to prevent or deter infringement or other misappropriation of our intellectual property by competitors, former employees or other third parties.

We have filed, and may in the future file, patent applications on certain of our innovations. It is possible, however, that these innovations may not be patentable. In addition, given the cost, efforts and risks associated with patent application, we may choose not to seek patent protection for some innovations. Furthermore, our patent applications may not lead to granted patents, the scope of the protection gained may be insufficient or an issued patent may be deemed invalid or unenforceable. We also cannot guarantee that any of our present or future patents or other intellectual property rights will not lapse or be invalidated, circumvented, challenged, or abandoned.

Litigation or proceedings before governmental authorities, administrative and judicial bodies may be necessary in the future to enforce our intellectual property rights and to determine the validity and scope of our rights. Our efforts to protect our intellectual property in such litigation and proceedings may be ineffective and could result in substantial costs and diversion of resources and management time, each of which could substantially harm our operating results.

While we typically require our employees, consultants and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing or enforcing such agreements with each party that develops intellectual property that we regard as our own. In addition, such agreements may be breached. We may be forced to bring claims against the breaching third parties, or defend claims that they may bring against us related to the ownership of such intellectual property.

The content available on our platform may be found objectionable by the PRC government, which may subject us to penalties and other regulatory or administrative actions.

As an internet content provider, we are subject to PRC regulations governing internet access and the distribution of music, music videos, long-form audio and other forms of content over the internet. See “—Regulations.” These regulations prohibit internet content providers and internet publishers from posting on the internet any content that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, or is obscene, superstitious, frightening, gruesome, offensive, fraudulent or defamatory. In particular, since the outset of 2018, the Chinese government has been tightening regulatory oversight over content offered by online and mobile live streaming and video services that it deemed to be “vulgar.” Failure to comply with these requirements may result in monetary penalties, revocation of licenses to provide internet content or other licenses, suspension of the concerned platforms and reputational harm. In addition, these laws and regulations are subject to interpretation by the PRC government, and it may not be possible to determine in all cases the types of content that could cause us to be held liable for offering content that is found objectionable by the PRC government.

Internet content providers may be held liable for content displayed on or linked to their online platforms that is subject to certain restrictions. We allow our users to upload user-generated content, such as music, videos, audio, comments, reviews and other forms of content. We also make it possible for selected professional producers to make their content available to users through our official music accounts and allow them a high level of control of the content offered through our music accounts. While we have in place internal rules and procedures to monitor user-generated content on our platform, due to the massive amount of such content, we

may not be able to identify, in a timely manner or at all, the content that is illegal or inappropriate or that may otherwise be found objectionable by the PRC government. Additionally, we may not be able to keep our rules and procedures abreast of changes in the PRC government's requirements for content display. Failure to identify and prevent illegal or inappropriate content from being displayed on our platform may result in legal and administrative liability, government sanctions, fines, loss of licenses and/or permits, or reputational harm. If the PRC regulatory authorities find any content displayed on our platform objectionable, they may require us to limit or eliminate the dissemination of such content on our platform. In the past, we have from time to time received phone calls and written notices from the relevant PRC regulatory authorities requesting us to delete or restrict certain content that the government deemed inappropriate or sensitive. Although we have not been materially penalized for our content so far, in the event that the PRC regulatory authorities find any content on our platform objectionable and impose penalties on us or take other actions against us in the future, our business, financial condition and results of operations may be materially and adversely affected.

Pending or future litigation or governmental proceedings could have a material and adverse impact on our reputation, business, financial condition and results of operations.

From time to time, we have been, and may in the future be, subject to lawsuits brought by our competitors, individuals, or other entities against us, as well as governmental investigations or proceedings, in matters primarily relating to intellectual property rights, antitrust, and competition claims concerning our content acquisition and distribution. We cannot predict the outcomes of such lawsuits or governmental actions, which may not be successful or favorable to us. Lawsuits or governmental investigations or actions against us, our shareholders, directors, officers or employees may also generate negative publicity that significantly harms our reputation, which may adversely affect our user base and relationships with our content partners. In addition to the related cost, managing and defending litigation and governmental proceedings can significantly divert our management's attention from operating our business. We may also need to pay damages or settle lawsuits or governmental proceedings with a substantial amount of cash, or be required by the relevant governmental authorities to make substantive changes to our existing business model. As of December 31, 2020, there were 1,116 lawsuits pending in connection with alleged copyright infringement on our platform against us or our affiliates with an aggregate amount of damages sought of approximately RMB46.9 million (US\$7.2 million). While we do not believe that any such proceedings are likely to have a material adverse effect on us, if there were adverse determinations in legal proceedings against us, we could be required to pay substantial monetary damages or adjust our business practices, which could have an adverse effect on our reputation, business, financial condition and results of operations.

We and certain of our directors and officers have been named as defendants in several shareholder class action lawsuits, which could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation.

We will have to defend against the putative class actions described in "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings," including any appeals of such lawsuits should our initial defense be unsuccessful. We are currently unable to estimate the potential loss, if any, associated with the resolution of such lawsuits, if they proceed. We anticipate that we will continue to be a target for lawsuits in the future, including putative class action lawsuits brought by shareholders. There can be no assurance that we will be able to prevail in our defense or reverse any unfavorable judgment on appeal, and we may decide to settle lawsuits on unfavorable terms. Any adverse outcome of these cases, including any plaintiffs' appeal of the judgment in these cases, could result in payments of substantial monetary damages or fines, or changes to our business practices, and thus have a material adverse effect on our business, financial condition, results of operation, cash flows and reputation. In addition, there can be no assurance that our insurance carriers will cover all or part of the defense costs, or any liabilities that may arise from these matters. The litigation process may utilize a significant portion of our cash resources and divert management's attention from the day-to-day operations of our company, all of which could harm our business. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial results.

We, certain of our consolidated entities in the PRC and Mr. Guomin Xie, our former Co-President and director, have been named as respondents in an arbitration proceeding in the PRC.

On December 6, 2018, we became aware of an arbitration (the “Arbitration”) filed by an individual named Mr. Hanwei Guo (the “Claimant”) before the China International Economic and Trade Arbitration Commission, or CIETAC. The Arbitration named Mr. Guomin Xie, who previously served as our Co-President and a director, CMC, and certain affiliates of CMC as respondents (collectively, the “Respondents”). In 2012, Mr. Xie co-founded CMC and the Claimant became an investor in CMC’s business by acquiring substantial stakes in entities including CMC, Ocean Interactive (Beijing) Technology Co., Ltd. (“Ocean Technology”) and Ocean Interactive (Beijing) Culture Co., Ltd. (“Ocean Culture”). CMC was acquired by Tencent in 2016 and subsequently was renamed Tencent Music Entertainment Group. As a result of the merger of CMC’s operations and Tencent’s former music businesses in 2016, Ocean Culture and Ocean Technology also became our PRC consolidated entities.

The Claimant alleged that Mr. Xie defrauded and threatened him into signing a series of agreements in late 2013 to relinquish his substantial investment interests in multiple entities, including CMC, Ocean Culture and Ocean Technology (together, the “Ocean Music Entities”), and transferring his equity interests in the Ocean Music Entities to Mr. Xie, CMC and certain other Respondents at below-market value. The Claimant seeks an award from CIETAC ruling, among other things, that (i) such agreements, pursuant to which the Claimant allegedly transferred his interests in the Ocean Music Entities to Mr. Xie, CMC and other Respondents, be declared invalid; (ii) Mr. Xie, CMC and other applicable Respondents return to the Claimant all of his initial equity interests in the Ocean Music Entities; and (iii) Mr. Xie pays damages in the amount of RMB100 million (US\$14.6 million). In March 2021, the Claimant amended his claims so that, among other things, to the extent that the Claimant’s equity interests in the Ocean Music Entities cannot be returned to the Claimant as a result of the merger of CMC’s operations and Tencent’s former music businesses, each of Mr. Xie and we shall pay the Claimant damages in an amount equal to the fair market value of 4% of our share capital as of the date of enforcement of the final arbitration decision, minus the amount the Claimant has already received, plus accrued interests.

In addition, on December 5, 2018, the Claimant filed an Application and Petition for an Order to Take Discovery for Use in a Foreign Proceeding Pursuant to 28 U.S.C. § 1782 (the “Discovery Petition”) in the U.S. District Court of the Southern District of New York (the “District Court”), whereby he seeks permission to serve subpoenas for production of documents on Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Morgan Stanley & Co. LLC, each of which is an underwriter in our initial public offering, for use in the Arbitration. We and the underwriters opposed the Claimant’s Discovery Petition by filing Oppositions in the District Court on December 21, 2018. On February 25, 2019, the Discovery Petition was denied by the District Court. On March 27, 2019, the Claimant filed a notice of appeal with the United States Court of Appeals for the Second Circuit regarding the denial of the Discovery Petition. On July 8, 2020, the U.S. Court of Appeals for the Second Circuit affirmed the district court’s denial of the Claimant’s petition.

Both we and Mr. Xie intend to contest the Claimant’s claims vigorously. However, there can be no assurance that we will be able to prevail in the Arbitration or that we will be able to settle the dispute on terms favorable to us. Moreover, if the claims alleged by the Claimant are successful, we are currently unable to estimate the possible loss or range of loss, if any, associated with the resolution of the Arbitration. Any adverse outcome of the Arbitration could have a material adverse effect on our reputation, capital structure (including potential dilution to our shareholders), business and financial condition. The Arbitration may require us to incur significant resources and divert management’s attention, which could in turn harm our business. Moreover, we cannot guarantee that additional legal actions relating to the subject matters in the Arbitration would not be threatened or brought against us or our directors and officers in the future, and we cannot assure you that no such legal actions have been threatened or initiated as of the date of this annual report, nor can we predict the potential impact of any such actions on our reputation, business, financial condition and results of operations.

Our strategic focus on rapid innovation and long-term user engagement over short-term financial results may generate results of operation that do not align with investors' expectations. If that happens, our stock price may be negatively affected.

Our business is growing and becoming more complex, and our success depends on our ability to quickly develop and launch new and innovative products and services. This business strategy could result in unintended outcomes or decisions that are poorly received by our users or partners. Our culture also prioritizes our long-term user engagement over short-term financial condition or results of operations. We frequently make decisions that may reduce our short-term revenue or profitability if we believe that the decisions will improve user experience and long-term financial performance, as well as our continuous investment in content production and innovation. For example, we are seeking to build long-term partnerships with our content partners, including partnerships in the pan-entertainment sector with other companies within the Tencent ecosystem, and will continue to invest substantially in producing in-house or in collaboration with content partners popular, trend-setting content catering to evolving user demands. Furthermore, as our brand awareness increases, we may continue to expand into new markets and geographic locations. These decisions may not produce the long-term benefits that we expect, in which case our user growth and engagement, our relationships with our partners, and our business, financial condition and results of operation could be materially and adversely affected.

Privacy concerns or security breaches relating to our platform could result in economic loss, damage our reputation, deter users from using our products, and expose us to legal penalties and liability.

We collect, process, and store significant amounts of data concerning our users, business partners and employees, including personal and transaction data involving our users. While we have taken reasonable steps to protect such data, there is no guarantee that such steps will be successful. Techniques used to gain unauthorized access to data and systems, disable or degrade service, or sabotage systems, are constantly evolving, and we may be unable to anticipate, deter, or prevent such techniques or otherwise implement adequate preventative measures to avoid unauthorized access to such data or our systems.

Like all internet services, our service is vulnerable to software bugs, computer viruses, internet worms, break-ins, phishing attacks, attempts to overload servers with denial-of-service, and similar attacks and disruptions from the unauthorized use of our and third-party computer systems, any of which could lead to system interruptions, delays, or shutdowns and cause the loss of critical data or the unauthorized access to our data or our users' data. Computer malware, viruses, and computer hacking and phishing attacks have become more prevalent in our industry, have occurred on our systems in the past, and we experience cyber-attacks of varying degrees on a regular basis, including hacking or attempted hacking into our user accounts and redirecting our user traffic to other internet platforms. Any functions that we use to facilitate interactivity with other internet platforms have the potential to increase the scope of access that hackers may have to our user accounts. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, our failure to maintain performance, reliability, security and availability of our products and technical infrastructure to the satisfaction of our users may harm our reputation and ability to retain existing users and attract new users. Although we have in place systems and processes that are designed to protect our data and our users' data, prevent data loss, disable undesirable accounts and activities on our platform, and prevent or detect security breaches, we cannot assure you that such measures will provide absolute security. We may incur significant costs in protecting against cyber-attacks, and if an actual or perceived breach of security occurs to our systems or a third party's systems, we could be required to expend significant resources to mitigate the breach of security and to address matters related to any such breach, including notifying users or regulators.

In addition, we are subject to a variety of laws and other obligations relating to the security and privacy of data, including restrictions on the collection, use and storage of personal information and requirements to take steps to prevent personal data from being divulged, stolen, or tampered with. The PRC Constitution, the PRC Criminal Law, the PRC Civil Code protect individual privacy in general. The Cybersecurity Law of the PRC, which came into effect in June 2017, requires certain authorization or consent from Internet users prior to

collection, use or disclosure of their personal data and also protection of the security of the personal data of such users, but there are still great uncertainties as to the interpretation and application of the Cybersecurity Law. The Office of the Central Cyberspace Affairs Commission, the Ministry of Industry and Information Technology, the Ministry of Public Security, and the State Administration for Market Regulation, or the SAMR jointly promulgated an announcement on January 23, 2019 to carry out special campaigns against illegal collection and usage of personal information by mobile internet application programs operators, including collecting personal information irrelevant to their services, or forcing users to give authorization in disguised manner. Further, the Office of the Central Cyberspace Affairs Commission issued the Provisions on the Cyber Protection of Children's Personal Information, effective on October 1, 2019, which requires, among others, that internet operators who collect, store, use, transfer and disclose personal information of children under the age of 14 establish special rules and user agreements for the protection of children's personal information, inform the children's guardians in a noticeable and clear manner, and obtain the consent of the children's guardians. We may be subject to laws and regulations relating to the security and privacy of data, including the collection, use and storage of personal information, of jurisdictions other than the PRC. Any failure, or perceived failure to maintain the security of our user data or to comply with applicable PRC or foreign privacy, data security and personal information protection laws and obligations may result in civil or regulatory liability, including governmental or data protection authority enforcement actions and investigations, fines, penalties, enforcement orders requiring us to cease operating in a certain way, litigation, or adverse publicity, and may require us to expend significant resources in responding to and defending allegations and claims.

In addition, although we currently do not operate in Europe, if and to the extent our operations are extended into Europe, we may be required to notify European Data Protection Authorities within strict time periods about any personal data breaches, unless the personal data breach is unlikely to result in a risk to the rights and freedoms of affected individuals. We may also be required to notify affected individuals of the personal data breach where there is a high risk to their rights and freedoms. If we suffer a personal data breach, or otherwise violate the General Data Protection Regulation, we could be fined up to EUR 20 million or 4% of worldwide annual turnover of the preceding financial year, whichever is greater. Furthermore, any data breach by service providers that are acting as data processors (i.e., processing personal data on our behalf) could also mean that we are subject to these fines and are required to comply with the notification obligations described above. Complying with the General Data Protection Regulation and other applicable regulatory requirements may cause us to incur substantial expenses or require us to alter or change our practices in a manner that could harm our business.

Regulatory requirements regarding the protection of data are constantly evolving and can be subject to differing interpretations or significant changes, making the extent of our responsibilities in that regard uncertain. While in the U.S., the state of California enacted the California Consumer Privacy Act, which became effect on January 1, 2020 and imposes heightened obligations with respect to data privacy, including the ability for individuals in California to object to the sale of their personal data in certain instances. If other states in the United States adopt similar laws, or if a comprehensive federal data privacy law is enacted, we may be required to expend considerable resources to meet the applicable requirements to the extent our operations are expanded into the United States.

Any failure, or perceived failure, by us, or by our third-party partners, to maintain the security of our user data or to comply with applicable privacy or data security laws, regulations, policies, contractual provisions, industry standards, and other requirements, may result in civil or regulatory liability, including governmental or data protection authority enforcement actions and investigations, fines, penalties, enforcement orders requiring us to cease operating in a certain way, litigation, or adverse publicity, and may require us to expend significant resources in responding to and defending allegations and claims. Moreover, claims or allegations that we have failed to adequately protect our users' data, or otherwise violated applicable privacy and data security laws, regulations, policies, contractual provisions, industry standards, or other requirements, may result in damage to our reputation and a loss of confidence in us by our users or our partners, potentially causing us to lose users, advertisers, content providers, other business partners and revenues, which could have a material adverse effect

on our business, financial condition and results of operations and could cause our stock price to drop significantly.

Expansion of our operations to deliver non-music content, including long-form audio, subjects us to increased business, legal, financial, reputational, and competitive risks.

Expansion of our operations to deliver non-music content, such as our long-form audio, involves numerous risks and challenges, including increased capital requirements, new competitors, and the need to develop new strategic relationships. Growth in these areas may require additional changes to our existing business model and cost structure, modifications to our infrastructure, and exposure to new regulatory, legal and reputational risks, including infringement liability, any of which may require additional expertise that we currently may not have. There is no guarantee that we will be able to generate sufficient revenue from long-form audio or other non-music content to offset the costs of creating or acquiring this content. Failure to successfully monetize and generate revenues from such content, including failure to obtain or retain rights to long-form audio or other non-music content on acceptable terms, or at all, or to effectively manage the numerous risks and challenges associated with such expansion, could adversely affect our business, operating results, and financial condition.

We depend on our senior management and highly skilled personnel. If we are unable to attract, retain and motivate a sufficient number of them, our ability to grow our business could be harmed.

We believe that our future success depends significantly on our continuing ability to attract, develop, motivate and retain our senior management and a sufficient number of experienced and skilled employees. Qualified individuals are in high demand, particularly in the internet content and entertainment industries, and we may have to incur significant costs to attract and retain them. Additionally, we use share-based awards to attract talented employees, and if the ADSs decline in value, we may have difficulties recruiting and retaining qualified employees.

In particular, we cannot ensure that we will be able to retain the services of our senior management and key executive officers. The loss of any key management or executive could be highly disruptive and adversely affect our business operations and future growth. Moreover, if any of these individuals joins a competitor or forms a competing business, we may lose crucial business secrets, technological know-how and other valuable resources. Although our senior management and executive officers have non-compete agreements with us, we cannot assure you that they will comply with such agreements or that we will be able to effectively enforce such agreements.

Compliance with the laws or regulations governing virtual currency may result in us having to obtain additional approvals or licenses or change our current business model.

The Circular on Strengthening the Administration of Online Game Virtual Currency, or the Virtual Currency Circular, jointly issued by the Ministry of Culture and the MOFCOM in 2009, broadly defined virtual currency as a type of virtual exchange instrument issued by internet game operation enterprises, purchased directly or indirectly by the game users by exchanging legal currency at a certain exchange rate, saved outside the game programs, stored in servers provided by the internet game operation enterprises in electronic record format and represented by specific numeric units. Virtual currency is used to exchange internet game services provided by the issuing enterprise for a designated extent and time, and is represented by several forms, such as online prepaid game cards, prepaid amounts or internet game points, and does not include game props obtained from playing online games. In addition, the Virtual Currency Circular defines “issuing enterprise” and “transaction enterprise” and stipulates that a single enterprise may not operate both types of business. Online game operators are further prohibited from distributing virtual gifts or virtual currencies to users paying cash or virtual currency through random selection methods such as lotteries, gambling or prize drawing. See “—Regulations—Regulations on Virtual Currency.”

Although we issue virtual currencies to users for cash or, in a few past cases, as a reward for users’ participation in our guessing games on our platform for them to purchase various items to be used on our live

[Table of Contents](#)

streaming and online karaoke platforms, as advised by our PRC legal advisor, our service does not constitute virtual currency transaction services because users cannot transfer or trade these currencies among themselves. However, given the uncertainties of the interpretation and enforcement of the virtual currency related laws, regulations and policies, we cannot assure you that internet platforms, including us, will not be subject to liabilities due to the activities of third parties, including our users. On May 14, 2019, the Ministry of Culture and Tourism issued the Notice on Adjustment of Approval Scope of the Internet Culture Operation License and Further Regulation on Approval, pursuant to which Ministry of Culture and Tourism no longer assumes the responsibility for the administration of online games industry. As of the date of this annual report, no PRC laws and regulations have been officially promulgated regarding whether the responsibility of Ministry of Culture and Tourism for supervising the online games and virtual currency will be undertaken by another government agency, so it is still unclear as to whether such supervision responsibility will be re-designated to another government agency or whether such government agency taking on the responsibility will require similar or new supervision requirements for the issuance of virtual currencies. If there is similar or new supervision requirements for the issuance of virtual currencies or the sale, exchange or circulation of virtual gifts in the future, there is no assurance that we can meet all such supervision requirements in a timely or cost-effective manner. We cannot assure you that the PRC regulatory authorities will not take stricter actions against all internet platforms conducting business operations involving virtual currencies, including us, or will not take a view contrary to ours or consider any other aspects of our business operations involving virtual currencies as virtual currency transactions or otherwise subject such transactions to the PRC regulatory regime on online games. If the PRC regulatory authorities deem any transfer or exchange on our platform to be a virtual currency transaction, or if our platform is deemed to be engaged in illegal or inappropriate activities relating to third parties' misuse, we may be deemed to be engaging in the issuance of virtual currency and providing transaction platform services that enable the trading of such virtual currency. Simultaneously engaging in both of these activities is prohibited under PRC law. We may be required to cease either our virtual currency issuance activities or such deemed "transaction service" activities and may be subject to certain penalties, including mandatory corrective measures and fines. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

We require a significant amount of capital to fund our content acquisitions, user acquisitions and technology investments. If we cannot obtain sufficient capital, our business, financial condition and prospects may be materially and adversely affected.

Operating our online platforms requires significant, continuous investment in acquiring content, users and technology. Acquiring licenses to music and long-form audio content can be costly. Historically, we have financed our operations primarily with operating cash flows and shareholder contributions. As part of our growth strategies, we expect to continue to require substantial capital in the future to cover, among other things, the costs to license content and innovate our technologies, which requires us to obtain additional equity or debt financing. Our ability to obtain additional financing in the future is subject to uncertainties, including those relating to:

- our future business development, financial condition and results of operations;
- general market conditions for financing activities;
- macro-economic and other conditions in China and elsewhere; and
- our relationship with Tencent, our controlling shareholder.

Although we expect to rely less on financing support from Tencent and increasingly on net cash provided by operating activities and financing through capital markets and commercial banks for our liquidity needs; as our business continues to grow and we are now a public company, we cannot assure you that we will be successful in our efforts to diversify our sources of capital. If we cannot obtain sufficient capital, we may not be able to implement our growth strategies, and our business, financial condition and prospects may be materially and adversely affected.

If we fail to attract more advertisers to our platform or if advertisers are less willing to advertise with us, our business, financial condition and results of operation may be adversely affected.

Our advertising revenues depend on the overall growth of the online advertising industry in China and advertisers' continued willingness to deploy online advertising as part of the advertised spend. In addition, advertisers may choose more established Chinese internet portals or search engines over our platform. If the online advertising market does not continue to grow, or if we are unable to capture and retain a sufficient share of that market, our ability to grow our advertising revenues may be materially and adversely affected.

Furthermore, our key and long-term priority of optimizing user experience and satisfaction may limit our ability to significantly grow our advertising revenues. For example, in order to provide our users with an uninterrupted online music entertainment experience, we limit the amount of advertising on our streaming interface or pop-up advertisements during streaming. While this may adversely affect our operating results in the short-term, we believe it enables us to provide a superior user experience which will enable us to expand current user base and strengthen our monetization potential in the long-term. However, this philosophy of prioritizing user experience may also negatively impact our relationships with advertisers, and may not result in the long-term benefits that we expect, in which case the success of our business, financial condition and results of operations could be materially and adversely affected.

We cannot assure you that we will be able to attract or retain direct advertisers or advertising agencies. If we fail to retain and enhance our business relationships with these advertisers or third-party advertising agencies, we may suffer from a loss of advertisers and our business and results of operations may be materially and adversely affected. If we fail to retain existing advertisers and advertising agencies or attract new direct advertisers and advertising agencies or any of our current advertising methods or promotion activities becomes less effective, our business, financial condition and results of operations may be materially and adversely affected.

Our operating metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may harm our reputation and our business.

We regularly review MAUs, number of paying users, ARPPU and other key metrics to evaluate growth trends, measure our performance and make strategic decisions. These metrics are calculated using our internal data and have not been validated by an independent third party. While these numbers are based on what we believe to be reasonable estimates of our user base for the applicable period of measurement, there are inherent challenges in measuring how our services are used across large populations in China. For example, individuals who have multiple accounts and devices registered with our platform could result in an overstatement of the number of our users. We are also subject to the risk associated with artificial manipulation of data, such as stream counts on our platform. Any errors or inaccuracies in these metrics could result in less informed business decisions and operational inefficiencies. For example, if our user base is overstated by MAU and other user engagement metrics we track, we may fail to make the right strategic choices needed to expand our user base and achieve our growth strategies.

We are subject to payment processing risk.

Our users pay for our membership services, content offered on our platforms, virtual gifts and any other music and long-form audio-related services or merchandises offered by us through a variety of online payment solutions. We rely on third parties to process such payments. Acceptance and processing of these payment methods are subject to certain rules and regulations and require payment of interchange and other fees. To the extent there are increases in payment processing fees, material changes in the payment network, such as delays in receiving payments from processors and/or changes in the rules or regulations concerning payment processing, our ability to provide superior use experience, including convenient payment options, may be undermined, and our revenue, operating expenses and results of operation could be adversely impacted.

Our ability to expand our user base depends in part on users being able to access our services, which may be affected by third-party interference beyond our control.

Access to our services may be affected by restrictions on the ability of our users to access websites, mobile apps and client-based desktop applications via the internet. Corporations, professional organizations and governmental agencies could block access to the internet or our online platforms as a competitive strategy or for other reasons, such as security or confidentiality concerns, or political, regulatory or compliance reasons. In any of these occurrences, users may not be able to access our services, and user engagement and monetization of our services may be adversely affected.

Additionally, we offer our mobile apps via smartphone and tablet apps stores operated by third parties. Some of these third parties are now, and others may in the future become, competitors of ours, and could stop allowing or supporting access to our mobile apps through app stores, increase access costs or change the terms of access in a way that makes our apps less desirable or harder to access. Furthermore, since the mobile devices that provide users with access to our services are not manufactured and sold by us, we cannot guarantee that such devices will perform reliably, and any faulty connection between these devices and our services may result in user dissatisfaction toward us. As a result, our brand and reputation, business, financial condition and results of operations may be materially and adversely affected.

Negative media coverage could adversely affect our business.

Negative publicity about us or our business, shareholders, affiliates, directors, officers or other employees, as well as the industry in which we operate, can harm our operations. Such negative publicity could be related to a variety of matters, including:

- alleged misconduct or other improper activities committed by our shareholders, affiliates, directors, officers and other employees;
- false or malicious allegations or rumors about us or our shareholders, affiliates, directors, officers and other employees;
- user complaints about the quality of our products and services;
- copyright infringements involving us and content offered on our platform;
- security breaches of confidential user information; and
- governmental and regulatory investigations or penalties resulting from failure of us or our related parties to comply with applicable laws and regulations.

In addition to traditional media, there has been increasing use of social media platforms and similar devices in China, including instant messaging applications, such as *Weixin/WeChat*, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of users and other interested persons. The availability of information on instant messaging applications and social media platforms is virtually immediate and as such, does not afford us an opportunity for redress or correction. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning our company, shareholders, directors, officers and employees may be posted on such platforms at any time. The risks associated with any such negative publicity or incorrect information cannot be completely eliminated or mitigated and may materially harm our reputation, business, financial condition and results of operations.

Future strategic transactions or acquisitions may have a material and adverse effect on our business, financial condition and results of operations.

We may enter into strategic transactions, including joint ventures or equity investments, with various third parties to further our business purpose from time to time. These transactions could subject us to a number of

[Table of Contents](#)

risks, including risks associated with sharing proprietary information, non-performance by third parties and increased expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these strategic third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third parties.

In addition, when appropriate opportunities arise, we may acquire additional assets, products, technologies or businesses that are complementary to our existing business. In addition to possible shareholders' approval, we may also have to obtain approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable PRC laws and regulations, which could result in increased delay and costs, and may derail our business strategy if we fail to do so. Furthermore, past and future acquisitions and the subsequent integration of new assets and businesses require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our business operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and consummating acquisitions may be significant. Furthermore, our equity investees may generate significant losses, a portion of which will be shared by us in accordance with IFRS. Any such negative developments could have a material adverse effect on our business, financial condition and results of operations.

Advertisements shown on our platform may subject us to penalties and other administrative actions.

Under PRC advertising laws and regulations, we are obligated to monitor the advertising content shown on our platform to ensure that such content is true, accurate and in full compliance with applicable laws and regulations. See “—Regulation—Regulations on Online Advertising Services.” Violation of these laws and regulations may subject us to penalties, including fines, confiscation of our advertising income, orders to cease dissemination of the advertisements and orders to publish an announcement correcting the misleading information. A majority of the advertisements shown on our platform are provided to us by third parties. While we have implemented a combination of automated monitoring and manual review to ensure that the advertisements shown on our platform are in compliance with applicable laws and regulations, we cannot assure you that all the content contained in such advertisements is true and accurate as required by the advertising laws and regulations, especially given the uncertainty in the application of such laws and regulations. In addition, advertisers may, through illegal technology, evade our content monitoring procedures to show advertisements on our platform that do not comply with applicable laws and regulations. The inability of our systems and procedures to adequately and timely discover such evasions may subject us to regulatory penalties or administrative sanctions.

Programming errors could adversely affect our user experience and market acceptance of our content, which may materially and adversely affect our business and results of operations.

Our platform or content on our platform may contain programming errors that adversely affect our user experience and market acceptance of our content. We have from time to time received user feedback pertaining to programming errors. While we generally have been able to resolve such errors in a timely manner, we cannot assure you that we will be able to detect and resolve all these programming errors effectively. Programming errors or defects may adversely affect user experience, cause users to refrain from subscribing for our services, or cause our advertising customers to reduce their use of our services, any of which could materially and adversely affect our business and results of operations.

We have granted, and may continue to grant, share incentives, which may result in increased share-based compensation expenses.

We have adopted various equity incentive plans, including a share incentive plan adopted in 2014 and a share option plan and a restricted share award plan adopted in 2017. We account for compensation costs for all share-based awards using a fair-value based method and recognize expenses in our consolidated statements of comprehensive income in accordance with IFRS. Under such plans, we are authorized to grant options, stock appreciation rights, restricted shares, restricted stock units and other types of awards as the administrator of such plans may decide. The maximum aggregate number of shares that we are authorized to issue pursuant to the equity awards granted under such plans is 311,438,316 shares. As of April 2, 2021, 34,728,122 restricted shares and the options to purchase a total of 21,965,112 Class A ordinary shares have been granted and are outstanding, under such plans. In 2018, 2019 and 2020, we recorded RMB487 million, RMB519 million and RMB569 million (US\$87 million), respectively, in share-based compensation expenses. We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based awards in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud, and investor confidence in our company and the market price of our ADSs may be adversely affected.

The SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, adopted rules requiring most public companies to include a management report on such company's internal control over financial reporting in its annual report, which contains the management's assessment of the effectiveness of the company's internal control over financial reporting. In addition, when a company meets the SEC's criteria, an independent registered public accounting firm must report on the effectiveness of the company's internal control over financial reporting.

Our management and independent registered public accounting firm have concluded that our internal control over financial reporting as of December 31, 2020 was effective. However, we cannot assure you that in the future our management or our independent registered public accounting firm will not identify material weaknesses during the Section 404 of the Sarbanes-Oxley Act audit process. In addition, because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. 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 the ADSs. 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. Furthermore, we have incurred and expect to continue to incur considerable costs and to use significant management time and the other resources in an effort to comply with Section 404 and other requirements of the Sarbanes-Oxley Act which can significantly divert our management's attention from operating our business.

Increasing focus with respect to environmental, social and governance matters may impose additional costs on us or expose us to additional risks. Failure to comply with the laws and regulations on environmental, social and governance matters may subject us to penalties and adversely affect our business, financial condition and results of operations.

The PRC government and public advocacy groups have been increasingly focused on environment, social and governance, or ESG, issues in recent years, making our business more sensitive to ESG issues and changes in

governmental policies and laws and regulations associated with environment protection and other ESG-related matters. Investor advocacy groups, certain institutional investors, investment funds, and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, increased focus from investors and the PRC government on ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of a company's ESG practices. Any ESG concern or issue could increase our regulatory compliance costs. If we do not adapt to or comply with the evolving expectations and standards on ESG matters from investors and the PRC government or are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, we may suffer from reputational damage and the business, financial condition, and the price of our ADSs could be materially and adversely effected.

Risks Related to Our Relationship with Tencent

If we are no longer able to benefit from our business cooperation with Tencent, our business may be adversely affected.

Our ultimate controlling shareholder and a strategic partner, Tencent, is one of the largest internet companies in the world. Our business has benefited significantly from Tencent's brand name and strong market position in China. In addition, we have benefited from distributing our content through Tencent's extensive social network, which provides Tencent's large number of users with access to our content. We also cooperate with Tencent in a number of other areas, such as user traffic acquisition, advertising, technology, social graphs and IT infrastructure. We cannot assure you that we will continue to benefit from our cooperation with Tencent and its subsidiaries in the future. To the extent we cannot maintain our cooperative relationships with Tencent on terms favorable to us or at all, we will need to source other business partners to provide services such as distribution channels, promotion services, as well as IT and payment services, and we may lose access to key strategic assets, which could result in material and adverse effects on our business and results of operations.

Any negative development in Tencent's market position, brand recognition or financial condition may materially and adversely affect our user base, marketing efforts and the strength of our brand.

We have benefited significantly and expect to continue to benefit significantly from Tencent's strong brand recognition, broad user base, social graphs and extensive user data, as well as Tencent's content ecosystem, which enhances our reputation and credibility. If Tencent loses its market position, the effectiveness of our marketing efforts through our association with Tencent may be materially and adversely affected. In addition, any negative publicity associated with Tencent or any negative development with respect to Tencent's market position, financial condition, or compliance with legal or regulatory requirements in China, will likely have an adverse impact on our user traffic and engagement as well as our reputation and brand.

Tencent, our controlling shareholder, has had and will continue to have effective control over the outcome of shareholder actions in our company. The interests of Tencent may not be aligned with the interests of our other shareholders and holders of the ADSs.

As of April 2, 2021, Tencent beneficially owns 13.5% of our outstanding Class A ordinary shares and 95.6% of our outstanding Class B ordinary shares, representing in the aggregate 90.6% of our total voting power. Tencent's voting power gives it the power to control certain actions that require shareholder approval under Cayman Islands law, our memorandum and articles of association and New York Stock Exchange requirements, including approval of mergers and other business combinations, changes to our memorandum and articles of association, the number of shares available for issuance under any share incentive plans, and the issuance of significant amounts of our ordinary shares in private placements.

Tencent's voting control may cause transactions to occur that might not be beneficial to you as a holder of the ADSs and may prevent transactions that would be beneficial to you. For example, Tencent's voting control

[Table of Contents](#)

may prevent a transaction involving a change of control in us, including transactions in which you as a holder of the ADSs might otherwise receive a premium for the ADSs over the then-current market price. In addition, Tencent is not prohibited from selling the controlling interest in us to a third party and may do so without your approval and without providing for a purchase of your ADSs. If Tencent is acquired, otherwise undergoes a change of control or is subject to a corporate restructuring, an acquirer, successor or other third party may be entitled to exercise the voting control and contractual rights of Tencent, and may do so in a manner that could vary significantly from that of Tencent.

We may have conflicts of interest with Tencent and, because of Tencent's controlling ownership interest in our company, we may not be able to resolve such conflicts on terms favorable to us.

Conflict of interest may arise between Tencent and us in a number of areas relating to our ongoing relationships. Potential conflicts of interest that we have identified mainly include the following:

- *Agreements with Tencent.* We entered into a master business cooperation agreement in July 2018. Tencent may use its control over us to prevent us from bringing a legal claim against it in the event of a contractual breach by Tencent, notwithstanding our contractual rights under the master business cooperation agreement and any other agreement we may enter into with Tencent from time to time.
- *Allocation of business opportunities.* There may arise business opportunities in the future that both we and Tencent are interested in and which may complement each of our respective businesses. Tencent holds a large number of business interests, some of which may directly or indirectly compete with us. For example, Tencent currently owns equity stakes in certain music streaming businesses operating outside of the PRC. Tencent may decide to take up such opportunities itself, which would prevent us from taking advantage of those opportunities.
- *Employee recruiting and retention.* We may compete with Tencent in the hiring of employees, especially computer programmers, engineers, sales and other employees with experience or an interest in the internet industry.
- *Sale of shares in our company.* Tencent may decide to sell all or a portion of the shares that it holds in our company to a third party, including to one of our competitors, thereby giving that third party substantial influence over our business and our affairs. Such a sale could be contrary to the interests of our employees or our other shareholders or holders of the ADSs.
- *Developing business relationships with Tencent's competitors.* We may be limited in our ability to do business with Tencent's competitors, which may limit our ability to serve the best interests of our company and our other shareholders or holders of the ADSs.
- *Our directors may have conflicts of interest.* Certain of our directors are also employees of Tencent. These relationships could create, or appear to create, conflicts of interest when these persons are faced with decisions with potentially different implications for Tencent and us.

Our financial contribution to Tencent was not material during the periods presented in this annual report, and Tencent may from time to time make strategic decisions that it believes are in the best interests of its business as a whole, which may be different from the decisions that we would have made on our own. Tencent's decisions with respect to us or our business may favor Tencent and therefore the Tencent shareholders, which may not necessarily be aligned with our interests and the interests of our other shareholders. Moreover, Tencent may make decisions, or suffer adverse trends, that may disrupt or discontinue our collaborations with Tencent or our access to Tencent's user base. Although we are now a stand-alone public company and we have an audit committee, consisting of independent non-executive directors, to review and approve all proposed related party transactions, we may not be able to resolve all potential conflicts of interest, and even if we do so, the resolution may be less favorable to us than if we were dealing with a non-controlling shareholder.

Risks Related to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign investment in the value-added telecommunication services industry in China is extensively regulated and subject to numerous restrictions. The Special Administrative Measures for Entrance of Foreign Investment (Negative List) (2020 Version) provides that foreign investors are generally not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider other than providers of e-commerce, domestic multiparty-communication, store-and-forward or call center service, and the Provisions on the Administration of Foreign-Invested Telecommunications Enterprises (2016 Revision) requires that the major foreign investor in a value-added telecommunication service provider in China must have experience in providing value-added telecommunications services overseas and maintain a good track record. In addition, foreign investors are prohibited from investing in companies engaged in online publishing businesses, internet audio-visual programs businesses, internet culture businesses (except for music), and radio and television program production businesses. See “—Regulation-Regulations on Foreign Investment—Special Administrative Measures for Entrance of Foreign Investment (Negative List) (2020 Version).”

We are a Cayman Islands company and our PRC subsidiaries are currently considered foreign-invested enterprises. Accordingly, none of our PRC subsidiaries is eligible to provide value-added telecommunication services or conduct other businesses which foreign-owned companies are prohibited or restricted from conducting in China. To ensure strict compliance with the PRC laws and regulations, we conduct such business activities through our consolidated VIEs, and their respective subsidiaries in the PRC. Through a series of contractual arrangements entered into by our wholly owned subsidiaries in China, our VIEs and their respective shareholders, we exercise effective control over the VIEs, receive substantially all of the economic benefits of our VIEs, and have an exclusive option to purchase all or part of the equity interests and assets in our VIEs when and to the extent permitted by PRC laws and regulations. As a result of these contractual arrangements, we have control over and are the primary beneficiary of our VIEs and hence consolidate their operating results in our consolidated financial statements under IFRS. See “Item 4. Information on the Company—4.C. Organizational Structure” for details.

If the PRC government finds that our contractual arrangements do not comply with its restrictions on foreign investment in the value-added telecommunication services, or if the PRC government otherwise finds that we, our VIEs, or any of their respective subsidiaries are in violation of PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant PRC regulatory authorities, including the Ministry of Industry and Information Technology, the National Radio and Television Administration and the MOFCOM, would have broad discretion in dealing with such violations or failures, including:

- revoking the business licenses and/or operating licenses of such entities;
- discontinuing or placing restrictions or onerous conditions on our operation through any transactions between our PRC subsidiaries and our VIEs;
- imposing fines, confiscating the income from our PRC subsidiaries or our VIEs, or imposing other requirements with which we or our VIEs may not be able to comply;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with our VIEs and deregistering the equity pledges of our VIEs, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over our VIEs; or
- restricting or prohibiting our use of the proceeds of financing activities to finance our business and operations in China.

Any of these events could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. If occurrences of any of these events result in our inability to direct the activities of our VIEs that most significantly impact their economic performance and/or our failure to receive the economic benefits of our VIEs, we may not be able to consolidate their operating results in our consolidated financial statements in accordance with IFRS.

Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law of the PRC and how it may impact the viability of our current corporate structure, corporate governance and business operations.

On March 15, 2019, the National People's Congress adopted the Foreign Investment Law of the PRC, which became effective on January 1, 2020 and replaced three existing laws regulating foreign investment in China, namely, the Wholly Foreign-Invested Enterprise Law of the PRC, the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC and the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC, together with their implementation rules and ancillary regulations. The Foreign Investment Law of the PRC embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, since it is relatively new, uncertainties still exist in relation to its interpretation and implementation. For example, the Foreign Investment Law of the PRC adds a catch-all clause to the definition of "foreign investment" so that foreign investment, by its definition, includes "investments made by foreign investors in China through other means defined by other laws or administrative regulations or provisions promulgated by the State Council" without further elaboration on the meaning of "other means." The Implementing Regulation of the Foreign Investment Law Regulations adopted by the State Council on December 12, 2019 also did not provide further clarification for such "other means." It leaves leeway for future legislations to be promulgated by competent PRC legislative institutions to provide for contractual arrangements as a form of foreign investment. It is therefore uncertain whether our corporate structure will be seen as violating the foreign investment rules as we currently leverage the contractual arrangements to operate certain businesses in which foreign investors are prohibited from or restricted in investing. Furthermore, if future legislations prescribed by the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. If we fail to take appropriate and timely measures to comply with any of these or similar regulatory compliance requirements, our current corporate structure, corporate governance and business operations could be materially and adversely affected.

We rely on contractual arrangements with our VIEs and their respective shareholders for a large portion of our business operations, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on contractual arrangements with our VIEs and their respective shareholders, as well as certain of our VIEs' subsidiaries to operate our business in China. These contractual arrangements may not be as effective as direct ownership in providing us with control over our VIEs. For example, our VIEs and their respective shareholders could breach their contractual arrangements with us by, among other things, failing to conduct their operations in an acceptable manner or taking other actions that are detrimental to our interests. The revenues contributed by our VIEs and their subsidiaries constituted substantially all of our revenues in 2018, 2019 and 2020.

If we had direct ownership of our VIEs, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of our VIEs, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by our VIEs and their respective shareholders of their respective obligations under the contracts to exercise control over our VIEs. The shareholders of our VIEs may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks exist

throughout the period in which we intend to operate certain portion of our business through the contractual arrangements with our VIEs and their respective shareholders. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation or other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. See “—Any failure by our VIEs or their respective shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.” Therefore, our contractual arrangements with our VIEs and their respective shareholders may not be as effective in controlling our business operations as direct ownership.

Any failure by our VIEs or their respective shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.

If our VIEs or their respective shareholders fail to perform their respective obligations under the contractual arrangements, we could be limited in our ability to enforce the contractual arrangements that give us effective control over our business operations in the PRC and may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure will be effective under PRC law. For example, if the shareholders of our VIEs refuse to transfer their equity interest in our VIEs to our PRC subsidiaries or their designee after we exercise the purchase option pursuant to these contractual arrangements, or if they otherwise act in bad faith or otherwise fail to fulfill their contractual obligations, we may have to take legal actions to compel them to perform their contractual obligations. In addition, if there are any disputes or governmental proceedings involving any interest in such shareholders’ equity interests in our VIEs, our ability to exercise shareholders’ rights or foreclose the share pledges according to the contractual arrangements may be impaired. If these disputes or proceedings were to impair our control over our VIEs, we may not be able to maintain effective control over our business operations in the PRC and thus would not be able to continue to consolidate our VIEs’ financial results, which would in turn result in a material adverse effect on our business, operations and financial condition.

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law, and any disputes would be resolved in accordance with PRC legal procedures.

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a VIE should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our VIEs, and our ability to conduct our business may be negatively affected. See “—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could materially and adversely affect us.”

Contractual arrangements in relation to our VIEs may be subject to scrutiny by the PRC tax authorities and they may determine that we or our VIEs owe additional taxes, which could negatively affect our financial condition and the value of your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transactions are conducted. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements between us and our VIEs were not entered into on an arm's-length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust the income of our VIEs in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by our VIEs for PRC tax purposes, which could in turn increase its tax liabilities without reducing our PRC subsidiary's tax expenses. In addition, the PRC tax authorities may impose late payment fees and other penalties on our VIEs for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our VIEs' tax liabilities increase or if it is required to pay late payment fees and other penalties.

The shareholders of our VIEs may have actual or potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

The shareholders of our VIEs may have actual or potential conflicts of interest with us. These shareholders may breach, or cause our VIEs to breach, or refuse to renew, the existing contractual arrangements we have with them and our VIEs, which would have a material and adverse effect on our ability to effectively control our VIEs and receive economic benefits from them. For example, the shareholders may be able to cause our agreements with our VIEs to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor. Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company. If we cannot resolve any conflict of interest or dispute between us and these shareholders, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

We may lose the ability to use, or otherwise benefit from, the licenses, permits and assets held by our VIEs.

As part of our contractual arrangements with our VIEs, our VIEs hold certain assets, licenses and permits that are material to our business operations, including the ICP License, the Audio and Video Service Permission and the Online Culture Operating Permit. The contractual arrangements contain terms that specifically obligate our VIEs' shareholders to ensure the valid existence of the VIEs and restrict the disposal of material assets of the VIEs. However, in the event the VIEs' shareholders breach the terms of these contractual arrangements and voluntarily liquidate any of our VIEs, or any of our VIEs declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors, or are otherwise disposed of or encumbered without our consent, we may be unable to conduct some or all of our business operations or otherwise benefit from the assets held by the VIEs, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, under the contractual arrangements, our VIEs may not, in any manner, sell, transfer, mortgage or dispose of their material assets or legal or beneficial interests in the business without our prior consent. If any of our VIEs undergoes a voluntary or involuntary liquidation proceeding, its shareholders or unrelated third-party creditors may claim rights to some or all of the assets of the VIEs, thereby hindering our ability to operate our business as well as constrain our growth.

Risks Related to Doing Business in China

A severe or prolonged downturn in the PRC or global economy could materially and adversely affect our business and our financial condition.

The global macro-economic environment is facing challenges. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa and over the conflicts involving Ukraine, Syria and North Korea. There have also been concerns on the relationship among China and other Asian countries, which may result in or intensify potential conflicts in relation to territorial disputes, and the trade disputes between the United States and China. Additionally, our business, financial condition and results of operations may be negatively influenced to the extent that COVID-19 continues to affect the Chinese economy, and continues to remain as a worldwide health crisis that results in a global economic downturn. See “—We face risks related to accidents, disasters and public health challenges in China and globally.” It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

Economic conditions in China are sensitive to global economic conditions, changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. While the economy in China has grown significantly over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing in recent years. Although the growth of China's economy remained relatively stable, there is a possibility that China's economic growth may materially decline in the near future. Any severe or prolonged slowdown in the global or PRC economy may materially and adversely affect our business, results of operations and financial condition.

Uncertainties with respect to the PRC legal system could materially and adversely affect us.

The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past three decades has 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, the PRC legal system is based on written statutes and prior court decisions have limited value as precedents. Our PRC subsidiaries, our VIEs and their subsidiaries are subject to laws and regulations applicable to foreign-invested enterprises as well as various Chinese laws and regulations generally applicable to companies incorporated in China. Since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules may not be uniform and enforcement of these laws, regulations and rules involves uncertainties. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or tort claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions or threats in attempts to extract payments or benefits from us. Furthermore, 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 and may have a retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until sometime after the violation. In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention.

In particular, PRC laws and regulations relating to the provision of online music and audio content are developing and evolving. Although we have taken measures to comply with the laws and regulations that are applicable to our business operations and avoid conducting any non-compliant activities under the applicable

[Table of Contents](#)

laws and regulations, the PRC governmental authorities may promulgate new laws and regulations regulating the provision of online music and audio content in the future. We cannot assure you that our practice would not be deemed to violate any new PRC laws or regulations relating to provision of online music and audio content. Moreover, developments in the market for online music and audio content may lead to changes in PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies that may limit or restrict online music platforms like us, which could materially and adversely affect our business and operations.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

Under PRC law, legal documents for corporate transactions, including agreements and contracts are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with relevant PRC market regulation administrative authorities.

In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit the application through our office automation system and the application will be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees. Although we monitor such authorized employees, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries or consolidated VIEs. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations.

Our operations depend on the performance of the internet infrastructure and telecommunications networks in China, which are in large part operated and maintained by state-owned operators.

The successful operation of our business depends on the performance of the internet infrastructure and telecommunications networks in China. Almost all access to the internet is maintained through state-owned telecommunications operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with China's internet infrastructure or the telecommunications networks provided by telecommunications service providers. Internet traffic in China has experienced significant growth during the past few years. Effective bandwidth and server storage at internet data centers in large cities such as Beijing are scarce. Our platform regularly serves a large number of users. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our platform. We cannot assure you that the internet infrastructure and telecommunications networks in China will be able to support the demands associated with the continued growth in internet usage. If we were unable to increase our online content and service delivering capacity accordingly, we may not be able to continuously grow our internet traffic and the adoption of our products and services may be hindered, which could adversely impact our business and our share price.

In addition, we generally have no control over the costs of the services provided by telecommunications service providers. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected. If internet access fees or other charges to internet users increase, our user traffic may decline and our business may be harmed.

Changes in China's economic, political and social conditions as well as government policies could have a material adverse effect on our business and prospect.

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

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

We face risks related to accidents, disasters and public health challenges in China and globally.

Accidents, disasters and public health challenges in China and globally could impact our business and results of operations. These types of events could negatively impact user activity and our local operations, if any, in the affected regions, or, depending upon the severity, across China or globally, which could adversely impact our business and results of operations. For example, the outbreak of coronavirus, or COVID-19 had caused temporary decrease in levels of activities of our users and performers and negatively affected certain aspects of our business operations in 2020. We took specific precautionary measures intended to minimize the risks of COVID-19 to our employees, users, artists and business partners, including temporarily requiring our employees to work remotely and canceling or postponing sponsored offline events and activities, thus compromising our efficiency and productivity during such periods, and requiring us to incur additional costs, slow down our branding and marketing efforts, and resulting in short-term fluctuations in our results of operations. While the foregoing restrictions and measures have been eased and our business operations have been recovered, our results of operations may be adversely affected to the extent that COVID-19 continues to affect the Chinese economy in general. Additionally, as COVID-19 continues to evolve into a worldwide health crisis that could adversely affect the economies and financial markets of countries other than China, it may potentially result in an economic downturn that could affect demand for our users, business partners and services and therefore materially adversely affect our business, financial condition and results of operations.

Regulation and censorship of information disseminated over the internet in China may adversely affect our business and reputation and subject us to liability for information displayed on our website.

The PRC government has adopted regulations governing internet access and the distribution of news and other information over the internet. Under these regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China, or is reactionary, obscene, superstitious, fraudulent or defamatory. Failure to comply with these requirements may result in the revocation of licenses to provide internet content and other licenses, and the closure of the concerned websites. The website operator may also be held liable for such censored information displayed on or linked to the websites. If our website is found to be in violation of any such requirements, we may be penalized by relevant authorities, and our operations or reputation could be adversely affected.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us and any tax we are required to pay could have a material and adverse effect on our ability to conduct our business.

We are a Cayman Islands holding company and, other than external financing, we rely principally on dividends and other distributions on equity from our PRC subsidiaries for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and for services of any debt we may incur. Our PRC subsidiaries' ability to distribute dividends is based upon their distributable earnings. Current PRC regulations permit our PRC subsidiaries to pay dividends to their respective shareholders only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our PRC subsidiaries, our VIEs and their subsidiaries are required to set aside at least 10% of their after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of their registered capital. These reserves are not distributable as cash dividends. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. Any limitation on the ability of our PRC subsidiaries to distribute dividends or other payments to their respective shareholders could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business.

In addition, the Enterprise Income Tax Law and its implementation rules provide that a withholding tax rate of up to 10% will be applicable to dividends payable by Chinese companies to non-PRC resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprises are incorporated.

In response to the persistent capital outflow and the RMB's depreciation against the U.S. dollar in the fourth quarter of 2016, the People's Bank of China and the State Administration of Foreign Exchange, or SAFE, have implemented a series of capital control measures in the subsequent months, including stricter vetting procedures for China-based companies to remit foreign currency for overseas acquisitions, dividend payments and shareholder loan repayments. For instance, the People's Bank of China issued the Circular on Further Clarification of Relevant Matters Relating to Offshore RMB Loans Provided by Domestic Enterprises, or PBOC Circular 306, on November 26, 2016, which provides that offshore RMB loans provided by a domestic enterprise to offshore enterprises with which it has an equity relationship shall not exceed 30% of the domestic enterprise's most recent audited owner's equity. PBOC Circular 306 may constrain our PRC subsidiaries' ability to provide offshore loans to us. The PRC government may continue to strengthen its capital controls and our PRC subsidiaries' dividends and other distributions may be subjected to tighter scrutiny in the future. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

Under the Enterprise Income Tax Law of the PRC and related regulations, dividends, interests, rent or royalties payable by a foreign-invested enterprise, such as our PRC subsidiaries, to any of its foreign non-resident enterprise investors, and proceeds from any such foreign enterprise investor's disposition of assets (after deducting the net value of such assets) are subject to a 10% withholding tax, unless the foreign enterprise investor's jurisdiction of incorporation has a tax treaty with China that provides for a reduced rate of withholding tax.

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

Any transfer of funds by us to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to PRC regulations. Capital contributions to our PRC subsidiaries are subject to the approval of or filing with the MOFCOM in its local branches and registration with a local bank authorized by SAFE. Any foreign loan procured by our PRC subsidiaries is required to be registered or filed with SAFE or its local branches or satisfy relevant requirements as provided in SAFE Circular 28. Any medium or long-term loan to be provided by us to our VIEs must be registered with the National Development and Reform Commission and SAFE or its local branches. We may not be able to obtain these government approvals or complete such registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us to our PRC subsidiaries. If we fail to receive such approvals or complete such registration or filing, our ability to use the proceeds of our financing activities and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business. There is, in effect, no statutory limit on the amount of capital contribution that we can make to our PRC subsidiaries, provided that the PRC subsidiaries complete the relevant filing and registration procedures. With respect to loans to the PRC subsidiaries by us, (i) if the relevant PRC subsidiaries adopt the traditional foreign exchange administration mechanism, or the Current Foreign Debt Mechanism, the outstanding amount of the loans shall not exceed the difference between the total investment and the registered capital of the PRC subsidiaries; and (ii) if the relevant PRC subsidiaries adopt the Notice No. 9 Foreign Debt Mechanism, the outstanding amount of the loans shall not exceed 200% of the net asset of the relevant PRC subsidiary.

In addition, on October 23, 2019, SAFE promulgated the Circular on Further Promoting the Facilitation of Cross-Border Trade and Investment, or SAFE Circular 28, pursuant to which, our PRC subsidiaries established in the pilot regions, which refers to the Guangdong-Hong Kong-Macao Greater Bay Area and Hainan province, are not required to register each of their foreign debts with SAFE or its local branches but to complete foreign debts registration with SAFE or its local branches in the amount of 200% of the net asset of the relevant PRC subsidiary. Upon such registrations, our relevant PRC subsidiaries will be allowed to procure foreign loans within the registered amount and complete the formalities for inward and outward remittance of funds, purchase and settlement of foreign currency directly with a bank, and are required to make declaration of international balance of payments pursuant to applicable regulations. However, since it is relatively new, uncertainties still exist in relation to its interpretation and implementation.

According to the PBOC Notice No. 9, after a transition period of one year since the promulgation of PBOC Notice No. 9, the People's Bank of China 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. As of the date of this annual report, neither the People's Bank of China 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 the People's Bank of China and SAFE in the future and what statutory limits will be imposed on us when providing loans to our PRC subsidiaries. Currently, our PRC subsidiaries have the flexibility to choose between the Current Foreign Debt Mechanism and the Notice No. 9 Foreign Debt Mechanism. However, if a more stringent foreign debt mechanism becomes mandatory, our ability to provide loans to our PRC subsidiaries or our consolidated affiliated entities may be significantly limited, which may adversely affect our

business, financial condition and results of operations. Despite neither the Foreign Investment Law nor its Implementing Regulation prescribes whether the certain concept “total investment amount” with respect to foreign-invested enterprises will still be applicable, no PRC laws and regulations have been officially promulgated to abolish the Current Foreign Debt Mechanism.

The Circular on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign- Invested Enterprises, or SAFE Circular 19, effective as of June 1, 2015, as amended by Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement under the Capital Account, or SAFE Circular 16, effective on June 9, 2016, allows FIEs to settle their foreign exchange capital at their discretion, but continues to prohibit FIEs from using the Renminbi fund converted from their foreign exchange capitals for expenditure beyond their business scopes, and also prohibit FIEs from using such Renminbi fund to provide loans to persons other than affiliates unless otherwise permitted under its business scope. As a result, we are required to apply Renminbi funds converted from the net proceeds we received from our financing activities within the business scopes of our PRC subsidiaries. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to use Renminbi converted from the net proceeds of our financing activities to fund the establishment of new entities in China by our VIEs or their respective subsidiaries, to invest in or acquire any other PRC companies through our PRC subsidiaries, or to establish new consolidated VIEs in China, which may adversely affect our business, financial condition and results of operations. Even though SAFE Circular 28 allows all FIEs (including those without an investment business scope) to utilize and convert their foreign exchange capital for making equity investment in China if certain requirements prescribed therein are satisfied, since it is relatively new, uncertainties still exist in relation to its interpretation and implementation.

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

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in China and by China’s foreign exchange policies. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar, and the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. On November 30, 2015, the Executive Board of the International Monetary Fund (IMF) completed the regular five-year review of the basket of currencies that make up the Special Drawing Right, or the SDR, and decided that with effect from October 1, 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, the Renminbi has depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

Significant revaluation of the Renminbi may have a material and adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars we receive from our financing activities into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

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

Foreign exchange controls may limit our ability to utilize our revenues effectively and affect the value of your investment.

The PRC government imposes foreign exchange controls on the convertibility of the Renminbi, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in Renminbi. Under our current corporate structure, our Cayman Islands holding company primarily relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval or registration to use cash generated from the operations of our PRC subsidiaries and VIE to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders and holders of the ADSs.

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

The Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements in some instances that the anti-monopoly law enforcement agency be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise.

The Anti-Monopoly Law of the PRC requires that the anti-monopoly law enforcement agency be notified in advance of any transaction where the parties' turnover in the China market and/or global market exceed certain thresholds and the buyer would obtain control of, or decisive influence over, the target as a result of the business combination. As further clarified by the Provisions of the State Council on the Threshold of Filings for Undertaking Concentrations issued by the State Council in 2008 and amended in September 2018, such thresholds include: (i) the total global turnover of all operators participating in the transaction exceeds RMB10 billion in the preceding fiscal year and at least two of these operators each had a turnover of more than RMB400 million within China in the preceding fiscal year, or (ii) the total turnover within China of all the operators participating in the transaction exceeded RMB2 billion in the preceding fiscal year, and at least two of these operators each had a turnover of more than RMB400 million within China in the preceding fiscal year. There are numerous factors the anti-monopoly law enforcement agency considers in determining "control" or "decisive influence," and, depending on certain criteria, the anti-monopoly law enforcement agency may conduct anti-monopoly review of transactions in respect of which it was notified.

[Table of Contents](#)

In particular, the PRC anti-monopoly enforcement agencies have in recent years strengthened enforcement under the PRC Anti-monopoly Law. In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the MOFCOM, the National Development and Reform Commission, or the NDRC and the State Administration for Industry and Commerce, or the SAIC, respectively. Since its inception, the SAMR has continued to strengthen anti-monopoly enforcement. On December 28, 2018, the SAMR issued the Notice on Anti-monopoly Enforcement Authorization which grants authorities to its province-level branches to conduct anti-monopoly enforcement within their respective jurisdictions. On September 11, 2020, the SAMR issued the Anti-monopoly Compliance Guideline for Operators, which requires, under the PRC Anti-monopoly Law, operators to establish anti-monopoly compliance management systems to prevent anti-monopoly compliance risks. In February 2021, the SAMR promulgated the Guidelines to Anti-Monopoly in the Field of Internet Platforms, or the Anti-Monopoly Guidelines for Internet Platforms, aiming to improve anti-monopoly administration on online platforms. The Anti-Monopoly Guidelines for Internet Platforms will operate as a compliance guidance under the existing PRC anti-monopoly laws and regulations for platform economy operators. However, considering the substantial uncertainty over the interpretation and implementation of the Anti-Monopoly Guidelines for Internet Platforms, we may face challenges in addressing its requirements and making necessary changes to our policies and practices, and may incur significant costs and expenses in an effort to do so. Any failure or perceived failure by us to comply with the Anti-Monopoly Guidelines for Internet Platforms and other anti-monopoly laws and regulations may result in governmental investigations or enforcement actions, litigation or claims against us and could have an adverse effect on our business, financial condition and results of operations.

In light of the uncertainties relating to the interpretation, implementation and enforcement of the Anti-Monopoly Law of the PRC, we cannot assure you that the anti-monopoly law enforcement agency will not deem our past and future acquisitions or investments, including Tencent's acquisition of CMC in 2016, to have triggered filing requirement for anti-trust review. If we are found to have violated the Anti-Monopoly Law of the PRC for failing to file the notification of concentration and request for review, we or our parent could be subject to a fine of up to RMB500,000, and the parts of the transaction causing the prohibited concentration could be ordered to be unwound, which may materially and adversely affect our business, financial condition and results of operations.

In addition, the Circular of the General Office of the State Council on the Establishment of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors that became effective in March 2011, and the Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the SAMR, the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

SAFE promulgated the Circular on Issues Concerning the Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles, or SAFE Circular 37, in July 2014. SAFE Circular 37 requires PRC residents or entities to register with

[Table of Contents](#)

SAFE or its local branches in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing with such PRC residents or entities' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle 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. According to the Circular of Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment released in February 2015 by SAFE, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under SAFE Circular 37 from June 2015. See “—Regulation—Regulations on Foreign Exchange Registration of Offshore Investment by PRC Residents.”

If our shareholders who are PRC residents or entities do not complete their registration with the local SAFE branches, our PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. Moreover, failure to comply with SAFE registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

We have notified all PRC residents or entities who directly or indirectly hold shares in our Cayman Islands holding company and who are known to us as being PRC residents to complete the foreign exchange registrations. However, we may not be informed of the identities of all the PRC residents or entities holding direct or indirect interest in our company, nor can we compel our beneficial owners to comply with SAFE registration requirements. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents or entities have complied with, and will in the future make, obtain or update any applicable registrations or approvals required by SAFE regulations. Failure by such shareholders or beneficial owners to comply with SAFE regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries' ability to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our business and prospects.

Furthermore, as these foreign exchange regulations are still relatively new and their interpretation and implementation have been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign currency denominated borrowings, which may adversely affect our financial condition and results of operations. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to SAFE Circular 37, PRC residents who participate in share incentive plans in overseas non-publicly-listed companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies. In the meantime, our directors, executive officers and other employees who are PRC citizens or who are non-PRC residents residing in the PRC for a continuous period of not less than one year, subject to limited exceptions, and who have been granted share-based awards by us, may follow the Circular of SAFE on Issues Concerning the Administration of Foreign Exchange Used for Domestic Individuals' Participation in Equity Incentive Plan of Overseas Listed Companies, promulgated by

SAFE in 2012. Pursuant to the circular, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas listed company, and complete certain other procedures. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We, our directors, our executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted share-based awards are subject to these regulations. Failure to complete SAFE registration requirements may subject them to fines, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law. See “—Regulations on Foreign Exchange Registration of Offshore Investment by PRC Residents—Employee Stock Incentive Plan.”

The State Administration of Taxation has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC governmental authorities. See “—Regulations on Foreign Exchange Registration of Offshore Investment by PRC Residents—Employee Stock Incentive Plan.”

Our business may be negatively affected by the potential obligations to make additional social insurance and housing fund contributions.

We are required by PRC laws and regulations to pay various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. The relevant government agencies may examine whether an employer has made adequate payments of the requisite statutory employee benefits, and employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. Certain of our PRC subsidiaries have historically failed to promptly make social insurance and housing fund contributions in full for their employees. In addition, certain of our PRC subsidiaries engage third-party human resources agencies to make social insurance and housing fund contributions for some of their employees, and there is no assurance that such third-party agencies will make such contributions in full in a timely manner, or at all. If the relevant PRC authorities determine that we shall make supplemental social insurance and housing fund contributions or that we are subject to fines and legal sanctions in relation to our failure to make social insurance and housing fund contributions in full for our employees, our business, financial condition and results of operations may be adversely affected.

We may be classified as a “PRC resident enterprise” for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our non-PRC shareholders and ADS holders and have a material adverse effect on our results of operations and the value of your investment.

Under the Enterprise Income Tax Law of the PRC and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a “resident enterprise” and will be subject to PRC enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control over and overall management of the business, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation issued a circular, known as SAT Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC

enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners like us, the criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident 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 a majority of our management members are based in China, it remains unclear how the tax residency rule will apply to our case. If the PRC tax authorities determine that our company or any of our subsidiaries outside of China is a PRC resident enterprise for enterprise income tax purposes, we may be subject to PRC enterprise income on our worldwide income at the rate of 25%, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Furthermore, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the ADSs. In addition, non-resident enterprise shareholders (including the ADS holders) may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including the ADS holders) and any gain realized on the transfer of ADSs or ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us), if such gains are deemed to be from PRC sources. These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ADSs or ordinary shares.

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

On February 3, 2015, the State Administration of Taxation issued the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or SAT Circular 7. SAT Circular 7 extends its tax jurisdiction to transactions involving the transfer of taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Circular 7 has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Circular 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets.

On October 17, 2017, the State Administration of Taxation issued the Circular on Issues of Withholding of Income Tax of Non-resident Enterprises at Source, or SAT Circular 37, which came into effect on December 1, 2017. SAT Circular 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

Where a non-resident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is known as an indirect transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such indirect transfer to the relevant tax authority. Using a "substance over form" principle, the PRC tax authority may disregard the

[Table of Contents](#)

existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. Our company may be subject to filing obligations or taxed if our company is transferor in such transactions, and may be subject to withholding obligations if our company is transferee in such transactions, under SAT Circular 7 or SAT Circular 37. For transfer of shares in our company by investors who are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under SAT Circular 7 or SAT Circular 37. As a result, we may be required to expend valuable resources to comply with SAT Circular 7 or SAT Circular 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our company should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

The audit report included in this annual report is prepared by an auditor who is not inspected by the Public Company Accounting Oversight Board and, as such, our investors are deprived of the benefits of such inspection.

As a public company with securities listed on a national exchange, we will be required to have our financial statements audited by an independent registered public accounting firm registered with the Public Company Accounting Oversight Board (United States), or the PCAOB. A requirement of being registered with the PCAOB is that if requested by the SEC or PCAOB, such accounting firm is required to make its audits and related audit work papers be subject to regular inspections to assess its compliance with the applicable professional standards. Since our auditor is located in China, a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities due to various state secrecy laws and the revised Securities Law, the PCAOB currently does not have free access to inspect the work of our auditor, including the audit work performed in preparation for this annual report. This lack of the PCAOB inspections in China prevents the PCAOB from fully evaluating audits and quality control procedures of our auditor. As a result, we and investors in our ordinary shares are deprived of the benefits of such PCAOB inspections, which could cause investors in our stock to lose confidence in our audit procedures and the quality of our financial statements.

The recent enactment of the Holding Foreign Companies Accountable Act, the SEC's ongoing rulemaking with respect to such law, and other legislative developments in the United States may result in delisting of the ADSs.

Over the past decade, U.S. SEC and PCAOB and the Chinese counterparts, namely, the China Securities Regulatory Commission, or the CSRC, and PRC Ministry of Finance have been in an impasse over the ability of the PCAOB to have access to the audit work papers and inspect the audit work of China based accounting firms, including our auditor. In May 2013, the PCAOB entered into a Memorandum of Understanding on Enforcement Cooperation (the "MOU") with the CSRC, and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by the PCAOB, the CSRC or the PRC Ministry of Finance in the United States and the PRC, respectively. Despite the MOU, on December 7, 2018, the SEC and the PCAOB issued a joint statement highlighting continued challenges faced by the U.S. regulators in their oversight of financial statement audits of U.S.-listed companies with significant operations in China. On April 21, 2020, the SEC and the PCAOB reiterated in another joint statement the greater risk associated with the PCAOB's inability to inspect audit work paper and practices of accounting firms in China, with respect to their audit work of U.S. reporting companies.

As part of a continued regulatory focus in the United States on access to audit and other information currently protected by laws in China, on December 2, 2020, U.S. Congress passed S. 945, the Holding Foreign Companies Accountable Act (the “HFCAA”). The HFCAA has been signed by the President into law. Pursuant to the HFCAA, the SEC is required to propose rules to prohibit the securities of any registrant from being listed on any of the U.S. securities exchanges or traded “over the counter” if the PCAOB is unable to inspect the work of the accounting firm for three consecutive years. On March 24, 2021, the SEC issued amendments to Form 20-F and sought public comments in response to the HFCAA. Consistent with the HFCAA, these amendments require the submission of documentation to the SEC establishing that a “commission-identified registrant” (as defined in the amendments) is not owned or controlled by a governmental entity in that foreign jurisdiction and also require disclosure in a foreign issuer’s annual report regarding the audit arrangements of, and governmental influence on, such registrant. As of the date of this annual report, the SEC is also actively assessing how best to implement other requirements of the HFCAA, including the identification process and the trading prohibition requirements.

The enactment of the HFCAA and other efforts to increase U.S. regulatory access to audit work papers could cause investor uncertainty for affected issuers, including us, and the market price of the ADSs could be adversely affected as uncertainty remains over whether there will be a compromise solution. In the worst case, our ADSs could be delisted if we were unable to cure the situation to meet the PCAOB inspection requirement in time.

In addition, on August 6, 2020, the President’s Working Group on Financial Markets, or PWG, released a report recommending that the SEC take steps to implement the five recommendations, including enhanced listing standards on U.S. stock exchanges with respect to PCAOB inspection of accounting firms. This would require, as a condition to initial and continued listing on a U.S. stock exchange, PCAOB access to work papers of the principal audit firm for the audit of the listed company. The report permits the new listing standards to provide for a transition period until January 1, 2022 for listed companies, but would apply immediately to new listings once the necessary rulemakings and/or standard-setting are effective. It is unclear if and when the SEC will make rules to implement the recommendations proposed in the PWG report, especially in light of its ongoing rulemaking pursuant to the HFCAA. Any of these factors and developments could potentially lead to a material adverse effect on our business, prospects, financial condition and results of operations.

Proceedings instituted by the SEC against the Big Four PRC-based accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.

In December 2012, the SEC instituted administrative proceedings against the Big Four PRC-based accounting firms, including our independent registered public accounting firm, alleging that these firms had violated U.S. securities laws and the SEC’s rules and regulations thereunder by failing to provide to the SEC the firms’ audit work papers with respect to certain PRC-based companies that are publicly traded in the United States.

On January 22, 2014, the administrative law judge presiding over the matter rendered an initial decision that each of the firms had violated the SEC’s rules of practice by failing to produce audit papers and other documents to the SEC. The initial decision censured each of the firms and barred them from practicing before the SEC for a period of six months.

On February 6, 2015, the four China-based accounting firms each agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC and audit U.S.-listed companies. The settlement required the firms to follow detailed procedures and to seek to provide the SEC with access to Chinese firms’ audit documents via the CSRC. Under the terms of the settlement, the underlying proceeding against the four China-based accounting firms was deemed dismissed with prejudice four years after entry of the settlement. The four-year mark occurred on February 6, 2019. While we cannot predict if the SEC

[Table of Contents](#)

will further challenge the four China-based accounting firms' compliance with U.S. law in connection with U.S. regulatory requests for audit work papers or if the results of such a challenge would result in the SEC imposing penalties such as suspensions, if the accounting firms are subject to additional remedial measures, our ability to file our financial statements in compliance with SEC requirements could be impacted. A determination that we have not timely filed financial statements in compliance with the SEC requirements could ultimately lead to the delisting of our ADSs from the NYSE or the termination of the registration of our ordinary shares under the Securities Exchange Act of 1934, or both, which would substantially reduce or effectively terminate the trading of our ADSs in the United States.

Risks Related to the ADSs

The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.

The trading price of the ADSs is likely to be volatile and could fluctuate widely due to multiple factors, some of which are beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. In addition to market and industry factors, the price and trading volume for the ADSs may be highly volatile for factors, including the following:

- variations in our revenues, operating costs and expenses, earnings and cash flow;
- our controlling shareholder's business performance and the trading price of its stock;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new products and services by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our shareholders, affiliates, directors, officers or employees, our content offerings, our business model, our services or our industry;
- announcements of new regulations, rules or policies relevant for our business;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which the ADSs will trade.

In the past, shareholders of public companies have often brought securities class action suits against those companies following periods of instability in the market price of their securities. Any class action suit involving us could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

If securities or industry analysts do not publish favorable research, or if they adversely change their recommendations regarding the ADSs, the market price for the ADSs and trading volume could decline.

The trading market for the ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade the ADSs, the market price for the

ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for the ADSs to decline.

The sale or availability for sale of substantial amounts of the ADSs could adversely affect their market price.

Sales of substantial amounts of the ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of the ADSs and could materially impair our ability to raise capital through equity offerings in the future. As of April 2, 2021, we had 1,670,004,560 Class A ordinary shares and 1,715,139,178 Class B ordinary shares outstanding. The ADSs representing our Class A ordinary shares sold in our initial public offering are freely transferable by persons other than our “affiliates” without restriction or further registration under the Securities Act. The remaining ordinary shares outstanding will be available for sale, subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act and applicable lock-up restrictions. To the extent ordinary shares are released before the expiration of the lock-up period and sold into the market, the market price of the ADSs could decline.

Certain holders of our ordinary shares have the right to cause us to register under the Securities Act the sale of their shares. Registration of these shares under the Securities Act would result in ADSs representing these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the form of ADSs in the public market could cause the price of the ADSs to decline.

Techniques employed by short sellers may drive down the market price of the ADSs.

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller’s interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions and allegations regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market. If we were to become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable state law or issues of commercial confidentiality.

Because we do not expect to pay dividends in the foreseeable future, you must rely on a price appreciation of the ADSs for a return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in the ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. 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

[Table of Contents](#)

fall due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in the ADSs will likely depend entirely upon any future price appreciation of the ADSs. There is no guarantee that the ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in the ADSs and you may even lose your entire investment in the ADSs.

Our memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and the ADSs.

Our memorandum and articles of association contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. Our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADS or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of the ADSs representing our ordinary shares may fall and the voting and other rights of the holders of our ordinary shares and the ADSs may be materially and adversely affected.

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.

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Act (As Revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties 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 of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands have a less developed body of securities laws than 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 the memorandum and articles of association and any special resolutions passed by such companies, and the registers of mortgages and charges of such companies) 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.

[Table of Contents](#)

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 our management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

Certain judgments obtained against us by our shareholders may not be enforceable.

We are a Cayman Islands company and substantially all of our current operations are conducted in China. In addition, most of our current directors and officers are nationals and residents of countries other than the United States. 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 that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. Moreover, our PRC counsel has advised us that the PRC does not have treaties with the United States or many other countries providing for the reciprocal recognition and enforcement of judgement of courts.

ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial for any claim they may have against us or the depository arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depository were to oppose a jury trial based on this waiver, the court would have to determine whether the waiver was enforceable based on the facts and circumstances of the case in accordance with applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, or by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this would be the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depository in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depository. If a lawsuit is brought against us or the depository under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including outcomes that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or the ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depository of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct the voting of the Class A ordinary shares underlying the ADSs.

Holders of ADSs do not have the same rights as our registered shareholders. As a holder of the ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights which attach to the Class A ordinary shares underlying the ADSs indirectly by giving voting instructions to the depository in accordance with the provisions of the deposit agreement. If we ask for your instructions, then upon receipt of your voting instructions, the depository will try to vote the underlying Class A ordinary shares in accordance with these instructions. If we do not instruct the depository to ask for your instructions, the depository may still vote in accordance with instructions you give, but it is not required to do so. You will not be able to directly exercise any right to vote with respect to the underlying Class A ordinary shares unless you withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. When a general meeting is convened, you may not receive sufficient advance notice of the meeting to enable you to withdraw the Class A ordinary shares underlying the ADSs and become the registered holder of such shares prior to the record date for the general meeting to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our memorandum and articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the Class A ordinary shares underlying the ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, upon our instruction, the depository will notify you of the upcoming vote and to deliver our voting materials to you. We cannot assure you that you will receive the voting material in time to ensure you can direct the depository to vote your shares. In addition, the depository and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the shares underlying the ADSs are voted and you may have no legal remedy if the shares underlying the ADSs are not voted as you requested.

Under our dual-class share structure with different voting rights, holders of Class B ordinary shares have complete control of the outcome of matters put to a vote of shareholders, which will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and the ADSs may view as beneficial.

We have adopted a dual-class share structure. Our ordinary shares consist of Class A ordinary shares and Class B ordinary shares. In respect of matters requiring the votes of shareholders, each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to 15 votes. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon (i) any sale, transfer, assignment or disposition of any Class B ordinary shares by a holder thereof to any person or entity which is not an affiliate of such holder, or (ii) a change of beneficial ownership of any Class B ordinary shares as a result of which any person who is not an affiliate of registered holders of such Class B ordinary shares becomes a beneficial owner of such Class B ordinary shares, each of such Class B ordinary shares will be automatically and immediately converted into one Class A ordinary share. There is no limit on the circumstances where holders of Class B ordinary shares may transfer or otherwise dispose of their Class B ordinary shares. As of April 2, 2021, the holders of our Class B ordinary shares beneficially own 93.9% of the aggregate voting power of our ordinary shares. As a result of this dual-class share structure, the holders of our Class B ordinary shares will have complete control over the outcome of matters put to a vote of shareholders and have significant influence over our business, including decisions regarding mergers, consolidations, liquidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. The holders of Class B ordinary shares may take actions that are not in the best interest of us or our other shareholders or holders of the

ADSs. It may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

The dual-class structure of our ordinary shares may adversely affect the trading market for our ADSs.

Certain shareholder advisory firms have announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, to exclude companies with multiple classes of shares and companies whose public shareholders hold no more than 5% of total voting power from being added to such indices. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual-class structure of our ordinary shares may prevent the inclusion of our ADSs representing Class A ordinary shares in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for our ADSs. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our ADSs.

You may experience dilution of your holdings due to the inability to participate in rights offerings.

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. Under the deposit agreement, the depository will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. The depository may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the New York Stock Exchange corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the New York Stock Exchange corporate governance listing standards.

As a company listed on the New York Stock Exchange, we are subject to New York Stock Exchange corporate governance listing standards. However, New York Stock Exchange 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 New York Stock Exchange corporate governance listing standards. We have followed and intend to follow Cayman Islands corporate governance practices in lieu of the corporate governance requirements of the New York Stock Exchange that listed companies must have: (i) a majority of independent directors; (ii) the establishment of a nominating/corporate governance committee composed entirely of independent directors; (iii) a compensation committee composed entirely of independent directors, and (iv) an audit committee composed of at least three members. As a result of our reliance on the “foreign private issuer” exemptions, our shareholders may be afforded less protection than they otherwise would enjoy under New York Stock Exchange corporate governance listing standards applicable to U.S. domestic issuers.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain reporting requirements applicable to U.S. domestic public companies.

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 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; and
- the rules under Regulation FD governing selective disclosure rules of material nonpublic information.

We will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules of the New York Stock Exchange. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. 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.

We are a “controlled company” within the meaning of the rules of the New York Stock Exchange and, as a result, can rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.

We are a “controlled company” as defined under the rules of the New York Stock Exchange since Tencent beneficially owns more than 50% of our total voting power. For so long as we remain a controlled company under this definition, we are permitted to elect to rely on certain exemptions from corporate governance rules, including:

- an exemption from the rule that a majority of our board of directors must be independent directors;
- an exemption from the rule that the compensation of our chief executive officer must be determined or recommended solely by independent directors; and
- an exemption from the rule that our director nominees must be selected or recommended solely by independent directors.

As a result, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

There can be no assurance that we will not be a passive foreign investment company, or PFIC, for any taxable year, which could result in adverse U.S. federal income tax consequences to U.S. investors in the ADSs or Class A ordinary shares.

In general, a non-U.S. corporation is a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income; or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns, directly or indirectly, at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Cash is a passive asset for these purposes. Based on

the composition of our income and assets and the value of our assets, including goodwill, which is based on the price of the ADSs, we believe that we were not a PFIC for our 2020 taxable year. However, it is not entirely clear how the contractual arrangements between our wholly-owned subsidiaries, our VIEs and the shareholders of our VIEs will be treated for purposes of the PFIC rules. Because the treatment of the contractual arrangements is not entirely clear, because we hold a substantial amount of cash, and because our PFIC status for any taxable year will depend on the composition of our income and assets and the value of our assets from time to time (which may be determined, in part, by reference to the market price of the ADSs, which could be volatile), there can be no assurance that we will not be a PFIC for any taxable year. If we were a PFIC for any taxable year during which a U.S. taxpayer holds ADSs or Class A ordinary shares, certain adverse U.S. federal income tax consequences could apply to such U.S. taxpayer. See “Item 10. Additional Information—10.E. Taxation—U.S. Federal Income Taxation—Passive Foreign Investment Company Rules.”

ITEM 4. INFORMATION ON THE COMPANY

4.A. History and Development of the Company

Launch of QQ Music, Kugou, Kuwo, WeSing and Kuwo Changting

- *QQ Music*: In 2003, QQ, the social network operated by Tencent, launched its online music services. In 2005, *QQ Music* commenced operations.
- *Kugou*: In 2004, *Kugou Music* was launched. In February 2006, Guangzhou Kugou Computer Technology Co., Ltd., or Guangzhou Kugou, was incorporated in China and commenced the operations of *Kugou Music*. In September 2012, Guangzhou Kugou commenced offering its live streaming services through *Fanxing Live*, which was rebranded to *Kugou Live* in December 2016.
- *Kuwo*: In December 2005, Beijing Kuwo Technology Co., Ltd., or Beijing Kuwo, was incorporated in China and commenced its operations of *Kuwo Music*. Beijing Kuwo and its then shareholders subsequently entered into a series of contractual arrangements with Yeelion Online Network Technology (Beijing) Co., Ltd., or Yeelion Online, through which Yeelion Online acquired effective control over Beijing Kuwo. In March 2013, Beijing Kuwo launched *Kuwo Live* to offer live streaming services.
- *WeSing*: In September 2014, *WeSing* commenced offering its online karaoke services.
- *Kuwo Changting*: In April 2020, Kuwo Changting, our long-form audio app, was launched.

CMC’s Acquisition of Guangzhou Kugou and Beijing Kuwo

In June 2012, China Music Corporation, or CMC, was incorporated in the Cayman Islands. Between December 2013 and April 2014, through a series of transactions, CMC obtained effective control over, and became the primary beneficiary of, each of Guangzhou Kugou and Beijing Kuwo through which it operated substantially all of its online music entertainment services in the PRC.

Combination of Tencent’s Online Music Business with CMC

Prior to July 2016, Tencent held an approximately 15.8% equity interests in CMC. In July 2016, Tencent acquired control of CMC through a series of transactions, pursuant to which Tencent injected substantially all of its online music business in the PRC (which primarily included *QQ Music* and *WeSing*) into CMC in consideration of certain number of shares issued by CMC. Upon the completion of such transactions, Tencent owned an approximately 61.6% equity interests in CMC, and CMC became a consolidated subsidiary of Tencent. In December 2016, CMC was renamed “Tencent Music Entertainment Group,” or TME. Ocean Music Hong Kong Limited was renamed “Tencent Music Entertainment Hong Kong Limited,” or TME Hong Kong; and Ocean Interactive (Beijing) Information Technology Co., Ltd. was renamed “Tencent Music (Beijing) Co., Ltd.,” or Beijing Tencent Music.

Initial Public Offering

In December 2018, we completed an initial public offering in which we and certain selling shareholders offered and sold an aggregate of 164,000,000 Class A ordinary shares in the form of ADSs. On December 12, 2018, the ADSs began trading on the New York Stock Exchange under the symbol “TME.” We have used all net proceeds from our IPO in the manners set forth in our IPO prospectus, including content acquisition, strategic investments, and other operating and investment purposes.

Recent Transactions

In September 2020, we completed the public offering of US\$800 million aggregate principal amount of senior unsecured notes consisting of US\$300 million of 1.375% notes due 2025 and US\$500 million of 2.000% notes due 2030. The notes have been registered under the U.S. Securities Act of 1933, as amended, and are listed on the Hong Kong Stock Exchange. We received net proceeds from the offering of approximately US\$792.4 million, after deducting underwriting discounts and commissions and estimated offering expenses. We intend to use the net proceeds from such offering for general corporate purposes.

In March 2020, through one of our wholly-owned subsidiaries we joined a consortium led by Tencent to acquire a 10% equity stake in Universal Music Group, or UMG, from its parent company, Vivendi S.A., at an enterprise value of EUR30 billion. We invested a 10% equity interest in the consortium. The foregoing transaction is referred to in this annual report as the Initial UMG Transaction and was closed in March 2020. The consortium also has the option to purchase an additional 10% equity stake in UMG at the same enterprise value as in the Initial UMG Transaction pursuant to the terms of the transaction documents. In December 2020, the consortium in the Initial UMG Transaction exercised its call option to acquire an additional 10% equity interest in UMG from Vivendi S.A. at the same enterprise value of EUR30 billion as in the Initial UMG Transaction. This transaction is referred to in this annual report as the Second UMG Transaction. In January 2021, we completed the Second UMG Transaction.

In January 2021, we entered into a definitive agreement to acquire 100% equity interest of Shenzhen Lanren Online Technology Co, Ltd (“**Lazy Audio**”), a well-established audio platform in China, for a total consideration of RMB2.7 billion, primarily payable in cash, plus certain post-acquisition awards to Lazy Audio’s management team. Founded in 2012, Lazy Audio is a comprehensive audio platform providing entertainment in the forms of audiobooks, Chinese comedy, podcasts and other radio shows to customers. It monetizes via different channels, including pay per title, subscription payment for content, and advertising. Lazy Audio has developed into a thriving community with strong user interactions and engagement, providing superior content and services to audio users across China. The then shareholders of Lazy Audio included China Literature Limited, Lazy Audio’s management team and other financial investors. Our acquisition of Lazy Audio was completed in March 2021.

Corporate Information

Our corporate headquarters is located at 17/F, Matsunichi Building, Kejizhongyi Road, Midwest District of Hi-tech Park, Nanshan District, Shenzhen, 518057, the People’s Republic of China. Our telephone number at this address is +86-755-8601-3388. Our registered office in the Cayman Islands is located at the office of Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

We are subject to the periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year. Copies of reports and other information, when so filed with the SEC, can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. The public may obtain information regarding the Washington, D.C. Public Reference Room

[Table of Contents](#)

by calling the Commission at 1-800-SEC-0330. The SEC also maintains a website 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. Such information can also be found on the Company's investor relations website at <https://ir.tencentmusic.com>.

4.B. Business Overview

Our Mission

Our mission is to use technology to elevate the role of music in people's lives, by enabling them to create, enjoy, share and interact with music.

Overview

Music is a universal passion. No matter who we are, or where we come from, we all have our favorite songs, albums or artists. We love music because it can inspire, uplift, motivate and enrich our lives. Music reaches us in deeply personal ways and connects us with each other through engaging, social and fun experiences.

With over 1.4 billion people, China has a massive audience with a growing demand for music entertainment. Until recently, the music industry in China was relatively underdeveloped and highly fragmented largely due to deficiencies in copyright protection. Piracy was rampant. People didn't see the value of paying for music. Spending on music entertainment in China has been relatively low.

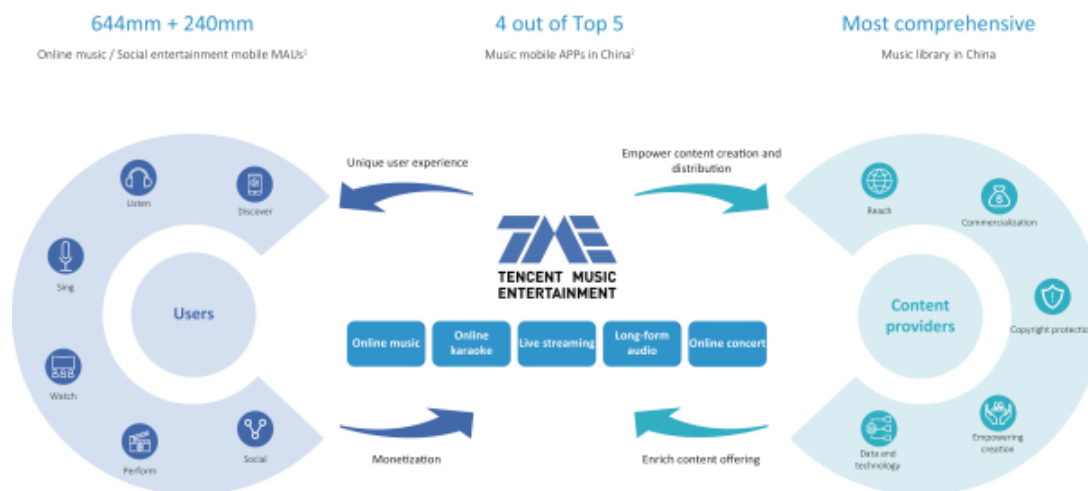
We are pioneering the way people enjoy online music and music-centric social entertainment services. We have demonstrated that users will pay for personalized, engaging and interactive music experiences. Just as we value our users, we also respect those who create music. This is why we champion copyright protection—because unless content creators are rewarded for their creative work, there won't be a sustainable music entertainment industry in the long run. Our scale, technology and commitment to copyright protection make us a partner of choice for artists and content owners.

Additionally, we are expanding our long-form audio content offerings to bring a more diverse entertainment experience to our users, making our platform an all-in-one music and audio entertainment destination.

Our Platform

We are the largest online music entertainment platform in China, operating the four out of the top five music mobile apps in terms of mobile MAUs in 2020. We also provide a variety of long-form audio content to meet users' demand for a diverse online entertainment experience. Our platform comprises online music, online karaoke and music-centric live streaming products as well as long-form audio, all supported by our content offerings, technology and data.

Our platform is an all-in-one music and audio entertainment destination that allows users to seamlessly engage with music and audio content in many ways, including discovering, listening, singing, watching, performing and socializing, as illustrated in the diagram below. On our platform, social interactions such as sharing, liking, commenting, following and virtual gifting, are deeply integrated in our products and highly complementary to the core music and audio experience, thereby enhancing our user experience, engagement and retention. As a result, we have built our platform into not just a content streaming platform, but a broad community for users to discover, listen, sing, watch, perform and socialize.



Note: 1 for the year of 2020; 2 four out of top five music mobile apps in terms of mobile MAUs in 2020.

We offer a comprehensive suite of music entertainment products to let users engage interactively with music by discovering, listening, singing, watching, performing and socializing.

- **Our online music services, QQ Music, Kugou Music and Kuwo Music**, enable users to discover and listen to music in personalized ways. We provide a broad range of features for music discovery, including music search and recommendations, music ranking charts, playlists, official music accounts and digital releases. We also offer comprehensive music-related video content including music videos, live performances and short videos.
- **Our online karaoke social community**, primarily *WeSing*, enables users to have fun by singing and interacting with friends, with most activities taking place between users already connected on *Weixin/WeChat* or *QQ*. Each day, millions of users come to our platform to share what they have sung and to discover their friends’ performances. They can also sing duets with celebrities or other users, have a karaoke party in our virtual singing rooms, challenge each other in online sing-offs and request songs for artists or other users to sing live. *WeSing* continued to be the largest online karaoke social community in China in terms of mobile MAUs in 2020 where it allows users to share their singing performances with friends.
- **Our music-centric live streaming services**, primarily “Live Streaming” tab on *Kugou Music*, *Kuwo Music*, *WeSing* and *QQ Music*, *Kugou Live* and *Kuwo Live*, provide an interactive online stage for performers and users to showcase their talent and engage with those who are interested in their performance.

We have worked painstakingly to build a vibrant and fast-growing music platform with the following elements:

- **Users.** We have a massive user base covering the largest music fan base in China with a full spectrum of user demographics, with 644 million online music mobile MAUs and 240 million social entertainment mobile MAUs in 2020.
- **Products.** We develop and operate a portfolio of products that are engaging, social and fun. Our products allow users to discover and listen to music, sing and perform, as well as watch music videos and live music performances in a seamless and immersive way. With different music entertainment services fully integrated into one platform, users don’t just listen to music on our platform—after

listening to a song, they may be inspired to sing that song and share the performance with friends or want to watch a live performance of the same song by a popular live streaming performer.

- **Content.** We have China’s largest music content library with over 60 million tracks as of December 31, 2020. We offer music content in recorded and live, audio and video formats of music videos, concerts and music shows, as well as an increasing range of other formats including short videos, variety shows, original soundtracks for games, films and TV shows, podcasts and audiobooks. In addition, hundreds of millions of users have shared their singing, short videos, live streaming of music performances, comments and music-related articles on our platform. Our content library also hosts a wide range of long-form audio content, including audiobooks, podcast and talk shows. As part of our efforts to explore new opportunities to better serve our users, we launched innovative online concert brand TME Live to integrate offline concert with online live-streaming experience. In 2020, we successfully hosted more than 50 online live concerts of different styles and genres, featuring a wide range of famous and influential musicians from both home and abroad.
- **Data and technology.** The scale and engagement of our user base generate extensive data which enables us to develop innovative products that best cater to user preferences by utilizing deep learning and data mining and enhance user experience. We have also developed technology that can monitor and protect copyrighted music, which empowers our artists and content partners to promote their music and protect their creative work.
- **Monetization.** We have innovative and multi-faceted monetization models that mainly include subscriptions, sales of digital music, virtual gifts, premium memberships and advertising. They are seamlessly integrated with our products and services in a way that enhances user experience. We also monetize our business through various advertising offerings on our platforms. Our strong monetization capability supports our long-term investments in content, technology and products. It also allows us to attract more content creators and transform China’s music entertainment industry. The number of our online music paying users grew from 33.7 million in 2019 to 49.4 million in 2020, with a paying ratio of 7.7% in 2020. The number of our social entertainment paying users grew from 11.6 million in 2019 to 11.7 million in 2020, with a paying ratio of 4.9% in 2020.
- **Significant synergies with Tencent.** We benefit from unique access to Tencent’s massive user base, representing China’s largest online social community. The integration between Tencent’s products and our platform enables us to deliver a superior user experience and increase user engagement. For example, the music module embedded in the QQ mobile app allows QQ users to seamlessly access QQ Music. WeSing users can enjoy the recorded performances of their QQ friends and interact with them on our platform. We also benefit from the opportunities to collaborate with other platforms in Tencent’s content ecosystem. In 2020, Kugou reached a strategic cooperation agreement with Tencent Games to obtain the right to live broadcast the full range of its games. The cooperation helped us attract thousands of gaming live streaming performers. In addition, we also collaborated with Tencent Games and Tencent Penguin Pictures in the production of the original soundtracks for popular online games, internet drama series and animations. For example, in 2020, we produced original sound tracks for the animation *the Land Warriors*, which is one of the most popular animation in China. We have achieved growth and profitability at scale. From 2018 to 2020, our revenue increased from RMB18,985 million to RMB25,434 million, and further to RMB29,153 million (US\$4,468 million). In 2018, 2019 and 2020, we reported profit for the year of RMB1,832 million, RMB3,977 million and RMB4,176 million (US\$640 million), respectively, and recorded adjusted profit for the year of RMB4,174 million, RMB4,903 million and RMB4,971 million (US\$762 million), respectively. See “Item 5. Operating and Financial Review and Prospects—5.A. Operating Results—Non-IFRS Financial Measure.”

Our Brands and Products

We have four major product brands—QQ Music, Kugou, Kuwo and WeSing—through which we provide online music and music-centric social entertainment services to address the diverse music entertainment needs of

[Table of Contents](#)

music audiences in China. In April 2020, we also launched *Kuwo Changting*, our long-form audio app, to enrich our long-form audio offerings.

Our products provide users with access to a comprehensive suite of service offerings, allowing them to listen, sing, watch and share music in a number of different ways and in a variety of settings. These services are fully integrated into our platform to give users a comprehensive music entertainment experience. Users can access these products through both mobile and PC as well as through in-car and smart, in-home entertainment systems.

Social interactions are deeply integrated in our products and highly complementary to the core music experience. Moreover, they help generate a strong network effect across our platform that enhances our user experience, engagement and retention. As a result, we are able to encourage music listeners to become singers and performers, and vice versa. As an illustration, a user who listens to a song on *QQ Music* frequently sings the same song on *WeSing* and shares the performance with friends on *Weixin/WeChat* or *QQ*, which in turn attracts their friends to download the *WeSing* app.

The following table summarizes the key attributes of our major product brands.

Brands	Key Attributes
<i>QQ Music</i>	Leading online music services with nationwide popularity that offer a comprehensive music library and a broad range of music-related video content, with a focus on popular artists and leading mainstream hits for younger music fans in top-tier cities in China, providing a platform for initial and exclusive releases of digital music to promote interactions between fans and artists and develop a music fan economy centered around popular artists
<i>Kugou</i>	Pioneer and leader in online music entertainment industry with nationwide popularity and the broadest user base in China, recognized as a preferred destination for users to discover music content trending on the internet via: <ul style="list-style-type: none">• <i>Kugou Music</i>, leading online music services offering a comprehensive set of entertainment features, with a mass market focus and strong user penetration in lower-tier cities in addition to top-tier cities• <i>Kugou Live</i>, a music-centric live streaming platform where users can watch live streaming of music performances, concerts, music variety shows in an interactive and engaging setting
<i>Kuwo</i>	Comprehensive online music entertainment services with a large user base in Northern China: <ul style="list-style-type: none">• <i>Kuwo Music</i>, online music services with a focus on selected genres and segments, such as DJ mixes and children's songs, to cater to users' diverse tastes• <i>Kuwo Live</i>, a music-centric live streaming platform where users can watch live streaming of music performances, concerts, music variety shows in an interactive and engaging setting
<i>WeSing</i>	Largest online karaoke social community by mobile MAUs with nationwide popularity, offering unique social networking features that enable users to express themselves by sharing their singing performances and interacting with friends, singers and other users with similar interests in various online social settings
<i>Kuwo Changting</i>	A growing long-form audio platform where users can enjoy a variety of audio content, including audio books, cross-talks, radio dramas and other entertainment

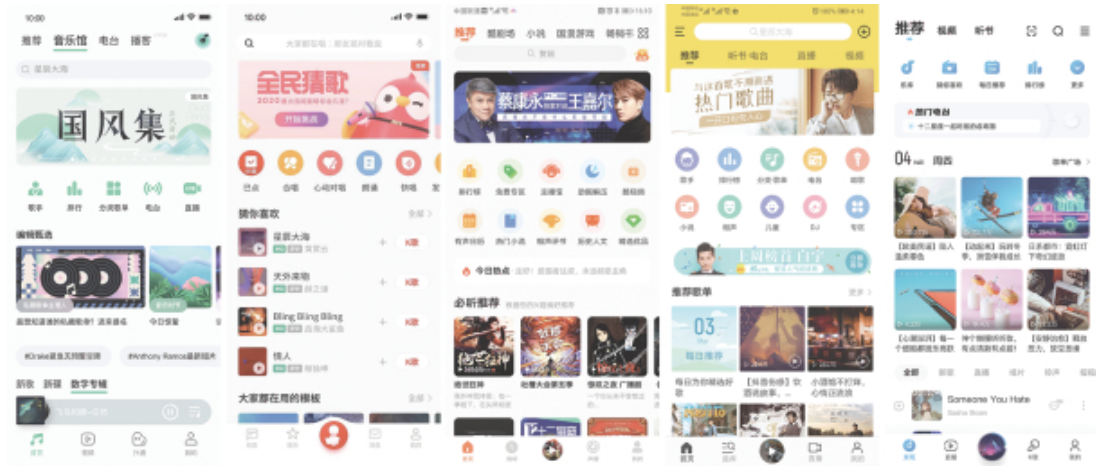
From a content library perspective, *QQ Music*, *Kugou Music* and *Kuwo Music* are substantially integrated as they share access to all the tracks that we license from music labels. While *QQ Music*, *Kugou Music* and *Kuwo*

Table of Contents

Music are focused on different user segments with a low user overlap among themselves, we have a higher degree of user overlap between our online music services and social entertainment services as a result of the complementary nature of our products that attracts users from our online music services to our social entertainment services. We also adopt a holistic approach to operating our online music services and social entertainment services.

Unique Online Music Entertainment Experience

Our music entertainment services span a number of use cases, such as listening at home or in a vehicle, that are complementary to one another in terms of user experience and engagement. We cater to the varying needs of users through our flagship products. The following are screenshots of each of our mobile apps.



Online Music Services

We deliver our online music services primarily through *QQ Music*, *Kugou Music* and *Kuwo Music*, each of which has attracted a large and avid user base.

Users may use basic features on *QQ Music*, including streaming, without logging in. To purchase subscription plans and enjoy additional features, such as creating personal playlists, users need to log into *QQ Music*, which requires a *Weixin/Wechat* or *QQ* account. Users may register with and access our online music services on *Kugou Music* and *Kuwo Music* using their mobile phone numbers, or through their *Weixin/WeChat* or *QQ* accounts.

We make listening to music simple and fun through discovery and personalization:

- **Listening experience.**
 - *Personal homepage.* Users have their own personal homepages where they can manage their playlists and access recently downloaded and/or streamed music content. It also provides various functions, such as following artists, purchasing subscription packages, tracking activity data and changing app themes.
 - *Experience-enhancing music player.* We offer various functions to enhance user experience, such as sound quality optimization, shuffle play, day/night modes and music caching. We have also developed hundreds of audio settings that fit different songs, environments, moods and output devices. Our cloud-based services enable users to synchronize their playlists on different devices.

- **Music discovery.** Users can discover music through a comprehensive range of features and services we offer:
 - *Search.* Users can discover content through our powerful search engine. They can search music content across playlists, music charts, artists and genres. We also offer a song recognition tool which enables users to recognize the songs embedded in short videos within seconds.
 - *Personalized recommendations.* Using our algorithm and multi-dimensional data insights and metadata on our users' music tastes, we recommend music to users as part of their search as well as through daily songs, new songs, music radios and users' favorite songs based on what they listen to. We have been improving the efficiency in content curation and accuracy of personalized recommendation by utilizing deep learning and data mining, which has resulted in a substantial increase in average daily streams and user engagements for both its online music and social entertainment services. Users can also customize their recommendation sources. As we expand our content library, we continue to improve our knowledge about music and our users' preferences by refining our music metadata tagging. This allows us to further enhance our music discovery and recommendation capabilities.
 - *Music charts.* Leveraging our leading position in the industry, we have compiled a variety of music charts across different genres and languages that are widely recognized by fans, artists and labels.
 - *Playlists.* We offer playlists covering a wide variety of genres, themes, languages and moods. We are also adapting to the preferences of younger music users by adding genres such as urban, EDM, animation, comic and gaming, as well as Chinese ancient style. Our playlist offerings include curated playlists created by our music editorial team, machine-generated playlists supported by our AI capabilities, and user-generated playlists. We also encourage users to create their own playlists to share, thereby further amplifying their exposure within our online music community.
 - *Official music accounts.* Users can subscribe to their favorite official music accounts operated by both established and aspiring artists, columnists and other music industry key opinion leaders. Through their official music accounts, owners can upload and share songs, videos, literature, photos and other music-related content.
 - *Original music.* We offer a full suite of services to nurture and promote up-and-coming, aspiring artists. We offer "Tencent Musician Platform," previously known as "Tencent Musician Program," an open platform for artists to upload and manage their soundtracks, with user data analysis and actionable intelligence on music trends. See "—Our Content—Our Content Strategies—Cultivating Aspiring Artists" for more information.
- **Social experience.** Our platform delivers a superior and uniquely social music experience. Users can share their songs or playlists via *Weixin/WeChat* or *QQ* and other major social platforms. While listening to a song, users can interact with others listening to the same song by posting and exchanging comments. They can also create their own lyrics posters and share them with friends. Additionally, we provide users with various exciting ways to interact with their favorite artists, particularly in connection with releases of their digital singles and albums. We also built up *Putong Community*, the innovative feature we introduced in *QQ Music Version 10.0* in July 2020, enabling music fans with common interests to socialize, interact and support their favorite artists. These all enable users to stay connected with their friends through music, to discover music that is trending around them and to share music with those they care about. This in turn allows us to gain more data insight to improve music discovery and recommendations for our users.

Music-centric Social Entertainment Services

We offer users simple and entertaining ways to sing, watch and socialize on our platform, whether it is with a friend, a group of friends, or other users on our platform. Our music-centric social entertainment services include online karaoke social community and live streaming of music performances.

Online Karaoke Social Community

Karaoke singing is a popular way of enjoying music in China, whether at a weekend party, a family event or a simple social gathering.

This is why we introduced our online karaoke social community in 2014—to make it easier for users to sing and have fun with friends. Our online karaoke social community is a platform for users who want a simple stage to share their love of music and singing, or a springboard to launch their careers as the stars of tomorrow.

We deliver online karaoke services primarily through *WeSing*, China’s largest online karaoke social community in terms of mobile MAUs in 2020, as well as the “Sing” functions on *Kugou Music* and *Kuwo Music*. We currently offer millions of karaoke songs covering a broad range of genres, and we continue to review and update our karaoke song library to keep it fresh, current and popular.

We currently require users to register with and access services and functions on *WeSing* using their *Weixin/WeChat* or *QQ* accounts, as *WeSing* is primarily used by users to socialize with their friends on *Weixin/WeChat* or *QQ* through music. Such linkage between *WeSing* and *Weixin/WeChat* or *QQ* has in turn also enriched Tencent’s content ecosystem by providing *Weixin/WeChat* or *QQ* users with convenient access to our content. In 2019, we introduced the *WeSing lite* app with streamlined functionality designed to attract users in China’s lower tier cities who have phones with lower storage capacity or slower internet connections, as well as first-time users who may appreciate a simpler interface.

Users can sing along from our vast library of karaoke songs and share their performances, either in audio or video formats, with friends, mostly with users already connected on *Weixin/WeChat* or *QQ*. Karaoke songs recorded by users significantly augment our user-generated music content library.

As a music-centric, audio and visual empowered, social and interactive platform that aims to provide the best online karaoke experience in a fun and engaging way, *WeSing* has functions and features designed to drive user engagement, social interaction and entertainment, including:

- ***Singing features.*** Users can record their karaoke songs in audio and video formats. They can not only sing along, but also sing duets with celebrities or other users and then make a complete song to share with their friends. Users also receive a system-generated assessment of their performance which helps them continue improving their singing. In addition, users may edit recordings of karaoke songs with a large selection of special audio and visual effects, or record songs at offline mini-KTV booths and share their performances online. To make the singing functions more accessible to mass users and improve recording performance and online singing experience, we have continuously upgraded the audio and video recording tools, including multi-genre remix, auto-tune and quick sing, making it more simple and fun for users to create and publish recordings.
- ***Virtual karaoke rooms.*** Users can create virtual karaoke rooms and invite their friends or others to join an online karaoke party anytime and anywhere. In a singing room, users can sing and interact with each other by voice and text chatting, sending virtual gifts, rating each other’s performance and holding sing-offs for most likes and gifts. We launched *Friend Karaoke Room* in September 2020. Enabling families and friends to sing, chat, play and socialize, it has brought the offline karaoke experience online for our users to enjoy real-time interactions and facilitates tighter social connections.
- ***Online singing groups.*** Users can discover and join a larger online singing group of people sharing common music interests. Online singing groups provide users with a great way to create online music

communities, meet new like-minded friends, improve their singing performances and have fun socializing online.

- **Live performance.** Users can stream their singing performance through interactive live streaming sessions where users can interact with others by chatting, rating each other's performance and giving virtual gifts.
- **Value-added services.** While users may access our basic karaoke functions free of charge, they can also purchase virtual gifts to send to their favorite singers and subscribe for premium memberships that come with value-added functions, such as higher soundtrack resolution, additional app themes and access to singing tutorial programs.
- **Multi-media content enrichment.** In September 2020, we modified the UI design on the recommendation page with full-screen videos to make content browsing more immersive and engaging. We also enhanced the content recommendation algorithm for greater content exposure and interaction experience. In turn, such technology improvements have incentivized users to publish more contents, generating a virtuous cycle for users to create, publish and share contents on the platform.

Live Streaming of Music Performances

Live music performances provide a different fan experience than recorded content. They can be extremely exciting, exhilarating and engaging. Through technology, online live streaming has become a preferred entertainment alternative with huge and rapidly growing market potential to cater to millions of China's music fans. This motivated us to provide a forum for performers to express themselves, share their creative work and for fans to enjoy a completely different, interactive, music entertainment experience.

We offer live streaming of music performances primarily through the "Live Streaming" tab on *QQ Music*, *Kugou Music*, *Kuwo Music* and *WeSing*, as well as through *Kugou Live* and *Kuwo Live*. Professional artists and other performers alike can stream their singing and other performance to a vast online audience, fostering a vibrant online social music entertainment community.

We offer users the option to register with and access our live streaming services using their *Weixin/WeChat* or *QQ* accounts. Alternatively, users may also register with and access our live streaming services using their mobile phone numbers, without *Weixin/WeChat* or *QQ* accounts.

Our live streaming content features a broad range of performance categories such as singing, instrument playing and DJ performances by both professional artists and other performers.

Our live streaming platforms cultivate an engaging and interactive environment for both the live streaming performers and the audience to create, discover, socialize and have fun together, mainly featuring the following:

- **Music-centric content.** Most of our live streaming users also use our online music or online karaoke services. Our data analytics and AI technology enable us to provide recommendations of relevant live streaming content based on what our users are listening to or singing on our platform. For example, when a live streaming performer on *Kugou Live* performs a song, a message bubble pops up instantaneously on *Kugou Music* notifying users listening to the same song. This allows users to seamlessly access this performer's live streaming sessions on *Kugou Live*.
- **Social functions.** Our social functions make everyone a part of the show. Performers and users interact in various formats, such as voice and text chatting, video chatting, rating a performer's performance and sending virtual gifts. We also rank popularity of performers by value of virtual gifts. This validates and rewards good performances and lets the user base know what others enjoy, driving user engagement and loyalty. At any time during a live streaming session, users may choose to follow a performer to receive notifications of future performances.

[Table of Contents](#)

- **Sing-offs.** Live streaming performers can engage in a variety of real time singing and performance contests against each other to boost their popularity and rankings. Users can vote for and send virtual gifts to their favorite performers.
- **Song requests.** Users can request to have a favorite song performed in exchange for a virtual gift.
- **Music events and talent shows.** To further diversify our live streaming content offerings, we live stream concerts performed by professional artists as well as music events, music variety shows and fan meetings on our live streaming platforms to allow our users to support and interact with their favorite artists through various ways including online audience voting.
- **New forms of interaction.** We bolster social and young attributes on the *WeSing* by adding new forms of content such as mini live-streaming reality shows and new features such as universal duet that encourage users to interact.

We encourage our live streaming performers to sing and engage in other music performance on our platform. Our live streaming platform becomes a large stage for performers to cultivate their fan base and easily access attractive revenue opportunities, enabling them to develop their artist image and pursue their goals of becoming popular artists.

Live streaming performers include aspiring performers and ordinary people who want to share their music. We also have professional artists perform on our platform to further diversify our content offering and drive user retention.

We seek to establish and maintain stable, mutually beneficial relationships with live streaming performers. In particular, as part of our content strategies, we nurture promising live streaming performers and help them grow their fan base and make a living from their performances. We provide them with performance training and promotion support to increase their exposure. Our platform further provides a unique way for live streaming performers to interactively engage with their fans and reach a larger potential fan base and to raise their profile in the industry.

For those live streaming performers who become popular, we can assist them to release new singles and albums, enriching our comprehensive music content offerings and attracting more traffic to both of our music and live streaming services, thus creating a strong network effect that drives user engagement and loyalty on our platform.

Live streaming performers are required to enter into a cooperation agreement with us. Some agreements contain provisions that require the performer to live stream exclusively on our platform, typically with a one-to-three-year term. We have a revenue sharing model in which the performers (and their talent agency, if applicable) share with us a percentage of the virtual gift sales generated from their live streams. We also own the relevant intellectual property rights of the live streaming content they create.

Our Growing Long-form Audio Offering

We have built large, diverse long-form audio content offerings covering a broad range of selected genres and segments such as audiobooks, podcasts, cross talks and talk shows. We successfully launched *Kuwo Changting*, our dedicated long-form audio mobile app, and have been quickly rolling out audio channels and content offerings within *QQ Music* and *Kugou Music*. As part of our long-form audio content strategy, in March 2021, we completed the acquisition of 100% equity interest of Lazy Audio, a well-established audio platform in China. We expect the acquisition of Lazy Audio to further enable us to expand our audio content library. We also aim to leverage Lazy Audio's strong catalog and recording capacity to produce more audiobooks and deliver enhanced audio entertainment experience to our users.

Other Music Services

We offer other services to drive user traffic, deepen user engagement and increase monetization. Such services primarily include (i) sales of music-related merchandise, including *Kugou* headset, smart speakers, *WeSing* karaoke microphones and Hi-Fi systems, (ii) services that help smart device and automobile makers build and operate their branded music services on their devices and vehicles, and (iii) online music event ticketing services.

In order to provide users a consistent and cohesive listening experience, we started to forge Internet of Things (IoT) partnerships with leading manufacturers of cars, smart speakers and smart watches in 2019, which will provide further channels for user acquisition. In 2020, we further expanded our coverage of a broader set of music usage scenarios, integrating with smart speakers, in-car audio systems and TV and making inroad in the public performance market. In addition, *Kugou Music*, by pioneering in embedding MVs in music streaming pages, creates video-based music products, further catering to the needs of users for consuming music videos and bringing in a more immersive audio-visual experience.

Our Content

We are dedicated to building the most comprehensive and up-to-date library covering our users' favorite music and audio content across both genres and formats.

Our Diverse Music and Long-Form Audio Content Library

We offer a diverse range of professional as well as user-generated recorded and live music content across various formats. This content generally spans five different types:

- **Songs.** Largest music library in China, with over 60 million tracks as of December 31, 2020:
 - Features songs performed by both established and aspiring artists in China and around the world.
 - Represents a variety of themes such as latest top hits, all internet hits, time favorites and movie soundtracks.
 - Covers a broad range of music genres, including pop, rock, indie, hip hop, R&B, classical, jazz and electronic music in various languages including Mandarin, Cantonese, English, Korean and Japanese.
 - Categorized by listening habits, settings and moods, such as workout, travel, study and work, relaxation and many more.
 - Adapts to the preferences of younger music users by covering a wide range of genres such as urban, EDM, animation, comic and gaming, as well as Chinese ancient style.
- **Live streaming of music performances.** Professional artists along with aspiring and other performers stream music and other performances in real-time to our online audiences. These live streams allow users to experience and enjoy live music performances and interact with the performers in a variety of ways. Additionally, we offer live streaming of more professionally organized online concerts and music events for more established artists.
- **Recorded video and audio.** Various recorded music-oriented video content, such as full-length music videos, short videos, both professionally generated and user generated, behind-the-scenes footage, artist interviews, music-focused variety shows and music awards shows, as well as audio books and podcasts covering a diverse set of topics on children, education, history, and humanity, among other things.
- **Karaoke songs.** Millions of online karaoke songs and the related user comments, which further expand the breadth of our music content offering, enhancing our user experience and engagement.

[Table of Contents](#)

- **Reviews and articles.** We supplement our music content offerings through an enormous library of reviews and articles about music, artists and fans, written or curated by our in-house editorial team. We place links in the articles to the featured music to provide users with even more choices of content.

Our content library also hosts a wide range of long-form audio content, including audiobooks, podcast and talk shows.

Our Content Strategies

Partnering with Music Labels and Leading Industry Players

Currently, we focus on licensing top hits and premium content from major domestic and international music labels for a broad audience base. All the tracks that we license from music labels are generally available to users across our online music apps and, to the extent permitted by the terms of our licensing agreements with the licensors, our social entertainment products, except under certain circumstances where the artists or rights owners require us to publish their content under specific subscription plans or in a specific format. See “—Content Sourcing Arrangements.”

Given the reach of our platform and our ability to help users discover music, we have become one of the most preferred and effective ways for music labels and artists to gain exposure to and gauge the popularity of their music with their audience base. Over the years, we have developed long-term relationships with a broad range of music labels including major domestic and international labels that provide us unique opportunities to collaborate on new album releases, music events and other initiatives. We also collaborate with established artists and major music labels to promote and release digital albums for distribution to our massive user base. JJ Lin, a well-known Asian pop star and musician, made three successful digital releases on our platform, including his fourteenth album, “*Drifter, Like You*,” which topped multiple music charts on the first day of its release on October 20, 2020.

Additionally, we are continually diversifying across content type, genres and format on our platform. We are also seeking to strengthen our alliances to produce and distribute more high-quality original content, including our partnerships within the Tencent ecosystem to develop original music content for games, films and TV shows. In 2020, we also added music copyright for trend-setting variety shows, such as *The Chuang 2020*, *Youth with You 2*, and *Sisters who Make Waves*. In March 2020, we signed a five-year strategic partnership with China Literature, the leading copyright owner of online literature in China, which gives us a global license to produce derivative content in the form of audiobooks of online literary works for which China Literature has the rights to or the license to adapt, and the rights to sublicense, as well as the ability to distribute existing audiobooks within China Literature’s portfolio.

Cultivating Aspiring Artists

We are not just a platform for established artists but also one for discovering and cultivating rising music talent. We provide opportunities for newer generations of aspiring artists to fulfill their singing ambitions by supporting them in areas such as marketing, promotion, monetization and career training. We are proud to have helped promote the singing careers of many new music stars who got their start on our platform. We also work closely together with music labels to identify and cultivate aspiring artists from the large base of content creators on our platform.

We identify aspiring artists through a number of different ways on our platform. On our online karaoke and live streaming platforms, we allow aspiring artists to create a personalized artist profile, reach the broadest audience in China, access attractive monetization opportunities and produce and promote their digital albums.

Additionally, we launched the “Tencent Musician Platform” in 2017, an online service for selected aspiring artists to upload original music content to our platform that can be streamed and downloaded. The number of

[Table of Contents](#)

musicians participating in the Tencent Musician Platform grew over 100% year over year and the number of original songs uploaded reached over 1 million by the end of 2020, doubling the number compared with a year ago. Tencent Musician Platform demonstrates our strong capability in incubating talented musicians and bringing their original works to hundreds of millions of music lovers in China. Our industry influence was strongly amplified when Qi Wang was enlisted by CCTV's Spring Festival Gala, one of the world's most-watched TV programs with more than 1 billion viewers for years, performing his signature song "*The Shepherd of Koktokay*", which had already gained high popularity on our platform.

Fostering User Content Creation

To further extend the breadth of our content offerings, we allow users to upload content in the forms of karaoke songs, live streaming performance, short-and long-form videos and other formats of music-related content. This user-generated music content engages users further and enhances their experience, both as content creators and as the audience.

We promote user-generated content in similar manners as with our licensed content. We leverage our data analytics and AI technologies to recommend content generated by karaoke singers and live streaming performers to our users to help increase their exposure. We further use our proprietary music audio recognition system to identify qualified user-generated original soundtracks and make them easily accessible on our platform.

Furthermore, we added additional video and long-form audio formats to our content offering and continued to launch social media initiatives and additional lite versions of our apps to attract a broader group of users. We also developed innovative ways for users to enjoy personalization by consistently improving our music content tagging process and analyzing our platform's data repository to better fulfill users' music tastes and preferences. We believe that all of these initiatives are strategic, long-term investments that will improve our user experience, attract more customers, and increase monetization capabilities going forward.

Enhancing our in-house content development capability

We continue to invest substantially in content production to meet user demands for diverse forms of music entertainment ranging from songs and variety shows to music-centric short videos. We have produced highly popular, trend-setting original music-centric content, which serves as a great compliment to our licensed content and attracts more users to our platform. For example, we have continued to make progress in expanding our video content by launching new episodes of *Kugou Music Show*, our self-produced music-centric variety show which has become a key leverage for us to cultivate and promote aspiring artists. During the show, well-known celebrities shared their music creations and life inspirations with fans, creating a strong connection between artists and fans.

We rely on our in-house team to generate creative ideas for original content and collaborate closely with artists, right owners, authors, screenplay writers, performers, and other partners in the content creation process.

How We Generate Revenues

We generate revenues primarily from online music services and social entertainment services and others.

Online Music Services

Our revenues generated from online music services were RMB5,536 million, RMB7,152 million and RMB9,349 million (US\$1,433 million), accounting for 29.2%, 28.1% and 32.1% of our revenues in 2018, 2019 and 2020, respectively.

[Table of Contents](#)

Paid Music

Currently, we offer users subscription packages across our *QQ Music*, *Kugou Music* and *Kuwo Music* products to access our content. Our basic subscription packages are priced at RMB8 per month for a fixed amount of downloads per month of our music content offerings and access to certain paid-for-streaming content. Users may also subscribe for our premium memberships at a price ranging from RMB15 to RMB18 per month to access a range of additional features and privileges including additional personalized app themes, more audio settings that enhance listening experiences, video downloading, unlimited playlist storage and faster streaming and download speed. We also offer discounts on the subscription packages, as well as certain privileges and benefits that are only available to paying users, to encourage user spending and paying user conversion and retention on our platform.

In the first quarter of 2019, we launched the pay-for-streaming model where selected songs are made available only for streaming (as opposed to streaming and downloading) by paying users during the term of the subscription. We believe the adoption of the pay-for-streaming model has since driven the number of paying users, paying ratio and paying user retention of our online music services. We will continue to gradually increase the percentage of music content behind the paywall as we nurture users' willingness to pay for premium music content.

In addition to monthly subscription, we also allow users to stream and/or download singles and albums on a paid on-demand basis. Songs were first released on our platforms (typically on an exclusive basis) are available for streaming and/or downloading within a given "promotion" period after the release only by the users who have purchased those songs, and the songs will be made available under the pay-for-streaming model when the promotion period expires under this model. For example, JJ Lin made three digital releases on our platform, including his fourteenth album, "*Drifter, Like You*", which topped multiple music charts on the first day of its release on October 20, 2020.

Advertising

We offer various advertising services across our platform. Our advertising offerings mainly include full-screen display ads that automatically appear when a user opens our mobile apps and industry standard banner ads of various sizes and placements on the interfaces of our platform.

Content Sublicensing

We sublicense certain of our licensed content to other online music platforms in accordance with the terms of the relevant license and distribution agreements. To preserve more flexibility to respond to market changes, we sublicense such music content to other online music platforms at a fixed rate typically for a term of one year, renewable by mutual agreement of both parties.

Social Entertainment Services and Others

Our revenues generated from social entertainment services and others were RMB13,449 million, RMB18,282 million and RMB19,804 million (US\$3,035 million), accounting for 70.8%, 71.9% and 67.9% of our revenues in 2018, 2019 and 2020, respectively.

Users are attracted to our online karaoke and live streaming platforms primarily by engaging music performances from our online karaoke singers and live streaming performers. We generate revenues from online karaoke and live streaming services primarily from sales of virtual gifts, including consumable, time-based and durable virtual items. Consumable virtual items are mainly used as gifts sent to online karaoke singers and live streaming performers as they perform by the audiences as a way for them to show support and appreciation for the performance. During the live streams, special visual items, such as diamond rings or cars, will be displayed

[Table of Contents](#)

on the screen when these gifts are sent to the singers or performers. Users may also send virtual gifts to online karaoke performers if he or she likes the recordings uploaded by the performers. We also offer users the option to purchase virtual items which provide them with certain privileges or recognized status over a period of time, such as badges displayed for a certain period of time on the users' profile pages. While purchasing and using these virtual gifts is not a prerequisite for using the features in our products, it provides a way for users to participate in online karaoke and live streaming, which drives user engagement and loyalty. We believe we are still at an early stage of monetization with significant potential for future growth.

In addition to virtual gift sales, we also generate revenue from online karaoke and live streaming services by selling premium memberships. For online karaoke, they include higher soundtrack resolution and access to video clips of vocal tutorials. For live streaming, these privileges include enhanced status and visibility when users interact with live streaming performers and other users. In addition, selected live streaming performers can produce and sell their own digital albums through our platform if they share a portion of their revenues with us. Revenues generated on our platform are shared with our karaoke singers and live streaming performers or their agents, typically based on a percentage of the revenue generated from the sales of virtual gifts attributable to their performance. Furthermore, similar to the advertisements displayed on our online music apps, we offer various advertising services across our online karaoke platform.

Moreover, we generate revenues from sales of music-related merchandise, including *Kugou* headsets, smart speakers, *WeSing* karaoke microphones and Hi-Fi systems.

Branding, Marketing and Sales

The focus of our marketing efforts is to further strengthen our brands, including *QQ Music*, *Kugou*, *Kuwo* and *WeSing*, and to expand our entertainment ecosystem to connect more users, artists and content providers. We aim to deliver best-in-class entertainment content and services in order to garner strong word-of-mouth referrals and enhance our brand recognition.

We primarily rely on word-of-mouth referrals and benefit from our strong brands to attract users to our platform. We also engage in diverse marketing activities both online and offline to enhance brand awareness. Specifically, our marketing campaigns increase platform traffic through search engine marketing and social media. Moreover, we host or participate in various forms of music-related events and activities to further boost our brand recognition, such as cooperation with established artists, singing competitions, TV and internet music talent shows, music festivals, campus campaigns, artist tours and fan events, to enhance our brand recognition.

We continue to implement new technologies, introduce new features and tools, as well as improve user experience in order to encourage users to access our platform more frequently and for longer periods of time, and ultimately to increase their spending on our platform. We also use direct marketing tools deployed through our platform interfaces to convert our users into paying users.

Content Sourcing Arrangements

Content is the foundation of our platform. We license from, and pay royalties to, the following major rights holders to obtain the vast majority of the music content offered on our platform.

- ***Music labels and music copyright owners***
 - We have strong partnerships with a wide range of music labels and other copyright owners. As of December 31, 2020, we licensed musical recording rights and/or music publishing rights underlying music content mainly on terms ranging from one to three years from domestic and international music labels, including through master distribution and licensing agreements with leading international and Chinese music labels.

[Table of Contents](#)

- We pay for music labels for licensed music content based on a minimum guaranteed licensing fee and revenue-sharing incentive royalties. Under such fee arrangements, the amounts of minimum guaranteed licensing fees and incentive royalties depend on factors including the type of content, the popularity of the performers, as well as our relationships with the licensors. Payments under the licenses are generally made in installments throughout the duration of the licenses.
- We have arrangements with other online music platforms in China to cross-license our respective licensable or sub-licensable rights in musical works. We believe these arrangements benefit not only particular market players like us, but also the industry at large by increasing cooperation in copyright protection and allowing users to access more songs across different platforms.
- **Individual artists.** We also enter into licenses with individual artists or their agencies to bring a broader and more diverse content offering on our platform. See “—Our Content—Our Content Strategies—Cultivating Aspiring Artists” for more information about Tencent Musician Platform, an online service designed to nurture aspiring individual artists.
- **User-generated content.** User-generated content from live streaming performers (and their agencies, if applicable) is covered by revenue-sharing arrangements. We are entitled to the intellectual property rights of the live streaming content they create. In addition, users uploading user-generated content on our platform typically agree to grant us the associated copyright of such content. For additional details concerning our copyright protection with respect to user-generated content, see “—Copyright Protection” and “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—We allow user-generated content to be uploaded on our platform; if users have not obtained all necessary copyright licenses in connection with such uploaded content, we may be subject to potential disputes and liabilities.”
- **MCSC.** We had a framework agreement with the MCSC, a music collective copyright organization in China, for an initial term of two years which automatically renews for one year upon the expiration of the initial term. The framework agreement expired on December 31, 2020, and we are negotiating with the MCSC regarding the renewal of the agreement and the related content sourcing arrangement. The primary purpose for us to enter into agreement with the MCSC is to secure the copyright with respect to musical compositions and lyrics underlying our music content that is not covered by our licensing agreements with music labels and music copyright owners. Under such agreement, we were granted the right to distribute through the internet the musical compositions and lyrics managed by the MCSC. The license fee we paid to the MCSC equaled to a specified minimum guaranteed amount plus a percentage of revenues generated from the licensed music content (net of certain costs). In the event of any copyright dispute or claims regarding music content covered by our agreement with the MCSC within the validity period of the framework agreement, the MCSC undertook to negotiate with, or pay compensation to, such third-party right owners.

Copyright Protection

We are committed to copyright protection and we strive to continue playing a leadership role in improving China’s music and audio copyright environment.

We take various measures to ensure content offered on our platform does not infringe upon copyright of third parties. Once it is licensed, we closely monitor copyrighted content on our platform for compliance with the scope of the licenses and therefore to attempt to detect and remediate infringement of third-party copyrights on our platform in a timely manner. We also seek additional contractual protection from the agreements between us and the content creators or licensors. For example, we typically require the licensors to represent in the licensing agreement that they have the legitimate right to license the content and require them to indemnify us for losses arising from any claims of infringement or violation of laws and regulations. With respect to user-generated content, we also rely on the safe harbor provision for online storage service providers under PRC copyright laws and regulations, and have adopted measures intended to minimize the likelihood that we may be held liable for

[Table of Contents](#)

copyright infringement as a result of distributing user-generated content on our platform. Such measures include (i) requiring users to acknowledge and agree that they will not upload or perform content which may infringe intellectual property rights, (ii) restricting users on our blacklists from uploading content, and (iii) implementing “notice and take-down” policies to be eligible for the safe harbor exemption for user-generated content.

We also actively enforce our rights against third-party platforms that infringe upon our content rights, using a combination of human and machine monitoring to detect unauthorized use of copyrighted content on other platforms. More specifically:

- **Monitoring.** Leveraging our advanced audio fingerprinting technology and massive data base, we are able to continually screen and identify infringing content displayed on third-party platforms in China.
- **Enforcement of our rights.** When our system identifies an infringing use of our content on a third-party platform, our system automatically generates an alert email to our legal and copyright protection department, which promptly serves a takedown notice to the infringing platforms requesting that the infringing content be removed. Following the takedown notice, our legal and copyright protection department will review the relevant evidence and initiate the removal procedures to ensure timely removal of infringing content, and they may also file complaints with the National Copyright Administration and content providers or initiate legal proceedings.
- **Follow-up.** Once a takedown notice is served or a legal proceeding initiated, our copyright system starts to track the relevant platforms to check if the infringing content has been timely removed.

Content Monitoring

We are committed to complying with the applicable laws and regulations regarding the provision of content through the internet. We leverage our technology to implement procedures to monitor and remove inappropriate or illegal content from our platform. Text, images and videos are screened by our content monitoring team, aided by systems that periodically filter our platform. For example, our video recognition technology enables us to effectively monitor live streaming for content violations and copyright protection purposes. We have also developed an effective copyright infringement monitoring system that is able to detect potential copyright infringement by other platforms or our users. We have also adopted various public reporting channels to identify and remove illegal or improper content. Our legal team may also take further actions to hold the content creators accountable for any illegal or inappropriate content.

We are focused on the monitoring and screening of user-generated content. We require live streaming performers and users to register on a real-name basis to upload content to our platform and require them to agree not to distribute content in violation of any third-party rights or any applicable laws or regulations. In particular, we monitor the live streaming sessions and online karaoke performances delivered on our platform using a combination of human and machine screening.

Due to the massive amount of content displayed on our platform, we may not always be able to promptly identify the content that is illegal, improper or may otherwise be found objectionable by the PRC government. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—The content available on our platform may be found objectionable by the PRC government, which may subject us to penalties and other regulatory or administrative actions.”

Other Intellectual Property

In addition to copyrights of our content, other intellectual property is also critical to our business. We rely on a combination of patent, copyright, trademark and trade secret laws in China and other jurisdictions, as well as confidentiality procedures and contractual provisions, to protect our intellectual property rights. As of December 31, 2020, we have applied for the registration of 3,275 patents, among which 1,547 patents have been

registered with the National Intellectual Property Administration and overseas. One of our patents has been recognized with the Nineteenth China Patent Award by the National Intellectual Property Administration. As of the same date, we have applied for 3,793 trademarks, among which 2,502 had been registered with the Trademark Office of the National Intellectual Property Administration and overseas. We had also registered 424 software copyright with the Copyright Protection Center of the PRC. Our “酷狗” (Kugou) trademark has been recognized as a well-known trademark by the Beijing Higher People’s Court.

Despite our efforts to protect ourselves from infringement or misappropriation of our intellectual property rights, unauthorized parties may attempt to copy or otherwise obtain and use our intellectual property in violation of our rights. In the event of a successful claim of infringement against us, or our failure or inability to develop non-infringing intellectual property or license the infringed or similar intellectual property on a timely basis, our business could be harmed. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—Failure to protect our intellectual property could substantially harm our business, operating results and financial condition.”

Technology and Data Capabilities

Technology

We focus on continually improving our technology to deliver superior user experience and enhance our operating efficiency. Over the years, we have been innovating and improving our technologies to help users discover and enjoy content and help artists find their target audience and realize greater value.

We have a large dataset and we devote substantial resources to analyzing data in order to obtain useful insights into our users’ music entertainment and social behaviors. We believe our technology will allow us to better understand and respond to user preferences, deliver a superior user experience, and further differentiate our services from our competitors.

- **Search and discovery engines.** We provide users with a personalized music entertainment experience by leveraging our powerful music search and discovery engines. Our advanced algorithms improve the accuracy and relevance of our search results. In addition, we have developed various user functions including machine-generated playlists and intelligent recommendations of related music content to deliver a highly personalized music discovery experience. We have been continually improving our efficiency in content curation and accuracy of personalized recommendation by utilizing deep learning and data mining, which has resulted in a substantial increase in average daily streams and user engagements for both our online music and social entertainment services. On our music application recommendation pages, we added live streaming feeds, long-form audio and content in other formats, providing more choices to satisfy the entertainment consumption demand of our users. This self-reinforcing and virtual process has led to a sequential increase in the proportion of streaming volume driven by recommendation. In the world-renowned MIREX global song recognition technology competition in 2020, *Kugou Music* was the winner in the Audio Fingerprinting category, and QQ Music’s predictive model, or PDM, broke multiple world records in the area of Patterns for Prediction.
- **User-experience enhancements.** We offer a variety of sounds effects to enhance our users’ listening experience. Our award-winning proprietary audio settings, such as *QQ Music Super Sound*, *Kugou Viper Sound* and *WeSing Super Voice* audio settings, not only bring superior sound quality and a best-in-class listening experience to users, but also foster a large, growing online community for them to share user feedback about our sounds effects. In addition, we provide various special visual effects and camera filters to users recording videos on our platform. Our proprietary “pairing” algorithm identifies live streaming performers of similar genres or styles inviting them to form a duet or join a sing-off, which increases user engagement on our platform. Our technology makes our products a part of everyday life, such as our *QQ Music Running Station* that recommends music to match a jogger’s running tempo.

User Data Security and Privacy

We believe data security is critical to our business operation because data is the foundation of our competitive advantages. We have internal rules and policy to govern how we may use and share personal information, as well as protocols, technologies and systems in place to ensure that such information will not be accessed or disclosed improperly. Users must acknowledge the terms and conditions of the user agreement before using our products, under which they consent to our collection, use and disclosure of their data in compliance with applicable laws and regulations.

From an internal policy perspective, we limit access to our servers that store our user and internal data on a “need-to-know” basis. We also adopt a data encryption system intended to ensure the secured storage and transmission of data, and prevent any unauthorized member of the public or third parties from accessing or using our data in any unauthorized manner. Furthermore, we implement comprehensive data masking of user data for the purpose of fending off potential hacking or security attacks.

Competition

We face competition for users and their time and attention from other online music providers in China. We also face competition from online offerings of other forms of content, including long-and short-form videos, karaoke services, live streaming, radio services, literature, and games provided by other online service providers. We compete to attract, engage and retain users based on a number of factors, such as the diversity of content, product features, social interaction features, quality of user experience, brand awareness and reputation. Some of our competitors may have greater financial, marketing or technology resources than we do, which could enable them to respond more quickly to technological innovations or changes in user demands and preferences, license more attractive content, and devote greater resources towards the development, promotion and sale of products than we can. For a discussion of risks relating to competition, see “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—We operate in a competitive industry. If we are unable to compete successfully, we may lose market share to our competitors.”

Insurance

We do not maintain any liability insurance or property insurance policies covering our equipment and facilities for injuries, death or losses due to fire, earthquake, flood or any other disaster. Consistent with customary industry practice in China, we do not maintain business interruption insurance, nor do we maintain key-man life insurance.

Regulations

We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. The following is a summary of the principal PRC laws and regulations relating to our business and operations within the territory of the PRC.

Regulations on Foreign Investment

The Foreign Investment Law of the PRC adopted by the National People’s Congress on March 15, 2019 and its Implementing Regulation adopted by the State Council on December 12, 2019 became effective on January 1, 2020. Pursuant to the Foreign Investment Law of the PRC, China will grant national treatment to foreign invested entities, except for those foreign invested entities that operate in industries that fall within “restricted” or “prohibited” categories as prescribed in the “negative list” to be released or approved by the State Council.

The MOFCOM and the NDRC jointly promulgated the Special Administrative Measures for Entrance of Foreign Investment (Negative List) (2020 Version), or the Negative List requires that foreign investors should

[Table of Contents](#)

refrain from making investment in any of prohibited sectors specified in the Negative List, and foreign investors are required to obtain the permit for access to other sectors that are listed in the Negative List but not classified as “prohibited”.

In December 2020, the NDRC and MOFCOM promulgated the Measures for the Security Review of Foreign Investment, which came into effect on January 18, 2021. The NDRC and the MOFCOM will establish a working mechanism office in charge of the security review of foreign investment. Such measures define foreign investment as direct or indirect investment by foreign investors in the PRC, including (i) investment in new onshore projects or establishment of wholly foreign owned onshore companies or joint ventures with foreign investors; (ii) acquiring equity or asset of onshore companies by merger and acquisition; and (iii) onshore investment by and through any other means. Foreign investment in certain key areas with national security concerns, such as important cultural products and services, important information technology and internet products and services, key technologies and others which results in the acquisition of de facto control of invested companies, shall be filed with a specifically established office before such investment is carried out. What may constitute “onshore investment by and through any other means” or “de facto control” is not clearly defined under such measures, and could be broadly interpreted. It is likely that control through contractual arrangement be regarded as de facto control based on provisions applied to security review of foreign investment. Failure to make such filing may subject such foreign investor to rectification within a prescribed period, and the foreign investors will be negatively recorded in the relevant national credit information system, which would then subject such investors to joint punishment as provided by relevant rules. If such investor fails to or refuses to undertake such rectification, it would be ordered to dispose of the equity or asset and to take any other necessary measures so as to return to the status quo and to erase the impact to national security.

We are a Cayman Islands company and our businesses by nature in China are mainly value-added telecommunication services and online culture services, which are restricted or prohibited for foreign investors by the Negative List. We conduct business operations that are restricted or prohibited for foreign investment through our variable interest entities, or VIEs.

Regulations on Value-Added Telecommunication Services and Internet Content Services

Licenses for Value-Added Telecommunications Services

The Telecommunications Regulations of the PRC (2016 Revision), or the Telecom Regulations, promulgated on September 25, 2000 by the State Council and most recently amended on February 6, 2016, provide a regulatory framework for telecommunications services providers in the PRC. As required by the Telecom Regulations, a commercial telecommunications service provider in the PRC shall obtain an operating license from the Ministry of Industry and Information Technology, or the MIIT, or its counterparts at provincial level prior to its commencement of operations.

The Telecom Regulations categorize all telecommunication businesses in the PRC as either basic or value-added. The Catalog of Telecommunications Business, or the Telecom Catalog, which was issued as an attachment to the Telecom Regulations and most recently updated on June 6, 2019, further categorizes value-added telecommunication services into two classes: class I value-added telecommunication services and class II value-added telecommunication services. Information services provided via cable networks, mobile networks, or internet fall within class II value-added telecommunications services.

Pursuant to the Measures on Telecommunications Business Operating Licenses (2017 Revision), or the Telecom License Measures, promulgated by the MIIT on March 1, 2009 and last amended on July 3, 2017, any approved telecommunications services provider shall conduct its business in accordance with the specifications in its license for value-added telecommunications services, or VATS License. The Telecom License Measures further prescribes types of requisite licenses for VATS Licenses together with qualifications and procedures for obtaining such VATS Licenses.

[Table of Contents](#)

Pursuant to the Administrative Measures on Internet Information Services (2011 Revision), promulgated on September 25, 2000 and amended on January 8, 2011 by the State Council, commercial internet information services providers, which means providers of information or services to internet users with charge, shall obtain a VATS License with the business scope of internet information services, namely the Internet Content Provider License or the ICP License, from competent government authorities before providing any commercial internet content services within the PRC.

Based on the Notice regarding the Strengthening of Ongoing and Post Administration of Foreign Investment Telecommunication Enterprises issued by the MIIT in October 2020, the MIIT will not issue Examination Letter for Foreign Investment in Telecommunication Business. Foreign invested enterprises would need to submit relevant foreign investment materials to MIIT for the establishment or change of telecommunication operating permits.

We engage in business activities that are value-added telecommunications services as defined in the Telecom Regulations and the Telecom Catalog. To comply with the relevant laws and regulations, each of Guangzhou Kugou and Beijing Kuwo holds a valid ICP License, while Tencent Music Shenzhen intends to apply for the ICP License. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—China’s internet, music entertainment and long-form audio industries are highly regulated. Our failure to obtain and maintain requisite licenses or permits or to respond to any changes in government policies, laws or regulations may materially and adversely impact our business, financial condition and results of operation.”

Restrictions on Foreign Direct Investment in Value-Added Telecommunications Services

Foreign direct investment in telecommunications companies in China is governed by the Provisions on the Administration of Foreign-Invested Telecommunications Enterprises (2016 Revision), which was promulgated on December 11, 2001 and amended on September 10, 2008 and February 6, 2016 by the State Council. The regulations require that foreign-invested value-added telecommunications enterprises in China to be established as Sino-foreign equity joint ventures and, with a few exceptions, the foreign investors may acquire up to 50% of the equity interests in such joint ventures. In addition, the major foreign investor, as defined therein, is required to demonstrate a good track record and experience in operating value-added telecommunications businesses. Moreover, foreign investors that meet these requirements must obtain approvals from the MIIT and the MOFCOM, or their authorized local counterparts, which retain considerable discretion in granting approvals.

On July 13, 2006, the Ministry of Information Industry (currently known as the MIIT), or the MII, released the Circular on Strengthening the Administration of Foreign Investment in the Operation of Value-added Telecommunications Business, or the MII Circular. The MII Circular prohibits domestic telecommunications enterprises from leasing, transferring or selling telecommunications business operation licenses to foreign investors in any form, or providing any resources, sites or facilities to any foreign investor for their illegal operation of telecommunication business in China. Furthermore, under the MII Circular, the internet domain names and registered trademarks used by a foreign-invested value-added telecommunications services operator shall be legally owned by that operator (or its shareholders). If a license holder fails to comply with the requirements in the MII Circular and cure such non-compliance, the MII or its local counterparts have the discretion to take measures against such license holders, including revoking their VATS Licenses.

Regulations on Transmitting Audio-Visual Programs through the Internet

On December 20, 2007, the MII and the State Administration of Press, Publication, Radio, Film and Television, or the SAPPRFT, jointly issued the Administrative Provisions on the Internet Audio-Video Program Service, or the Audio-Video Program Provisions, which came into effect on January 31, 2008 and was amended on August 28, 2015. The Audio-Video Program Provisions defines “internet audio-video program services” as producing, editing and integrating audio-video programs, supplying audio-video programs to the public via the internet, and providing audio-video programs uploading and transmission services to a third party. Entities

[Table of Contents](#)

providing internet audio-video programs services must obtain an Audio and Video Service Permission, or AVSP. Applicants for the AVSP shall be state-owned or state-controlled entities unless an AVSP has been obtained prior to the effectiveness of the Audio-Video Program Provisions in accordance with the then-in-effect laws and regulations. In addition, foreign-invested enterprises are not allowed to engage in the above-mentioned services. According to the Audio-Video Program Provisions and other relevant laws and regulations, audio-video programs provided by the entities supplying internet audio-video program services shall not contain any illegal content or other content prohibited by the laws and regulations, such as any content against the basic principles in the PRC Constitution, any content that jeopardizes the sovereignty of the country or national security, and any content that disturbs social order or undermine social stability. A full copy of any audio-video program that has already been broadcasted shall be retained for at least 60 days. Movies, television programs and other media contents used as internet audio-video programs shall comply with applicable administrative regulations on programs transmitting through radio, movie and television channels. Entities providing services related to internet audio-video programs shall immediately remove the audio-video programs violating laws and regulations, keep relevant records, report to relevant authorities, and implement other regulatory requirements.

The Categories of the Internet Audio-Video Program Services, or the Audio-Video Program Categories, promulgated by SAPPRFT on March 10, 2017, classifies internet audio-video programs into four categories: (I) Category I internet audio-video program service, which is carried out with a form of radio station or television station; (II) Category II internet audio-video program service, including (a) re-broadcasting service of current political news audio-video programs; (b) hosting, interviewing, reporting, and commenting service of arts, entertainment, technology, finance and economics, sports, education, and other specialized audio-video programs; (c) producing (interviewing not included) and broadcasting service of arts, entertainment, technology, finance and economics, sports, education, and other specialized audio-video programs; (d) producing and broadcasting service of internet films/dramas; (e) aggregating and broadcasting service of films, television dramas and cartoons; (f) aggregating and broadcasting service of arts, entertainment, technology, finance and economics, sports, education and other specialized audio-video programs; and (g) live audio-video broadcasting service of cultural activities of common social organizations, sport events or other organization activities; and (III) Category III internet audio-video program service, including (a) aggregating service of online audio-video content, and (b) re-broadcasting service of the audio-video programs uploaded by internet users; and (IV) Category IV internet audio-video program service, including (a) re-broadcasting of the radio or television program channels; and (b) re-broadcasting of internet audio-video program channels.

On May 27, 2016, the SAPPRFT issued the Circular on Relevant Issues Concerning Implementing the Approval Granting for Mobile Internet Audio-Video Program Services, or the Mobile Audio-Video Program Circular. The Mobile Audio-Video Program Circular provides that the mobile internet audio-video program services shall be deemed a type of internet audio-video program services. Entities approved to provide mobile internet audio-video program services may use mobile WAP websites or mobile applications to provide audio-video program services, but the types of the programs operated by such entities shall be within the permitted scope as provided in their AVSPs and the said mobile applications shall be filed with the SAPPRFT.

On November 4, 2016, the Cyberspace Administration of China issued the Administrative Regulations on Online Live Streaming Services, or the Online Live Streaming Regulations, which came into effect on December 1, 2016. According to the Online Live Streaming Regulations, when providing internet news information services, both online live streaming service providers and online live streaming publishers must obtain the relevant licenses for providing internet news information service and may only carry out internet news information services within the scope of their AVSPs. All online live streaming service providers (whether or not providing internet news information) must take certain actions to operate their services, including establishing platforms for monitoring live streaming content.

On November 18, 2019, the Cyberspace Administration of China, the Ministry of Culture and Tourism and the National Radio and Television Administration jointly issued the Administrative Provisions on Internet Audio-Video Information Services, or the Internet Audio-Video Information Services Provisions, which became

effective on January 1, 2020. The Internet Audio-Video Information Services Provisions defines the “Internet audio-video information services” as providing audio and video information production, uploading and transmission to the public via Internet platforms such as websites and applications. Entities providing Internet audio-video information services must obtain relevant licenses subject to applicable PRC laws and regulations and are required to authenticate users’ identities based on their organizational codes, PRC ID numbers, or mobile phone numbers etc.

Each of Guangzhou Kugou and Beijing Kuwo holds a valid AVSP. As Guangzhou Kugou’s AVSP does not cover the provisions of certain types of mobile internet audio and video program services, Guangzhou Kugou has submitted an application to update its AVSP to expand the business scope therein. Tencent Music Shenzhen may be required to obtain an AVSP. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—China’s internet, music entertainment and long-form audio industries are highly regulated. Our failure to obtain and maintain requisite licenses or permits or to respond to any changes in government policies, laws or regulations may materially and adversely impact our business, financial condition and results of operation.”

Regulations on Online Music

On November 20, 2006, the Ministry of Culture issued the Several Opinions of the Ministry of Culture on the Development and Administration of Online Music, or the Online Music Opinions, which became effective on the same date. The Online Music Opinions provide that, among other things, an internet music service provider must obtain an Online Culture Operating Permit. On October 23, 2015, the Ministry of Culture promulgated the Circular on Further Strengthening and Improving the Content Administration of Online Music, effective as of January 1, 2016, which provides that internet culture operating entities shall report to a nationwide administrative platform the details of its self-monitoring activities on a quarterly basis.

In 2010 and 2011, the Ministry of Culture greatly intensified its regulations on online music products by issuing a series of circulars regarding online music industry, such as the Circular on Regulating the Market Order of Online Music Products and Renovating Illegal Conducts of Online Music Websites and the Circular on Investigating Illegal Online Music Websites in 2010. In addition, the Ministry of Culture issued the Circular on Clearing Illegal Online Music Products, which clarified that entities engaging in any of the following conducts will be subject to relevant penalties or sanctions imposed by the Ministry of Culture: (i) providing online music products or relevant services without obtaining corresponding qualifications; (ii) importing online music products that have not been reviewed by the Ministry of Culture; or (iii) providing domestically developed online music products that have not been filed with the Ministry of Culture.

On July 8, 2015, the National Copyright Administration issued the Circular regarding Ceasing Transmitting Unauthorized Music Products by Online Music Service Providers, which requires that (i) all unauthorized music products on the platforms of online music services providers shall be removed prior to July 31, 2015, and (ii) the National Copyright Administration investigate and punish the online music services providers who continue to transmit unauthorized music products following July 31, 2015.

Regulations on Production and Operation of Radio and Television Programs

On July 19, 2004, the SAPPRFT promulgated the Regulations on the Administration of Production and Operation of Radio and Television Programs, or the Radio and TV Programs Regulations, which came into effect on August 20, 2004 and was amended on August 28, 2015 and October 29, 2020, respectively. Pursuant to the Radio and TV Programs Regulations, entities engaging in the production of radio and television programs must obtain a License for Production and Operation of Radio and TV Programs from the SAPPRFT or its counterparts at the provincial level. Holders of such licenses must conduct their business operations strictly in compliance within the approved scope as provided in the licenses.

[Table of Contents](#)

Each of Guangzhou Kugou and Beijing Kuwo holds a valid License for Production and Operation of Radio and TV Programs as required by the Radio and TV Programs Regulations.

Regulations on Online Publication

Publishing activities in China are mainly supervised and regulated by the SAPPRFT. On February 4, 2016, the SAPPRFT and the MIIT jointly promulgated the Regulations on the Administration of Online Publishing Services, or the Online Publishing Regulations, which came into effect on March 10, 2016. The Online Publishing Regulations define “online publications” as digital works that are edited, produced, or processed to be published and provided to the public through the internet, including (a) original digital works, such as pictures, maps, games and comics; (b) digital works with content that is consistent with the type of content that, prior to being released online, typically was published in offline media such as books, newspapers, periodicals, audiovisual products and electronic publications; (c) digital works in the form of online databases compiled by selecting, arranging and compiling other types of digital works; and (d) other types of digital works identified by the SAPPRFT. In addition, foreign-invested enterprises are not allowed to engage in the foregoing services. Under the Online Publishing Regulations, internet operators distributing online publications via internet are required to obtain an Online Publishing Service Permit from the SAPPRFT.

Each of Guangzhou Kugou, Beijing Kuwo and Tencent Music Shenzhen plans to apply for the Online Publishing Service Permit.

Regulations on Internet Culture Activities

Pursuant to the Interim Administrative Provisions on Internet Culture, or the Internet Culture Provisions, promulgated by the Ministry of Culture on February 17, 2011 and amended on December 15, 2017, internet culture activities include: (i) production, reproduction, import, release or broadcasting of internet culture products (such as online music, online game, online performance and cultural products by certain technical means and copied to the internet for spreading); (ii) distribution or publication of cultural products on internet; and (iii) exhibitions, competitions and other similar activities concerning internet culture products. The Internet Culture Provisions further classifies internet cultural activities into commercial internet cultural activities and non-commercial internet cultural activities. Entities engaging in commercial internet cultural activities must apply to the relevant authorities for an Online Culture Operating Permit, while non-commercial cultural entities are only required to report to related culture administration authorities within 60 days of the establishment of such entity. If any entity engages in commercial internet culture activities without approval, the cultural administration authorities or other relevant government may order such entity to cease to operate internet culture activities as well as levying penalties including administrative warning and fines up to RMB30,000. In addition, foreign-invested enterprises are not allowed to engage in the above-mentioned services except online music. Currently, each of Guangzhou Kugou, Beijing Kuwo, Tencent Music Shenzhen and Shenzhen Ultimate Music holds a valid Online Culture Operating Permit.

Regulations on Virtual Currency

On January 25, 2007, the Ministry of Public Security, the Ministry of Culture, the MIIT and the GAPP jointly issued a circular regarding online gambling which has implications on the issuance and use of virtual currency. To curtail online games that involve online gambling while addressing concerns that virtual currency might be used for money laundering or illicit trade, the circular (a) prohibits online game operators from charging commissions in the form of virtual currency in connection with winning or losing of games; (b) requires online game operators to impose limits on use of virtual currency in guessing and betting games; (c) bans the conversion of virtual currency into real currency or property; and (d) prohibits services that enable game players to transfer virtual currency to other players. To comply with the relevant section of the circular that bans the conversion of virtual currency into real currency or property, in relation to online music and entertainment, our virtual currency currently can only be used by users to exchange into virtual items to be used to show support for performers or

[Table of Contents](#)

gain access to privileges and special features in the channels which are services in nature instead of “real currency or property.” Once the virtual currency is exchanged by users for virtual items or the relevant privileged services, the conversion transaction is completed and we immediately cancel the virtual item in our internal system.

In February 2007, fourteen PRC regulatory authorities jointly issued a circular to further strengthen the oversight of internet cafes and online games. In accordance with the circular, the People’s Bank of China has the authority to regulate virtual currency, including: (a) setting limits on the aggregate amount of virtual currency that can be issued by online game operators and the amount of virtual currency that can be purchased by an individual; (b) stipulating that virtual currency issued by online game operators can only be used for purchasing virtual products and services within the online games and not for purchasing tangible or physical products; (c) requiring that the price for redemption of virtual currency shall not exceed the respective original purchase price; and (d) banning the trading of virtual currency.

On June 4, 2009, the Ministry of Culture and the MOFCOM jointly issued the Circular on Strengthening the Administration of Online Game Virtual Currency, or the Virtual Currency Circular. The Virtual Currency Circular requires businesses that (a) issue online game virtual currency (in the form of prepaid cards or pre-payment or prepaid card points), or (b) offer online game virtual currency trading services, to apply for approval from the Ministry of Culture through its provincial branches. Businesses that issue virtual currency for online games are prohibited from offering services of trading virtual currency, or vice versa. Any company that fails to file the necessary application for approval of the Ministry of Culture will be subject to sanctions, including but not limited to mandatory corrective actions and fines.

Under the Virtual Currency Circular, online games virtual currency trading service provider refers to business that provides platform services related to trading virtual game of online games among game users. The Virtual Currency Circular further requires an online game virtual currency trading service provider to comply with relevant e-commerce regulations issued by the MOFCOM. According to the Guiding Opinions on Online Trading (Interim) issued by the MOFCOM on March 6, 2007, online platform services are trading services provided to online buyers and sellers through a computer information system operated by the service provider. The Virtual Currency Circular regulates, among others, the amount of virtual currency a business can issue, the retention period of user records, the function of virtual currency and the return of unused virtual currency upon the termination of online services. Online game operators are prohibited from distributing virtual items or virtual currencies to players through random selection methods such as lotteries and gambling, and the player directly pays cash or virtual currency. Game operators are prohibited from issuing virtual currency to game players in any way other than legal tender purchases. Any business that provides online game virtual currency trading services is required to adopt technical measures to restrict the transfer of online game virtual currency among accounts of different game players. On May 14, 2019, the Ministry of Culture and Tourism announced that it would no longer assume the responsibility for overseeing online games industry.

In November 2020, the National Radio and Television Administration issued the Notice on Strengthening the Management of Network Live-performance Streaming and E-Commerce Streaming, which requires a live-performance streaming platform to adopt and practically implement the real-name registration system for the performers and the viewers who purchase virtual gifts for the performers by taking measures including real-name verification, face recognition and human review. Viewers who fail to pass the real-name registration shall not be allowed to purchase virtual gifts. Live-performance streaming platforms shall block any mechanism that allows minors to purchase any virtual gifts for the performers. A platform shall set limits on the maximum amount for purchasing virtual gifts for each time, each day and each month. In addition, the live-performance streaming platform shall not adopt operation strategies that encourage viewers to purchase virtual gifts irrationally.

Each of Guangzhou Kugou and Beijing Kuwo holds a valid Online Culture Operating Permit covering the issuance of virtual currency. We issue different virtual currencies and prepaid tokens to users on our platform for them to purchase various virtual gifts to be used in live streaming or online game platforms; however, our service

does not constitute virtual currency trading services because users may not transfer or trade virtual currency among themselves.

Regulations on Commercial Performances

The Administrative Regulations on Commercial Performances (2020 Revision) was promulgated by the State Council and put into effect on November 29, 2020. According to these regulations, to legally engage in commercial performances, a culture and arts performance group shall have full-time performers and equipment in line with its performing business, and file an application with the culture administrative department of the people's government at the county level for approval. To legally engage in commercial performances, a performance brokerage agency shall have three or more full-time performance brokers and funds for the relevant business, and file an application with the culture administrative department of the people's government of a province, autonomous region or municipality directly under central government. The culture administrative department shall make a decision within 20 days from the receipt of the application whether to approve the application, and upon approval, will issue a performance permit. Anyone or any entity engaging in commercial performance activities without approval may be imposed a penalty, in addition to being ordered to cease its actions. Such penalty may include confiscation of his or its performance equipment and illegal proceeds, and a fine of 8 to 10 times of the illegal proceeds. Where there are no illegal proceeds or the illegal proceeds are less than RMB10,000, a fine of RMB50,000 to RMB100,000 will be imposed. Currently, each of Guangzhou Kugou and Beijing Kuwo holds a valid Commercial Performance License.

Regulations on Online Advertising Services

On April 24, 2015, the Standing Committee of the National People's Congress enacted the revised Advertising Law of the PRC, or the Advertising Law, effective on September 1, 2015 which was further amended on October 26, 2018. The Advertising Law increases the potential legal liability of advertising services providers and strengthens regulations of false advertising. The Advertising Law sets forth certain content requirements for advertisements including, among other things, prohibitions on false or misleading content, superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest.

On July 4, 2016, the State Administration for Industry and Commerce (currently known as the State Administration for Market Regulations) issued the Interim Measures on the Administration of Online Advertising, or the SAIC Interim Measures, which came into effect on September 1, 2016. The Advertising Law and the SAIC Interim Measures require that online advertisements may not affect users' normal use of internet and internet pop-up ads must display a "close" sign prominently and ensure one-key closing of the pop-up windows. The SAIC Interim Measures provide that all online advertisements must be marked "advertisement" so that consumers can distinguish them from non-advertisement information. Moreover, the SAIC Interim Measures require that, among other things, sponsored search advertisements shall be prominently distinguished from normal search results and it is forbidden to send advertisements or advertisement links by email without the recipient's permission or induce internet users to click on an advertisement in a deceptive manner.

Regulations on Internet Security

On December 28, 2000, the Standing Committee of the National People's Congress enacted the Decision on the Protection of Internet Security, as amended on August 27, 2009, which provides that the following activities conducted through the internet are subject to criminal liabilities: (a) gaining improper entry into any of the computer information networks relating to state affairs, national defensive affairs, or cutting-edge science and technology; (b) spreading rumor, slander or other harmful information via the internet for the purpose of inciting subversion of the state political power; (c) stealing or divulging state secrets, intelligence or military secrets via internet; (d) spreading false or inappropriate commercial information; or (e) infringing on the intellectual property. The Ministry of Public Security issued the Administrative Measures on Security Protection for

[Table of Contents](#)

International Connections to Computer Information Networks on December 16, 1997 and amended it on January 8, 2011, which prohibits using internet to leak state secrets or to spread socially destabilizing content.

On December 13, 2005, the Ministry of Public Security issued the Provisions on the Technical Measures for the Protection of the Security of the internet, which requires that internet services providers shall have the function of backing up the records for at least 60 days. Also, internet services providers shall (a) set up technical measures to record and keep the information as registered by users; (b) record and keep the corresponding relation between the internet web addresses and internet web addresses as applied by users; (c) record and follow up the net operation and have the functions of security auditing.

On January 21, 2010, the MIIT promulgated the Administrative Measures for Communications Network Security Protection, which requires that all communication network operators including telecommunications services providers and internet domain name service providers divide their own communication networks into units. The unit category shall be classified in accordance with degree of damage to national security, economic operation, social order and public interest. In addition, the communication network operators must file the division and ratings of their communication network with MIIT or its local counterparts. If a communication network operator violates these measures, the MIIT or its local counterparts may order rectification or impose a fine up to RMB30,000 in case such violation is not duly rectified.

Regulations on Privacy Protection

On December 29, 2011, the MIIT promulgated the Several Provisions on Regulation of Order of Internet Information Service Market, which prohibit internet information service providers from collecting personal information of any user without prior consent. Internet information service providers shall explicitly inform the users of the means of collecting and processing personal information, the scope of contents, and purposes. In addition, internet information service providers shall properly keep the personal information of users, if the preserved personal information of users is divulged or may possibly be divulged, internet information service providers shall immediately take remedial measures and report any material leak to the tele-communications regulatory authority.

On December 28, 2012, the Decision on Strengthening Network Information Protection promulgated by the Standing Committee of the National People's Congress emphasizes the need to protect electronic information that contains individual identification information and other private data. The decision requires internet service providers to establish and publish policies regarding the collection and use of electronic personal information and to take necessary measures to ensure the security of the information and to prevent leakage, damage or loss.

In July 2013, the MIIT promulgated the Regulations on Protection of Personal Information of Telecommunications and Internet Users, or the Regulations on Network Information Protection, effective on September 1, 2013, to enhance and enforce legal protection over user information security and privacy on the internet. The Regulations on Network Information Protection require internet operators to take various measures to ensure the privacy and confidentiality of users' information.

Pursuant to the Ninth Amendment to the Criminal Law of the PRC issued by the Standing Committee of the National People's Congress on August 29, 2015, effective on November 1, 2015, any internet service provider that fails to fulfill the obligations related to internet information security as required by applicable laws and refuses to take corrective measures, will be subject to criminal liability for (i) any large-scale dissemination of illegal information; (ii) any severe effect due to the leakage of users' personal information; (iii) any serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (a) sells or provides personal information to others unlawfully or (b) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

On November 7, 2016, the Standing Committee of the National People's Congress promulgated the Cybersecurity Law of the PRC, or the Cybersecurity Law, which came into effect on June 1, 2017. Pursuant to

the Cybersecurity Law, network operators shall follow their cybersecurity obligations according to the requirements of the classified protection system for cybersecurity, including: (a) formulating internal security management systems and operating instructions, determining the persons responsible for cybersecurity, and implementing the responsibility for cybersecurity protection; (b) taking technological measures to prevent computer viruses, network attacks, network intrusions and other actions endangering cybersecurity; (c) taking technological measures to monitor and record the network operation status and cybersecurity incidents; (d) taking measures such as data classification, and back-up and encryption of important data; and (e) other obligations stipulated by laws and administrative regulations. In addition, network operators shall follow the principles of legitimacy to collect and use personal information and disclose their rules of data collection and use, clearly express the purposes, means and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered.

On January 23, 2019, the Office of the Central Cyberspace Affairs Commission and other three authorities jointly issued the Circular on the Special Campaign of Correcting Unlawful Collection and Usage of Personal Information via Apps. Pursuant to this 2019 circular, (i) app operators are prohibited from collecting any personal information irrelevant to the services provided by such operator; (ii) information collection and usage policy should be presented in a simple and clear way, and such policy should be consented by the users voluntarily; (iii) authorization from users should not be obtained by coercing users with default or bundling clauses or making consent a condition of a service. App operators violating such rules can be ordered by authorities to correct its incompliance within a given period of time, be reported in public; or even quit its operation or cancel its business license or operational permits. Furthermore, the Provisions on the Cyber Protection of Children's Personal Information issued by the Office of the Central Cyberspace Affairs Commission came into effect on October 1, 2019, which requires, among others, that network operators who collect, store, use, transfer and disclose personal information of children under the age of 14 establish special rules and user agreements for the protection of children's personal information, inform the children's guardians in a noticeable and clear manner, and shall obtain the consent of the children's guardians. Furthermore, the authorities issuing the circular has pledged to initiate a campaign to correct unlawful collection and usage of personal information via apps from January 2019 through December 2019.

On May 28, 2020, the National People's Congress adopted the PRC Civil Code, which came into effect on January 1, 2021. Pursuant to the PRC Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

Regulations on Infringement upon Intellectual Property Rights via Internet

The PRC Civil Code, which was adopted by the National People's Congress on May 28, 2020 and became effective on January 1, 2021, provides that (i) an online service provider should be held liable for its own tortious acts in providing online services; (ii) where an internet user engages in tortious conduct through internet services, the obligee shall have the right to notify the internet service provider that it should take necessary action such as by deleting content, screening, breaking links, etc. After receiving the notice, the network service provider shall promptly forward the notice to the relevant network user and take necessary measures in light of the preliminary evidence of infringement and the type of service; if the internet service provider fails to take necessary action after being notified, it shall be jointly and severally liable with the internet user with regard to the additional injury or damage suffered and (iii) where an internet service provider knows or should have known that an internet user is infringing upon other people's civil rights and interests through its internet service but fails to take necessary action, it shall be jointly and severally liable with the internet user.

Regulations on Intellectual Property Rights

Copyright

China has enacted various laws and regulations relating to the protection of copyright. China is also a signatory to some major international conventions on protection of copyright and became a member of the Berne Convention for the Protection of Literary and Artistic Works, the Universal Copyright Convention in October 1992, and the Agreement on Trade-Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organization in December 2001.

The Copyright Law of the PRC, adopted in 1990 and revised in 2001, 2010 and 2020 respectively, or the Copyright Law, and its implementing regulations adopted in 2002 and amended in 2011 and 2013, provide that Chinese citizens, legal persons, or other organizations will, whether published or not, enjoy copyright in their works, which include music works. Copyright will generally be conferred upon the authors, or in case of works made for hire, upon the employer of the author. Copyright holders enjoy personal and economic rights. The personal rights of a copyright holder include rights to publish works, right to be named as the author of works, right to amend the works and right to keep the works intact; while economic rights of a copyright holder include, but not limited to, reproduction right, distribution right, performance right, information network dissemination right, etc. In addition, the rights of performers with respect to their performance, rights of publishers with respect to their design of publications, rights of producers with respect to their video or audio productions, and rights of broadcasting or TV stations with respect to their broadcasting or TV programs are classified as copyright-related interest and protected by the Copyright Law. For a piece of music works, it may involve the copyright of lyricist and of composers, which are collectively referred to as the “music publishing rights” elsewhere in this annual report, and the copyright-related interests of recording producers and of performers, which can be collectively referred to as the “musical recording rights” elsewhere in this annual report.

The copyright holders may license others to exercise, or assign all or part of their economic rights attaching to their works. The license can be made on an exclusive or non-exclusive basis. With a few exceptions, an exclusive license or an assignment of copyright should be evidenced in a written contract.

Pursuant to the Copyright Law and its implementing regulations, copyright infringers are subject to various civil liabilities, such as stopping infringing activities, issuing apologies to the copyright owners and compensating the copyright owners for damages resulting from such infringement. The damages should be calculated based on actual loss or income made by an infringer.

The Provisional Measures on Voluntary Registration of Works, promulgated by the National Copyright Administration on December 31, 1994 and effective on January 1, 1995, provides for a voluntary registration system as administered by the National Copyright Administration and its local counterparts.

The Computer Software Copyright Registration Measures, or the Software Copyright Measures, promulgated by the State Council on February 20, 2002, regulates registrations of software copyright, exclusive licensing contracts for software copyright and assignment agreements. The National Copyright Administration administers software copyright registration, and the Copyright Protection Center of China is designated as the software registration authority. The Copyright Protection Center of China shall grant registration certificates to the Computer Software Copyright applicants which meet the requirements of both the Software Copyright Measures and the Computer Software Protection Regulations (2013 Revision).

The Measures for Administrative Protection of Copyright Related to Internet, which were jointly promulgated by the National Copyright Administration and the MIIT on April 29, 2005 and became effective on May 30, 2005, provide that upon receipt of an infringement notice from a legitimate copyright holder, an internet content service provider must take remedial actions immediately by removing or disabling access to the infringing content. If an internet content service provider knowingly transmits infringing content or fails to take remedial actions after receipt of a notice of infringement that harms public interest, the internet content service

[Table of Contents](#)

provider could be subject to administrative penalties, including an order to cease infringing activities, confiscation by the authorities of all income derived from the infringement activities, or payment of fines.

On May 18, 2006, the State Council promulgated the Regulations on the Protection of the Right to Network Dissemination of Information, as amended in 2013. Under these regulations, an owner of the network dissemination rights with respect to written works or audio or video recordings who believes that information storage, search or link services provided by an internet service provider infringe his or her rights may require that the internet service provider delete, or disconnect the links to, such works or recordings.

National Copyright Administration

The Copyright Law provides that holders of copyright or copyright-related rights may authorize a collective copyright management organization to exercise their copyright or copyright-related rights. Upon authorization, the collective copyright administration organization is entitled to exercise the copyright or copyright-related rights in its own name for the holders of copyright or copyright-related rights, and participate as a party in court or arbitration proceedings concerning the copyright or copyright-related rights. On December 7, 2013, the State Council promulgated the Regulations on Collective Administration of Copyright, or the Collective Administration Regulations (2013 Revision). The Collective Administration Regulations clarified that the collective copyright management organization is allowed to (i) enter into license agreement with users of copyright or copyright-related rights, (ii) charge royalty from users, (iii) pay royalty to holders of copyright or copyright-related rights, and (iv) participate in court or arbitration proceedings concerning the copyright or copyright-related rights. Pursuant to the Collective Administration Regulations, performance right, filming right, broadcasting right, rental right, information network dissemination right, reproduction right and other rights stipulated by the Copyright Law which are hard to be exercised effectively by the right holders may be collectively administrated by a collective copyright administration organization. Foreigners and stateless persons may, through an overseas collective copyright management organization having a mutual representation contract with the collective copyright management organization in China, authorize the collective copyright management organization in China to manage copyright or copyright-related rights in China. The aforesaid mutual representation contract means a contract under which the collective copyright management organization in China and its overseas peers authorize each other to conduct collective copyright administration within their respective home countries or regions. In 1992, the National Copyright Administration and Chinese Musicians Association jointly established the Music Copyright Society of China.

The Collective Administration Regulations also prescribes that unauthorized establishments of collective administrations or branches and unauthorized collective copyrights administration activities shall be banned by the copyrights administration department or the civil administration department of the State Council in accordance with their respective scope of functions and relevant illegal gains shall be confiscated, meanwhile if it constitutes a crime, criminal responsibility shall be investigated according to law.

Trademark

According to the Trademark Law of the PRC, adopted in 1982 and latest amended in 2019, as well as the Implementation Regulation of the Trademark Law of the PRC adopted by the State Council in 2002 and subsequently amended in 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements must be filed with the Trademark Office for record. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include but not limited to: using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, selling goods that violate the exclusive right to use a registered trademark, etc. Pursuant to the Trademark Law of the PRC, in the event of any of the foregoing acts, the infringing party will be ordered to stop the infringement immediately and may be fined; the counterfeit goods will be confiscated. The infringing party may also be held liable for the right holder's damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right

holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement.

Patent

In China, the Patent Administrative Department of the State Council is responsible for administering patents, uniformly receiving, examining and approving patent applications. In 1984, the National People's Congress adopted the Patent Law of the PRC, which was subsequently amended in 1992, 2000, 2008 and 2020, respectively. In addition, the State Council promulgated the Implementing Rules of the Patent Law in 2001, as amended in 2002 and 2010 respectively, pursuant to which a patentable invention and utility model must meet three conditions: novelty, inventiveness and practical applicability, and designs must be obviously different from current designs or combinations thereof. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds or substances obtained by means of nuclear transformation. A patent is valid for a term of twenty years with respect to an invention and a term of ten years with respect to a utility model or design, starting from the application date. Except under certain circumstances specifically provided by law, any third party user must obtain consent or a proper license from the patent owner to use the patent, or else the use will constitute an infringement of the rights of the patent holder.

Domain Names

In China, the administration of PRC internet domain names are mainly regulated by the MIIT, under supervision of the China Internet Network Information Center, or CNNIC. On August 24, 2017, the MIIT promulgated the Measures on Administration of Internet Domain Names, which became effective as of November 1, 2017 and replaced the Measures on Administration of Domain Names for the Chinese Internet issued by the MIIT on November 5, 2004, which adopt "first to file" rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicize PRC's domain name system. On May 28, 2012, the CNNIC issued a circular, which was amended on June 18, 2019, to authorize a domain name dispute resolution institution acknowledged by the CNNIC to decide relevant disputes. On January 1, 2018, the Circular of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services issued by the MIIT became effective, which stipulated that an internet access service provider shall, pursuant to requirements stated in the Anti-Terrorism Law of the PRC and the Cybersecurity Law of the PRC, verify the identities of internet-based information service providers, and the internet access service providers shall not provide access services for those who fail to provide their real identity information.

Regulations on Taxation

Enterprise Income Tax

On March 16, 2007, the Standing Committee of the National People's Congress promulgated the Enterprise Income Tax Law of the PRC which were amended on February 24, 2017 and December 29, 2018; and on December 6, 2007, the State Council enacted the Implementation Regulations for the Enterprise Income Tax Law of the PRC, which was amended on April 23, 2019, or collectively, the PRC EIT Law. Under the PRC EIT Law, both resident enterprises and non-resident enterprises are subject to tax in the PRC. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within the PRC. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the PRC EIT Law and relevant implementing regulations, a uniform enterprise income tax rate of 25% is applied. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if

[Table of Contents](#)

they have formed permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from inside the PRC.

Pursuant to the PRC EIT Law, the EIT tax rate of a high and new technology enterprise, or HNTE, is 15%. According to the Administrative Measures for the Recognition of HNTEs, effective on January 1, 2008 and amended on January 29, 2016, for each entity accredited as HNTE, its HNTE status is valid for three years if it meets the qualifications for HNTE on a continuing basis during such period. Each of Guangzhou Kugou, Beijing Kuwo and Guangzhou Fanxing Entertainment Information Technology Co., Ltd. has been recognized as a HNTE. Pursuant to the PRC EIT Law, an entity qualified as software enterprise or SE is entitled to an exemption from income taxation for the first two years, counting from the first year the entity makes a profit, and a reduction of half EIT tax rate for the next three years. Each of Yeelion Online, Tencent Music Entertainment Technology (Shenzhen) Co., Ltd., or TME Tech Shenzhen, Yeelion Online Network Technology (Tianjin) Co., Ltd and Guangzhou Shiyinlian Software Technology Co., Ltd has been assessed and qualified as an SE. In 2020, Yeelin Online and TME Tech Shenzhen were further qualified as key software enterprise or KSE and were entitled to a preferential tax rate of 10% for the year ended December 31, 2019.

TME Tech Shenzhen, was established in Qianhai, Bonded Zone of Shenzhen in 2017 and was entitled to a preferential tax rate of 15% as it met the requirements set out by local tax authorities, and accordingly income tax for TME Tech Shenzhen was provided and paid at the preferential tax rate of 15% for the year ended December 31, 2017. However, TME Tech Shenzhen was further assessed and approved by the relevant government authorities as an SE in 2018 and entitled to the relevant tax holiday which became applicable since the year ended December 31, 2017. Refund for the income tax paid for 2017 was received and recognized in 2018. After the tax holiday, TME Tech Shenzhen was entitled to a reduced tax rate of 12.5% for the year ended December 31, 2019 and 2020.

Furthermore, the Group also has certain subsidiaries subject to other preferential tax treatment for certain reduced tax rates of 5% or 10%.

Value-added Tax

The Provisional Regulations on Value-added Tax of the PRC were promulgated by the State Council on December 13, 1993 and came into effect on January 1, 1994 which were subsequently amended on November 10, 2008 and came into effect on January 1, 2009, and were further amended on February 6, 2016 and November 19, 2017. The Detailed Rules for the Implementation of Provisional Regulations on Value-added Tax of the PRC were promulgated by the Ministry of Finance on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011, or collectively, VAT Law. On November 19, 2017, the State Council promulgated the Order on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations on Value-added Tax of the PRC, or Order 691. According to the VAT Law and Order 691, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real property and the importation of goods within the territory of the PRC are the taxpayers of VAT. The VAT rates generally applicable are simplified as 17%, 11% and 6%, and the VAT rate applicable to the small-scale taxpayers is 3%.

On April 4, 2018, the Ministry of Finance and the State Administration of Taxation jointly issued a circular to cut down the VAT rate for sale of goods from 17% to 16%. On March 20, 2019, the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs further adjusted the tax rate for sale of goods from 16% to 13%, effective from April 1, 2019.

As of the date of this annual report, our PRC subsidiaries and consolidated affiliated entities are generally subject to VAT rates of 3%, 6% or 13% (which was 16% prior to April 1, 2019).

Dividend Withholding Tax

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

Pursuant to the 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 the State Administration of Taxation 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 Issues regarding the “Beneficial Owner” in Tax Treaties, which was issued on February 3, 2018 by the SAT, effective as of 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 its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax 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.

Tax on Indirect Transfers

On February 3, 2015, the SAT issued the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or SAT Circular 7. Pursuant to SAT Circular 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises, may be recharacterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. When determining whether there is a “reasonable commercial purpose” of the transaction arrangement, features to be taken into consideration include, inter alia, whether the main value of the equity interest of the relevant offshore enterprise derives directly or indirectly from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consist of direct or indirect investment in China or if its income is mainly derived from China; and whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure. According to SAT Circular 7, where the payor fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. SAT Circular 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired on a public stock exchange. On October 17, 2017, the SAT issued the Circular on Issues of Withholding of Income Tax of Non-resident Enterprises at Source, or SAT Circular 37, which further elaborates the relevant implemental rules regarding the calculation, reporting and payment obligations of the withholding tax by the non-resident enterprises. Nonetheless, there remain

uncertainties as to the interpretation and application of SAT Circular 7. SAT Circular 7 may be determined by the tax authorities to be applicable to our offshore transactions or sale of our shares or those of our offshore subsidiaries where non-resident enterprises, being the transferors, were involved.

Regulations on Foreign Exchange Registration of Offshore Investment by PRC Residents

General Rules

The core regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC, promulgated by the State Council in 1996 and most recently amended in August 2008, or the Foreign Exchange Regulations. Under the Foreign Exchange Regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. By contrast, the conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC to pay capital expenses such as the repayment of foreign currency-denominated loans or foreign currency is to be remitted into China under the capital account or foreign currency such as a capital increase or foreign currency loans to our PRC subsidiaries, prior approval from or registration with appropriate government authorities is required.

Pursuant to the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, or SAFE Circular 59 promulgated by SAFE on November 19, 2012, which became effective on December 17, 2012, and were further amended on May 4, 2015, October 10, 2018 and December 30, 2019, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of Renminbi proceeds by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously.

In February 2015, SAFE promulgated the Circular of Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment, or SAFE Circular 13, which became effective on June 1, 2015. SAFE Circular 13 cancels the administrative approval requirements of foreign exchange registration of foreign direct investment and overseas direct investment, and simplifies the procedure of foreign exchange-related registration, and foreign exchange registrations of foreign direct investment and overseas direct investment will be handled by the banks designated by the foreign exchange authority instead of SAFE and its branches.

The Circular on the Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or SAFE Circular 19 which was issued by SAFE on March 30, 2015 and effective from June 1, 2015, allows foreign-invested enterprises, within the scope of business, to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation and provides the procedures for foreign-invested enterprises to use Renminbi converted from foreign currency-denominated capital for equity investment.

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

Offshore Investment

The Circular of SAFE on Issues Concerning the Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles, or SAFE Circular 37, which became effective on July 4, 2014, regulates foreign exchange matters in relation to the use of special purpose vehicles, or SPVs, by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in China. Under the Circular 37, an SPV refers to offshore enterprises directly established or indirectly controlled by PRC residents for the purpose of seeking offshore equity financing or making offshore investment, using legitimate domestic or offshore assets or interests, while “round trip investment” refers to the direct investment in China by PRC residents or entities through SPVs, namely, establishing foreign-invested enterprises to obtain the ownership, control rights and management rights. SAFE Circular 37 requires that, before making contribution into an SPV, PRC residents or entities are required to register with the local SAFE branch.

Pursuant to SAFE Circular 13, PRC residents or entities can register with qualified banks instead of SAFE or its local branch in connection with their establishment of an SPV.

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

Employee Stock Incentive Plan

SAFE issued the Circular of SAFE on Issues Concerning the Administration of Foreign Exchange Used for Domestic Individuals' Participation in Equity Incentive Plans of Overseas Listed Companies, or SAFE Circular 7 in 2012. Pursuant to SAFE Circular 7, employees, directors, supervisors, and other senior officers who participate in any equity incentive plan of publicly-listed overseas companies and who are PRC citizens or non-PRC citizens residing in China for a consecutive period of no less than one year, subject to a few exceptions, are required to register with SAFE or its local branches through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed companies, and complete other procedures with respect to the equity incentive plan. In addition, the PRC agent is required to amend SAFE registration with respect to the equity incentive plan if there is any material change to the equity incentive plan, the PRC agent or other material changes. The PRC agent must, on behalf of these individuals who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with these individuals' exercise of the employee share options. Such individuals' foreign exchange income received from the sale of stocks and dividends distributed by the overseas listed company and any other income shall be fully remitted into a collective foreign currency account in China opened and managed by the PRC subsidiaries of the overseas listed company or the PRC agent before distribution to such individuals.

We and our executive officers and other employees who are PRC citizens or non-PRC citizens residing in China for a consecutive period of not less than one year and have been granted awards are subject to these regulations. Failure of our PRC option holders or restricted shareholders to complete their SAFE registrations may subject us and these employees to fines and other legal sanctions.

In addition, the State Administration of Taxation has issued certain notices concerning employee share options and restricted shares. Under these notices, employees working in China who exercise share options or are

granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries are required to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of employees who exercise their share options or purchase restricted shares. If the employees fail to pay or the PRC subsidiaries fail to withhold their income taxes in accordance with relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC governmental authorities.

Loans by Foreign Companies to their PRC Subsidiaries

Loans made by foreign investors as shareholders in foreign invested enterprises established in China are considered to be foreign debts and are mainly regulated by the Regulation of the People's Republic of China on Foreign Exchange Administration, the Interim Provisions on the Management of Foreign Debts, the Statistical Monitoring of Foreign Debts Tentative Provisions, and the Administrative Measures for Registration of Foreign Debts. Pursuant to these regulations and rules, a shareholder loan in the form of foreign debt made to a PRC entity does not require the prior approval of SAFE, but such foreign debt must be registered with and recorded by SAFE or its local branches within 15 business days after such foreign debt contract has been entered into. Under these regulations and rules, the balance of the foreign debts of a foreign invested enterprise shall not exceed the difference between the total investment and the registered capital of the foreign invested enterprise, or Total Investment and Registered Capital Balance.

The Notice of the People's Bank of China on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing, or PBOC Notice No. 9, issued by the PBOC on January 12, 2017, provides that within a transition period of one year from January 12, 2017, the foreign invested enterprises may adopt the currently valid foreign debt management mechanism, or Current Foreign Debt Mechanism, or the mechanism as provided in PBOC Notice No. 9, or Notice No. 9 Foreign Debt Mechanism, at their own discretion. PBOC Notice No. 9 provides that enterprises may conduct independent cross-border financing in RMB or foreign currencies as required. According to the PBOC Notice No.9, the outstanding cross-border financing of an enterprise (the outstanding balance drawn, here and below) shall be calculated using a risk-weighted approach, or Risk-Weighted Approach, and shall not exceed the specified upper limit, namely: risk-weighted outstanding cross-border financing \leq the upper limit of risk-weighted outstanding cross-border financing. The upper limit of risk-weighted outstanding cross-border financing of an enterprise = its net assets \times the leverage rate of cross-border financing \times the macro-prudential adjustment parameter, among which the leverage rate of cross-border financing of an enterprise shall be 2 and the macro-prudential adjustment parameter shall be 1. Therefore, as of the date hereof, the upper limit of risk-weighted outstanding cross-border financing of a PRC enterprise is 200% of its net assets, or Net Asset Limits. Enterprises shall file with SAFE in its capital item information system after entering into a cross-border financing agreement, but no later than three business days before making a withdrawal.

In addition to the foregoing, pursuant to SAFE Circular 28, our PRC subsidiaries established in the pilot regions, which refers to Guangdong-Hong Kong-Macao Greater Bay Area and Hainan province, are not required to register each of their foreign debts with SAFE or its local branches but to complete foreign debts registration with SAFE or its local branches in the amount of 200% of the net asset of the relevant PRC subsidiary. Upon such registrations, our relevant PRC subsidiaries will be allowed to procure foreign loan within the registered amount and complete the formalities for inward and outward remittance of funds, purchase and settlement of foreign currency directly with a bank, and are required to make declaration of international balance of payments pursuant to applicable regulations. However, since it is relatively new, uncertainties still exist in relation to its interpretation and implementation.

Based on the foregoing, if we provide funding to our wholly foreign owned subsidiaries through shareholder loans, the balance of such loans shall not exceed the Total Investment and Registered Capital Balance and we will need to register such loans with SAFE or its local branches in the event that the Current Foreign Debt Mechanism applies, or the balance of such loans shall be subject to the Risk-Weighted Approach and the Net

Asset Limits and we will need to file the loans with SAFE in its information system in the event that the Notice No. 9 Mechanism applies. Under the PBOC Notice No. 9, after a transition period of one year from January 11, 2017, the 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. As of the date hereof, neither the 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 the PBOC and SAFE in the future and what statutory limits will be imposed on us when providing loans to our PRC subsidiaries. Despite neither the Foreign Investment Law nor its Implementing Regulation prescribes whether the certain concept “total investment amount” with respect to foreign-invested enterprises will still be applicable, no PRC laws and regulations have been officially promulgated to abolish the Current Foreign Debt Mechanism.

Regulations on Employment and Social Welfare

Employment

The Labor Law of the PRC which was promulgated by the Standing Committee of the National People’s Congress on July 5, 1994, effective since January 1, 1995, and were further amended on August 27, 2009 and December 29, 2018, the Labor Contract Law of the PRC which was promulgated by the Standing Committee of the National People’s Congress on June 29, 2007 and amended on December 28, 2012, and the Implementing Regulations of the Labor Contract Law of the PRC which was promulgated by the State Council on September 18, 2008, are the principal regulations that govern employment and labor matters in the PRC. Under the above regulations, labor relationships between employers and employees must be executed in written form, and wages shall not be lower than local standards on minimum wages and shall be paid to employees timely. In addition, employers must establish a system for labor safety and sanitation, strictly abide by state standards and provide relevant training to its employees. Employers are also prohibited from forcing employees to work above certain time limit and employers shall pay employees for overtime work in accordance to national regulations.

Social Insurance and Housing Fund

According to the Social Insurance Law of the PRC promulgated by the National People’s Congress of the PRC on October 28, 2010, effective since July 1, 2011 and amended on December 29, 2018, together with other relevant laws and regulations, the PRC establishes a social insurance system including basic pension insurance, basic medical insurance, occupational injury insurance, unemployment insurance and maternity insurance. Any employer shall register with the local social insurance agency within 30 days after its establishment and shall register for the employee with the local social insurance agency within 30 days after the date of hiring. An employer shall declare and make social insurance contributions in full and on time. The occupational injury insurance and maternity insurance shall only be paid by employers while the contributions of basic pension insurance, medical insurance and unemployment insurance shall be paid by both employers and employees.

According to the Regulation on the Administration of Housing Fund promulgated by the State Council on April 3, 1999 and amended in 2002 and 2019 respectively, employers are required to register at the designated administrative centers, open bank accounts for depositing employees’ housing fund and make housing fund contributions for employees in the PRC. Employer who fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline.

Regulations on Anti-Monopoly

The Anti-Monopoly Law of the PRC promulgated by the Standing Committee of the National People’s Congress, or the Anti-Monopoly Law, which became effective on August 1, 2008, prohibits undertakings from monopolistic conducts such as:

- Entering into monopolistic agreements, which means agreements or concerted practices to eliminate or restrict competition. For example, agreements for fixing or altering prices of goods, limiting the output

or sales volume of goods, fixing the price of goods for resale to third parties, among others, unless such agreements satisfy the specific exemptions prescribed therein, such as improving technologies or increasing the efficiency and competitiveness of small and medium-sized undertakings. Sanctions against such violations include an order to cease the relevant activities, and confiscation of illegal gains and fines (from 1% to 10% of sales revenue in the preceding year, or a fine up to RMB500,000 if the intended monopolistic agreement has not been performed);

- Abuse of dominant market position. For example, selling goods at unfairly high prices or purchasing goods at unfairly low prices, selling goods at prices below cost or refusing to trade with a trading party without any justifiable cause. Sanctions for such violations include an order to cease the relevant activities, confiscation of the illegal gains and fines (from 1% to 10% of sales revenue in the preceding year); and
- Concentration of undertakings which has or may have an effect of eliminating or restricting competition. Pursuant to the Anti-Monopoly Law and the Guiding Opinions of the Anti-monopoly Bureau of the State Administration for Market Regulation on the Declaration of Concentration of Business Operators (2018 Revision) require that the anti-monopoly agency (i.e., the State Administration for Market Regulation) shall be notified in advance of any concentration of undertaking if certain filing thresholds (i.e., during the previous fiscal year, (i) the total global turnover of all operators participating in the transaction exceeded RMB10 billion in the preceding fiscal year and at least two of these operators each had a turnover of more than RMB400 million within China in the preceding fiscal year, or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB2 billion in the preceding fiscal year, and at least two of these operators each had a turnover of more than RMB400 million within China in the preceding fiscal year) are triggered, and no concentration shall be implemented until the anti-monopoly enforcement agency clears the anti-monopoly filing.

Pursuant to the Measures for Declaration of Concentration of Business Operators and the Measures for Examination and Approval of Concentration of Business Operators promulgated by the MOFCOM in November 2009, concentration refers to (i) a merger of undertakings; (ii) acquiring control over other undertakings by acquiring equities or assets; or (iii) acquisition of control over, or the possibility of exercising decisive influence on, an undertaking by contract or by any other means. If business operators fail to comply with the mandatory declaration requirement, the anti-monopoly authority is empowered to terminate and/or unwind the transaction, dispose of relevant assets, shares or businesses within certain periods and impose fines of up to RMB500,000.

In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the MOFCOM, the NDRC and the SAIC, respectively. Since its inception, the SAMR has continued to strengthen its anti-monopoly enforcement. The SAMR issued the Notice on Anti-monopoly Enforcement Authorization on December 28, 2018, which grants authorizations to the SAMR's province-level branches for anti-monopoly enforcement within their respective jurisdictions, and issued the Anti-monopoly Compliance Guideline for Operators on September 11, 2020, which applies to operators under the Anti-Monopoly Law for establishing an anti-monopoly compliance management system and preventing anti-monopoly compliance risks.

On June 26, 2019, the SAMR issued the Interim Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions, which took effect on September 1, 2019 to further prevent and prohibit the abuse of dominant market positions. On February 7, 2021, the Anti-Monopoly Bureau of the State Council officially promulgated the Guidelines to Anti-Monopoly in the Field of Internet Platforms, or the Anti-Monopoly Guidelines for Internet Platforms. Pursuant to an official interpretation from the Anti-monopoly Bureau of the State Council, the Anti-Monopoly Guidelines for Internet Platforms mainly covers five aspects, including general provisions, monopoly agreements, abusing market dominance, concentration of undertakings, and abusing of administrative powers eliminating or restricting competition. The Anti-Monopoly Guidelines for Internet Platforms prohibits certain monopolistic acts of internet platforms so as to protect market competition and

safeguard interests of users and undertakings participating in the internet platform economy, including without limitation, prohibiting platforms with dominant position from abusing their market dominance (such as discriminating customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, using technology means to block competitors' interface, favorable positioning in search results of goods displays, using bundle services to sell services or products, compulsory collection of users' unnecessary data. In addition, the Anti-Monopoly Guidelines for Internet Platforms also reinforces antitrust merger review for internet platform related transactions to safeguard market competition.

Regulations on M&A and Overseas Listings

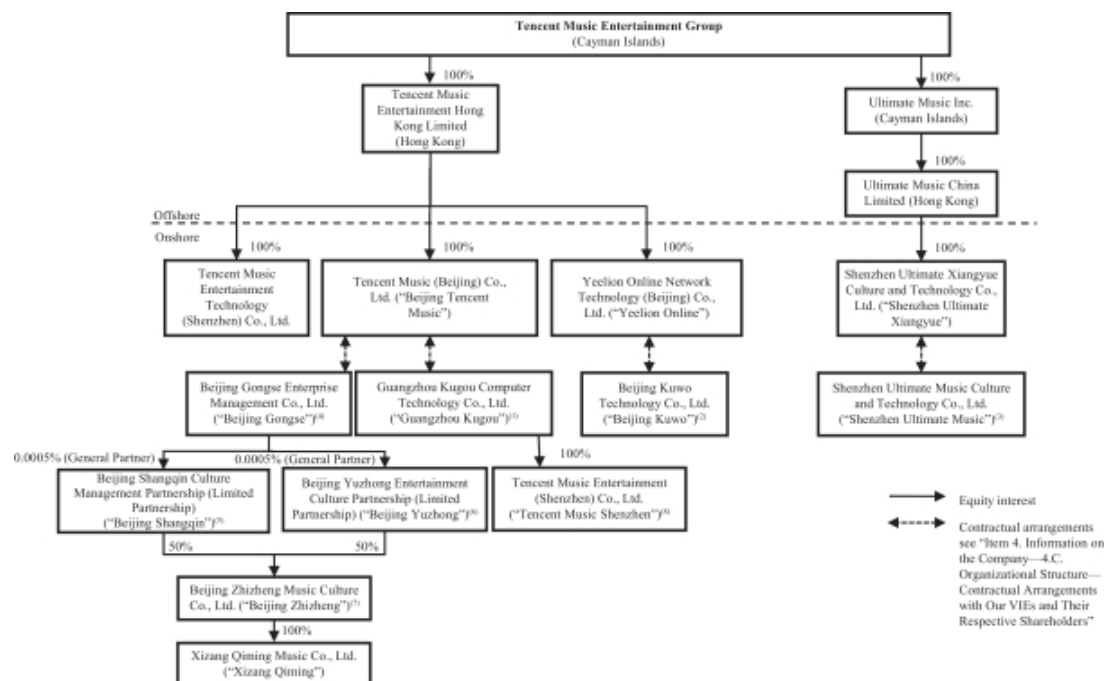
In 2006, six PRC regulatory agencies, including the China Securities Regulatory Commission, or the CSRC, jointly adopted the M&A Rules, amended in 2009. The M&A Rules purport, among other things, to require an offshore special purpose vehicle controlled by PRC companies or individuals and formed for overseas listing purposes through acquisitions of PRC domestic interest held by such PRC companies or individuals, to obtain the approval from the CSRC prior to publicly listing their securities on an overseas stock exchange. In 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by the offshore special purpose vehicle seeking CSRC approval of its overseas listing. While the application of the M&A Rules remains unclear, our PRC counsel, Han Kun Law Offices, has advised us that based on its understanding of current PRC laws, rules and regulations and the M&A Rules, prior approval from the CSRC is not required under the M&A Rules for the listing and trading of the ADSs given that (i) our PRC subsidiaries were directly established by us as wholly foreign-owned enterprises and we have not acquired any equity interest or assets of a PRC domestic company owned by PRC companies or individuals as defined under the M&A Rules that are our beneficial owners after the effective date of the M&A Rules, and (ii) no provision in the M&A Rules clearly classifies the contractual arrangements as a type of transaction subject to the M&A Rules.

However, our PRC counsel has further advised us that uncertainties still exist as to how the M&A Rules will be interpreted and implemented and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules. If the CSRC or other PRC regulatory agencies subsequently determine that prior CSRC approval was required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies.

The M&A Rules also establish procedures and requirements that could make some acquisitions of PRC companies by foreign investors more time-consuming and complex, including requirements in some instances that the anti-monopoly law enforcement agency be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors issued by the MOFCOM in 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China."

4.C. Organizational Structure

The following diagram illustrates our corporate structure as of the date of this annual report, including our significant subsidiaries and VIEs.



Notes:

- (1) Shareholders of Guangzhou Kugou and their respective shareholdings and relationship with our company are as follows: (i) Linzhi Lichuang Information Technology Co., Ltd. (54.87%), an entity controlled by Tencent; (ii) Ms. Meiqi Wang (9.99%), spouse of our former Co-President and director, Mr. Guomin Xie; (iii) Mr. Zhongwei Qiu (9.99%), a nominee shareholder designated by affiliates of PAG Capital Limited, a minority shareholder of our company; (iv) Shenzhen Litong Industry Investment Fund Co., Ltd. (6.77%), an entity controlled by Tencent; (v) Mr. Zhenyu Xie (6.59%), our President, Chief Technology Officer and director; (vi) Mr. Liang Tang (2.73%), our director; (vii) certain individuals and entities, including Zhuhai Hengqin Red Land Red Sea Venture Capital Co., Ltd. (2.94%), Mr. Jianming Dong (1.48%), Ms. Huan Hu (1.18%), Ms. Yaping Gao (1.10%), Hangzhou Yong Xuan Yong Ming Equity Investment Partnership (Limited Partnership) (0.74%) and Mr. Hanjie Xu (0.55%), as nominee shareholders designated by certain minority shareholders of our company; and (viii) Guangzhou Lekong Investment Partnership (Limited Partnership) (1.08%), an employee equity incentive platform of Guangzhou Kugou, with Mr. Zhenyu Xie being its general partner. Guangzhou Kugou operates *Kugou Music* and *Kugou Live*.
- (2) Shareholders of Beijing Kuwo and their respective shareholdings and relationship with our company are as follows: (i) Linzhi Lichuang Information Technology Co., Ltd. (61.64%), an entity controlled by Tencent; (ii) Ms. Meiqi Wang (23.02%), spouse of our former Co-President and director, Mr. Guomin Xie; and (iii) Mr. Lixue Shi (15.34%), our Group Vice President. Beijing Kuwo operates *Kuwo Music* and *Kuwo Live*.
- (3) Shareholders of Shenzhen Ultimate Music and their respective shareholdings and relationship with our company are as follows: (i) Tencent Music Shenzhen (96.10%), a wholly-owned subsidiary of

- Guangzhou Kugou; and (ii) Mr. Xiudong Ma (1.95%) and Mr. Gang Ding (1.95%), both of whom are employees of our company.
- (4) Shareholders of Beijing Gongse and their respective shareholdings and relationship with our company are as follows: (i) Mr. Qihu Yang (20%), our General Counsel; (ii) Mr. Dejun Gu (20%), the head of our human resources department; and (iii) Ms. Xing Chen (20%), Mr. Jie Zhou (20%) and Mr. Yunheng Liang (20%), all of whom are employees of our company.
 - (5) Partners of Beijing Shangqin are Beijing Gongse (0.0005%) (the general partner), Mr. Qihu Yang (19.9999%), Mr. Dejun Gu (19.9999%), Ms. Xing Chen (19.9999%), Mr. Jie Zhou (19.9999%) and Mr. Yunheng Liang (19.9999 %).
 - (6) Partners of Beijing Yuzhong are Beijing Gongse (0.0005%) (the general partner), Mr. Qihu Yang (19.9999%), Mr. Dejun Gu (19.9999%), Ms. Xing Chen (19.9999%), Mr. Jie Zhou (19.9999%) and Mr. Yunheng Liang (19.9999 %).
 - (7) Shareholders of Beijing Zhizheng are Beijing Shangqin (50%) and Beijing Yuzhong (50%).
 - (8) Tencent Music Shenzhen operates *QQ Music* and *WeSing*.

Contractual Arrangements with Our VIEs and Their Respective Shareholders

Currently, substantially all of our users and business operations are located in the PRC and we do not have plans for any significant overseas expansion, as our primary focus is the PRC online music entertainment market, which we believe possesses tremendous growth potential and attractive monetization opportunities.

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in value-added telecommunication services, internet audio-video program services and certain other businesses. The Special Administrative Measures for Entrance of Foreign Investment (Negative List) (2020 Version) provides that foreign investors are generally not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider other than providers of e-commerce, domestic multiparty communication, store-and-forward or call center service, and the Provisions on the Administration of Foreign-Invested Telecommunications Enterprises (2016 Revision) require that the major foreign investor in a value-added telecommunication service provider in China must have experience in providing value-added telecommunications services overseas and maintain a good track record. In addition, foreign investors are prohibited from investing in companies engaged in certain online and culture related businesses. See “Item 4. Information of the Company—B. Business Overview—Regulation—Regulations on Foreign Investment—Special Administrative Measures for Entrance of Foreign Investment (Negative List) (2020 Version).” We are a company incorporated in the Cayman Islands. Our PRC subsidiaries, including Beijing Tencent Music, Yeelion Online and Shenzhen Ultimate Xiangyue, among others, are considered foreign-invested enterprises. To comply with the foregoing PRC laws and regulations, we primarily conduct our business in China through our VIEs, including Guangzhou Kugou, Beijing Kuwo, Shenzhen Ultimate Music, Beijing Gongse Enterprise Management Co., Ltd. (“Beijing Gongse”), Beijing Shangqin Culture Management Partnership (Limited Partnership) (“Beijing Shangqin”), Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) (“Beijing Yuzhong”), Beijing Zhizheng Music Culture Co., Ltd. (“Beijing Zhizheng”) and its wholly owned subsidiaries, among others, and their respective subsidiaries in the PRC, based on a series of contractual arrangements. As a result of these contractual arrangements, we exert effective control over our VIEs and consolidate their operating results in our consolidated financial statements under IFRS. These contractual arrangements may not be as effective as direct ownership in providing us with control over our VIEs. If our VIEs or their respective shareholders fail to perform their respective obligations under the contractual arrangements, we could be limited in our ability to enforce the contractual arrangements that give us effective control over our business operations in the PRC and may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure will be effective under PRC law. For details of these and other risks associated with our VIE structure, see “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Corporate Structure.”

[Table of Contents](#)

The following is a summary of the contractual arrangements by and among Yeelion Online, Beijing Kuwo and the shareholders of Beijing Kuwo. The contractual arrangements by and among us (through our wholly-owned PRC subsidiaries) and each of our VIEs as well as their respective shareholders, are substantially similar to the corresponding contractual arrangements discussed below, unless otherwise indicated. In addition, the spouses of certain shareholders of VIEs have also signed spousal consents, the key terms of which are summarized below.

In the opinion of Han Kun Law Offices, our PRC counsel:

- the ownership structures of our VIEs and our wholly-owned PRC subsidiaries as of the date of this annual report do not and will not contravene any PRC laws or regulations currently in effect; and
- the contractual arrangements among our wholly-owned PRC subsidiaries, our VIEs and their respective shareholders governed by PRC laws as of the date of this annual report are valid and binding upon each party to such arrangements and enforceable against each party thereto in accordance with their terms and applicable PRC laws and regulations currently in effect.

There are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. We have been further advised by our PRC legal counsel that if the PRC government finds that the agreements that establish the structure for operating our value-added telecommunication services, online cultural services, internet audio-video program services and certain other businesses and related business do not comply with PRC government restrictions on foreign investment in such businesses, we could be subject to severe penalties including being prohibited from continuing operations. For a description of the risks related to these contractual arrangements and our corporate structure, please see “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Corporate Structure.”

Equity Interests Pledge Agreement

Pursuant to the equity interests pledge agreement dated October 1, 2019 by and among Yeelion Online, Beijing Kuwo and the shareholders of Beijing Kuwo, the shareholders of Beijing Kuwo pledged all of their equity interests in Beijing Kuwo to Yeelion Online, to guarantee Beijing Kuwo’s and its shareholders’ performance of their obligations under, where applicable, the exclusive option agreement, exclusive technical service agreement, voting trust agreement and loan agreement. If Beijing Kuwo or any of its shareholders breach their contractual obligations under these agreements, Yeelion Online will be entitled to certain rights, including but not limited to the rights to auction or sell the pledged equity interests. Without the prior written consent of Yeelion Online, the shareholders of Beijing Kuwo shall not transfer the pledged equity interests, create or permit to be created any new pledge or any other security interest on the pledged equity interests.

The partners of Beijing Shangqin entered into a Share of Property Pledge Agreement with Beijing Tencent Music and Beijing Shangqin, pursuant to which the partners of Beijing Shangqin pledged all of their share of property held in Beijing Shangqin to Beijing Tencent Music. Similarly, the partners of Beijing Yuzhong entered into a Share of Property Pledge Agreement with Beijing Tencent Music and Beijing Yuzhong, pursuant to which the partners of Beijing Yuzhong pledged all of their share of property held in Beijing Yuzhong to Beijing Tencent Music.

Exclusive Option Agreement

Pursuant to the exclusive option agreement dated October 1, 2019 by and among Yeelion Online, Beijing Kuwo and the shareholders of Beijing Kuwo, the shareholders of Beijing Kuwo irrevocably granted Yeelion Online or its designated person, an exclusive option to purchase at its discretion, all or part of the equity interests held by the shareholders of Beijing Kuwo at the price agreed by the parties to the extent permitted by PRC law. Without the prior written consent of Yeelion Online, the shareholders of Beijing Kuwo shall not transfer or otherwise dispose of, or create any encumbrances or third party interests upon their equity interests in Beijing

Kuwo. In addition, Beijing Kuwo irrevocably granted Yeelion Online or its designated party an exclusive option to purchase at its discretion, all or part of the assets held or entitled to be used by Beijing Kuwo, to the extent permitted under PRC law.

Exclusive Technical Service Agreement or Business Cooperation Agreement

Pursuant to the exclusive technical service agreement dated July 12, 2016 by and between Yeelion Online and Beijing Kuwo, Yeelion Online or its designated person has the sole and exclusive right to provide specified business support, technical service and consulting service to Beijing Kuwo. Beijing Kuwo agrees to accept such services and, without the prior written consent of Yeelion Online, may not accept the same or similar services provided by any third party during the term of the agreement. Beijing Kuwo agrees to pay to Yeelion Online specified service fees, which represents 90% of the annual net operating income of Beijing Kuwo together with other service fees charged for other ad hoc services provided.

Under (i) the exclusive technical service agreements between Shenzhen Ultimate Music and our respective applicable subsidiary; and (ii) the exclusive business cooperation agreement between Niannian Youyu Culture Media (Wuhan) Co., Ltd. (“Niannian Youyu”), Beijing Gongse, Beijing Shangqin, Beijing Yuzhong, Beijing Zhizheng or Xizang Qiming and our respective and our applicable subsidiary, there is no specific number or percentage of service fees that our subsidiary is entitled to charge for the services provided to each such VIE. Instead, the services fee can be agreed by Shenzhen Ultimate Music, Niannian Youyu, Beijing Gongse, Beijing Shangqin, Beijing Yuzhong, Beijing Zhizheng, Xizang Qiming and our respective applicable subsidiary by taking into account the complexity of services provided, the time consumed and seniority of staff involved and other factors.

Loan Agreement

Pursuant to the loan agreement dated July 12, 2016 by and among Yeelion Online, Mr. Guomin Xie and Mr. Lixue Shi, Yeelion Online provided loans to Mr. Xie and Mr. Shi solely for the purpose of acquiring equity interests of Beijing Kuwo. Yeelion Online has the sole discretion to determine the method of repayment, including requiring Mr. Xie and Mr. Shi to transfer their equity interests in Beijing Kuwo to Yeelion Online or its designated person. There is no such loan agreement between Shenzhen Ultimate Xiangyue and their respective shareholders.

Debt Assignment and Offset Agreement

Pursuant to the debt assignment and offset agreement dated August 28, 2019 by and among Mr. Guomin Xie, Ms. Meiqi Wang and Yeelion Online, Mr. Guomin Xie (as the assignor) transferred, and Ms. Meiqi Wang (as the assignee) agreed to undertake, the Assignor’s obligations to repay the loan (and its interest) under the Loan Agreement. As consideration for the Assignee to undertake the Assignor’s obligations to repay the loan (and its interest) under the Loan Agreement, the transfer consideration equal to the amount of outstanding loan under the Loan Agreement in the share transfer agreement with respect to equity interest of Beijing Kuwo between the Assignor and the Assignee shall be regarded as has been paid by the Assignee to the Assignor. There is no such debt assignment and offset agreement between Shenzhen Ultimate Xiangyue, Niannian Youyu, Beijing Gongse, Beijing Shangqin, Beijing Yuzhong, Beijing Zhizheng or Beijing Zhizheng’s subsidiaries and their respective shareholders.

Voting Trust Agreement or Power of Attorney

Pursuant to the voting trust agreement dated October 1, 2019 by and among Yeelion Online, Beijing Kuwo and the shareholders of Beijing Kuwo, the shareholders of Beijing Kuwo each irrevocably granted Yeelion Online or any person designated by Yeelion Online as their attorney-in-fact to vote on their behalf on all matters of Beijing Kuwo by issuing a voting proxy.

Spousal Consents

The spouses of certain individual shareholders of our VIEs have each signed a spousal consent letter. Under the spousal consent letter, the signing spouse unconditionally and irrevocably approved the execution by his or her spouse of the above-mentioned equity interests pledge agreement, exclusive option agreement and voting proxy, as applicable, and that his or her spouse may perform, amend or terminate such agreements without his or her consent. Moreover, the spouse confirmed he or she has no rights, and will not assert in the future any right, over the equity interests in the applicable VIEs held by his or her spouse. In addition, in the event that the spouse obtains any equity interest in the applicable VIEs held by his or her spouse for any reason, he or she agrees to be bound by and sign any legal documents substantially similar to the contractual arrangements entered into by his or her spouse, as may be amended from time to time.

4.D. Property, Plant and Equipment

Our principal executive offices are located in Shenzhen, China. We also have offices in Beijing, Guangzhou and some other cities in China with an aggregate of approximately 82,109 square meters, 26,019 square meters of which are currently under renovation to serve our future needs and some of the office lease contracts will cease once the renovation is completed. These facilities are currently accommodating our management headquarters, most of our product development, content acquisition and management, sales and marketing, as well as general and administrative activities. Our main IT infrastructure includes internet data centers (IDC) and content delivery networks (CDN).

We lease all of the facilities that we currently occupy. We believe that the facilities that we currently lease are adequate to meet our needs for the foreseeable future.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion together with our consolidated financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and timing of events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Item 3.D. Risk Factors” and elsewhere in this annual report.

5.A. Operating Results

General Factors Affecting Our Results of Operations

Our business and results of operations are affected by a number of general factors affecting China’s online music entertainment industry, which include:

- our growth strategies;
- our future business development, financial condition and results of operations;
- our ability to retain, grow and engage our user base and expand our content and experience offering;
- expected changes in our revenues, content-related costs and operating margins;
- our ability to retain key personnel and attract new talent;
- competition in China’s online music entertainment industry;

[Table of Contents](#)

- general economic, political, demographic and business conditions in China and globally;
- the regulatory environment in which we operate; and
- changes in global economy including any adverse impacts of the COVID-19 outbreak.

Unfavorable changes in any of these general conditions could negatively affect demand for our services and materially and adversely affect our results of operations.

Specific Factors Affecting Our Results of Operations

Our ability to maintain and grow our user base and further increase their engagement level

We generate revenues primarily through the sales of memberships and virtual gifts. Therefore, our ability to generate revenues is affected by the number of our users and the levels of their engagement. Our ability to continue to grow our user base and increase user engagement is driven by various factors, including our ability to increase the breadth and attractiveness of our content offerings; provide personalized content recommendations; deliver differentiated user experiences; encourage users to use multiple services across our platform; improve the social interaction features of our platform; and enhance our brand reputation.

The following table sets forth details of our mobile MAUs for the years indicated. These figures have not been adjusted to eliminate duplicate access of different products and services by the same user during any given period.

	For the Year Ended December 31,		
	2018	2019	2020
	(in millions)		
Online music mobile MAUs	642	653	644
Social entertainment mobile MAUs(1)	226	240	240

Note:

- (1) Adjusted for including mobile MAUs associated with *Kugou Changchang* and *QQ Music's Live Streaming* services.

We adopt a holistic approach to operating our online music services and social entertainment services to foster synergies between them. We leverage our strong product functions and content recommendation and technology capabilities to further enhance product integration between these two services. For example, users can directly access the singing page of a song on our social entertainment apps from the listening page of the song on our online music apps. We also provide real-time recommendations of live streaming content based on what music our users are listening to on our online music apps. With our extensive music content library and comprehensive suite of services offerings, we expect our user engagement on our platform to continue to increase over time. Despite a slight decrease in online music mobile MAUs from 2019 to 2020 partially due to churns of casual users, our core music users on each platform are more engaged as a result of our concerted efforts in product upgrade to be more social, personalized and visually appealing. Additionally, as we continue to maintain our large online music mobile MAUs, we will keep focusing on driving the paying ratios and monetization efficiencies of our online music services.

Certain factors may cause the actual results to be materially different from our expectations. See “Item 3. Key Information—3.D. Risk Factors—If we fail to anticipate user preferences to provide online music and/or long-form audio entertainment content catering to user demands, our ability to attract and retain users may be materially and adversely affected.”

Our ability to increase paying ratio and strengthen our monetization capability

Our results of operations depend largely on our ability to convert our vast user base into paying users.

[Table of Contents](#)

The table below sets forth the number of paying users, paying ratio and monthly ARPPU for our online music services and social entertainment services for the periods indicated. These figures have not been adjusted to eliminate duplicate access of different products and services by the same user during any given period.

	For the Year Ended December 31,		
	2018	2019	2020
Paying users ⁽¹⁾ (in millions)			
Online music services	24.4	33.7	49.4
Social entertainment services	9.8	11.6	11.7
Paying ratio (1)			
Online music services	3.8%	5.2%	7.7%
Social entertainment services	4.3%	4.8%	4.9%
Monthly ARPPU (1) (RMB)			
Online music services (2)	8.5	8.8	9.4
Social entertainment services (3)	114.4	131.3	141.1

Notes:

- (1) For definitions, see “Introduction.”
- (2) The revenues used to calculate the monthly ARPPU of online music services include revenues from subscriptions only. The revenues from subscriptions for the periods indicated were RMB2,499 million, RMB3,563 million and RMB5,560 million (US\$852 million), respectively.
- (3) The revenues used to calculate the monthly ARPPU of social entertainment services include revenues from social entertainment and others, including advertising services provided on our social entertainment platforms.

Historically, while paying users and paying ratio have generally been increasing for both our online music services and social entertainment services, the smaller number of mobile MAUs and paying users for our social entertainment services have generated the majority of our revenues for two reasons. First, users in China historically had a relatively lower willingness to pay for music as compared with more developed markets, and therefore we, in the past, have mainly focused on providing attractive music content and functionalities for our online music services, with a view towards cultivating users’ habits and willingness to pay in the long term. Second, as compared with online music services where users typically only pay once a month for a subscription package, our social entertainment services provide more opportunities for user interactions and thus lead to more paid consumption scenarios that allow users to pay (e.g., through purchasing and sending virtual gifts) and provided more diversified monetization opportunities through advertising. Nevertheless, we believe that the integration between the online music services and the social entertainment services allows us to further drive user engagement and paying user conversion for both services in the future.

Our ability to continue to monetize our user base is affected by a number of factors, such as our ability to enhance user engagement, our ability to cultivate users’ willingness to pay for online music services and social entertainment services, as well as our ability to integrate more monetization models including, for example, the pay-for-streaming model and advertising services, into the overall user experience on our platform. See “Item 4. Information on the Company—4.B. Business Overview—How We Generate Revenue—Online Music Services” for more information of the pay-for-streaming model. Monetization of our user base is also affected by our ability to optimize our pricing strategy and fee models. We also seek to explore new monetization opportunities by leveraging our comprehensive content offerings, vast user base and strong relationships with music labels and other content providers. Our ability to monetize may also be affected by macroeconomic factors affecting China’s economy in general and its online music entertainment industry in particular. See “Item 3. Key Information—3.D. Risk Factors—We face risks related to accidents, disasters and public health challenges in China and globally.”

Our ability to continue to deliver diverse, attractive and relevant content offerings

We believe that users are attracted to our platform and choose to pay for our services primarily because of the diverse and attractive content we offer. Accordingly, we have focused our content strategies on offering a wide range of content catering to users' tastes and preferences, as well as improving our platform, including our curation and recommendation capabilities.

We currently have the largest library of music content in China across a wide range of content formats, including songs, karaoke songs, live streaming of music performances, recorded video and audio content, as well as reviews and articles. Our continued success largely depends on our ability to stay abreast of users' evolving needs and preferences and dynamics in the entertainment industry. We seek to identify trend-setting and potentially viral content, which in turn allows us to offer more comprehensive content.

We plan to continue to enrich our content portfolio. For example, in order to further diversify our content offerings and to capture potential opportunities in niche music markets, we intend to acquire more long-tail content, particularly those that belong to niche genres.

Our ability to enhance returns on our spending on content

Our ability to enhance returns on our spending on content depends on our ability to identify new content and effectively monetize our content while maintaining our commitment to copyright protection.

Our service costs mainly include content-related cost, which mainly comprise: (i) royalties paid to music labels and other content partners for content used to support both our online music services and social entertainment services; and (ii) revenues shared with performers and/or their talent agencies and other content providers which are primarily associated with our social entertainment services. Service costs have historically accounted for the majority of our cost of revenues as we have made substantial investments in building and enriching our portfolio of licensed content and attracting performers to perform on our platform.

Our results of operations and our ability to sustain profitability may also be affected by our obligations to make payments for minimum guarantee and revenue-sharing royalties to the licensors under our license agreements. See "Item 4. Information on the Company—4.B. Business Overview—Content Sourcing Arrangements" for more information about the pricing structure of our licensed content. Historically we have been primarily paying minimum guarantees to our licensors. We expect our minimum guarantee and revenue-sharing royalties to increase in absolute amounts in the near term as we continue to scale up our operations.

We are committed to protecting music copyright, and our leading role in China's music copyright protection efforts has made us a partner of choice for major domestic and international music labels and other content partners. This has helped us maintain long-term collaborative relationships with our content partners, which, in turn, enables us to source content on favorable terms.

Our cost of revenues is expected to increase in absolute amounts in the near future as we continue to expand our content offerings to cater to the evolving customer needs. We believe, however, that our collaborative relationships with content partners and our diversified monetization models enable us to maintain and enhance returns on content spending without compromising our commitment to copyright protection.

Key Components of Results of Operations

Revenues

We derive our revenues from (i) online music services; and (ii) social entertainment services and others.

Table of Contents

The following table sets forth a breakdown of our revenues, in absolute amounts and as percentages of total revenues, for the periods indicated.

	For the Year Ended December 31,						
	2018		2019		2020		
	RMB	%	RMB	%	RMB	US\$	
	(in millions, except for percentages)						
Revenues							
Online music services	5,536	29.2	7,152	28.1	9,349	1,433	32.1
Social entertainment services and others	13,449	70.8	18,282	71.9	19,804	3,035	67.9
Total revenues	18,985	100.0	25,434	100.0	29,153	4,468	100.0

Online music services. We generate revenues from our online music services primarily from subscriptions, namely from paid music through sale of subscription packages for a fixed monthly fee. In 2018, 2019 and 2020, revenue from subscriptions was RMB2,499 million, RMB3,563 million and RMB5,560 million (US\$852 million), respectively. In addition, we also generate revenues from: (i) offering display and performance-based advertising solutions on our platform with pricing arrangements based on various factors, including the form and size of the advertisements, level of sponsorship and popularity of the content; (ii) sublicensing music content licensed from content providers to other online music platforms and other third parties; (iii) selling digital music singles and albums to users on our platform; and (iv) providing various other music and long-form audio-related services, such as providing integrated and technology-driven music solutions to smart device and automobile manufacturers.

Social entertainment services and others. We generate our social entertainment and other services revenues through live streaming, online karaoke, sales of music-related merchandise and certain other services. We generate revenues from live streaming and online karaoke services primarily through sales of virtual gifts. Generally, a portion of the revenues is shared with the content creators, including live streaming performers and their agents, based on an agreed-upon percentage. We also generate a small portion of the revenues from offering display and performance-based advertising solutions on our platform and selling premium memberships to our users.

In addition, we generate a small portion of revenues through the sales of music-related merchandise, including headsets, smart speakers and other hardware products. See “Item 4. Information on the Company—4.B. Business Overview—Other Music Services.”

Our chief operating decision maker has determined that we have only one reportable segment.

Cost of revenues

The following table sets forth the components of our cost of revenues, in absolute amounts and as percentages of total cost of revenues, for the periods indicated.

	For the Year Ended December 31,						
	2018		2019		2020		
	RMB	%	RMB	%	RMB	US\$	
	(in millions, except for percentages)						
Cost of revenues							
Service costs	10,323	88.2	14,967	89.3	17,478	2,679	88.0
Other cost of revenues	1,385	11.8	1,794	10.7	2,373	364	12.0
Total cost of revenues	11,708	100.0	16,761	100.0	19,851	3,042	100.0

Our cost of revenues primarily includes service costs, which mainly comprise (i) content costs, which primarily consist of royalties paid to music labels and other content partners and our in-house production costs.

Table of Contents

Such costs are used to support both our online music services and social entertainment services; (ii) fees paid to content creators pursuant to revenue sharing arrangements associated with our online social entertainment services, including live streaming performers, their agencies and other users who perform on our platform; and (iii) content delivery costs relating primarily to server, cloud services and bandwidth costs paid to telecommunications carriers and other related service providers which are used to support both our online music services and social entertainment services.

Other cost of revenues includes employee benefits expenses, advertising agency fees and others. Employee benefit expenses consist primarily of the salaries and other benefits paid to our employees supporting the operations of our platform. Advertising agency fees consist primarily of commissions paid to advertising agencies. Others mainly include fees paid to online payment gateways and costs associated with sales of music-related merchandise.

Our music content is critical to expanding our product offerings, attracting users and driving monetization for our online music services over time. Music content also drives the growth of our social entertainment services. For example, users may engage in online karaoke singing of a track that they discover through listening to music via our online music services. As such, we believe music content helps drive user engagement and monetization opportunities for our social entertainment services.

Based on these factors, we expect that our cost of revenues including, in particular, our service costs, will increase in absolute amount in the foreseeable future as we continue to acquire and offer attractive content to grow our user base and enhance engagement and returns from our content.

Operating expenses

The following table sets forth a breakdown of our operating expenses, in absolute amounts and as percentages of total operating expenses, for the periods indicated.

	For the Year Ended December 31,						
	2018		2019		2020		
	RMB	%	RMB	%	RMB	US\$	%
	(in millions, except for percentages)						
Operating expenses							
Selling and marketing expenses	1,714	43.2	2,041	43.0	2,475	379	44.4
General and administrative expenses ⁽¹⁾	2,258	56.8	2,703	57.0	3,101	475	55.6
Total operating expenses	<u>3,972</u>	<u>100.0</u>	<u>4,744</u>	<u>100.0</u>	<u>5,576</u>	<u>855</u>	<u>100.0</u>

Note:

- (1) Includes R&D expenses of RMB937 million, RMB1,159 million and RMB1,667 million (US\$255 million) in 2018, 2019 and 2020, respectively.

Selling and marketing expenses. Our selling and marketing expenses consist primarily of (i) branding and user acquisition costs; (ii) salaries and other benefits paid to our sales and marketing personnel; and (iii) amortization of intangible assets resulting from Tencent's acquisition of CMC in 2016 and our acquisition of a subsidiary in 2017. We expect our selling and marketing expenses to increase in absolute amount in the foreseeable future, as we engage in more activities to promote our brand, attract new users, convert existing users to paying users, and further increase user spending on our platform.

General and administrative expenses. Our general and administrative expenses consist primarily of (i) R&D expenses, including salaries and other benefits paid to our R&D personnel; (ii) salaries and other benefits paid to our general and administrative personnel; (iii) fees and expenses associated with the legal, accounting and other professional services; and (iv) amortization of intangible assets resulting from Tencent's acquisition of CMC in 2016.

[Table of Contents](#)

We expect our general and administrative expenses to increase in absolute amount in the foreseeable future as we continue to introduce new products and services, improve our platform and technology to stay abreast of technological developments and innovations, expand our monetization channels, as well as to increase legal fees associated with copyright protection.

Other (losses)/gains, net

Our other (losses)/gains primarily include tax rebates, gains and losses from investments and fair value change, and government grants. We recorded other losses of RMB29 million in 2018, other gains of RMB78 million in 2019 and other gains of RMB362 million (US\$55 million) in 2020.

Share-based payments in respect of issuance of ordinary shares to music label partners

Share-based payments in respect of issuance of ordinary shares to music label partners represent the excess of the fair value of the ordinary shares we issued to Warner and Sony in October 2018 over the aggregate consideration received by us.

Taxation

We had income tax expense of RMB171 million, RMB563 million and RMB456 million (US\$70 million) in 2018, 2019 and 2020 respectively. We are subject to various rates of income tax under different jurisdictions. The following summarizes major factors affecting our applicable tax rates in the Cayman Islands, Hong Kong and the PRC.

Cayman Islands

We are incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, we are not subject to tax on income or capital gains in the Cayman Islands. Additionally, upon payment of dividends by us to our shareholders, no Cayman Islands withholding tax will be imposed.

Hong Kong

Our subsidiaries in Hong Kong, including Tencent Music Entertainment Hong Kong Limited, our wholly-owned subsidiary, are subject to Hong Kong profits tax on their taxable income generated from the operations in Hong Kong at a uniform tax rate of 16.5%. Under the current tax laws of Hong Kong, our subsidiaries in Hong Kong are exempted from income tax on their foreign-derived income and there is no withholding tax in Hong Kong on remittance of dividends. Dividends from Tencent Music Entertainment Hong Kong Limited is not subject to Hong Kong profits tax.

PRC

Under the Corporate Income Tax (“CIT”) Law in the PRC, foreign invested enterprises and domestic enterprises are subject to a unified CIT rate of 25%, except for available preferential tax treatments, including tax concession for enterprise approved as “High and New Technology Enterprise” (“HNTE”) “Software Enterprise” (“SE”) and “Key Software Enterprise” (“KSE”), and enterprise established in certain special economic development zones. Qualified HNTE is eligible for a preferential tax rate of 15%, qualified SE is entitled to an exemption from income tax for the first two years, commencing from the end of the first profitable year, and a reduction of half tax rate for the following three years and qualified KSE is eligible for a preferential tax rate of 10%.

Our subsidiaries and consolidated VIEs in China are companies incorporated under PRC law and, as such, are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws. Pursuant to the PRC CIT Law, which became effective on January 1, 2008, a uniform 25% enterprise

Table of Contents

income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards.

Guangzhou Kugou, Beijing Kuwo and a subsidiary of the Group, Guangzhou Fanxing Entertainment Information Technology Co., Ltd. ("Fanxing"), have been recognized as HNTE by relevant government authorities and were entitled to preferential tax rate of 15% for the years ended December 31, 2018, 2019 and 2020. Yeelion Online and TME Tech Shenzhen were qualified as SE and have entitled to tax holidays starting from the year ended December 31, 2017 (i.e., their first profitable year in 2017). TME Tech Shenzhen and Yeelion Online were further qualified as KSE and have entitled to a preferential tax rate of 10% for the year ended December 31, 2019. For the year ended December 31, 2020, TME Tech Shenzhen and Yeelion Online were entitled to a reduced tax rate of 12.5%. Yeelion Online Network Technology (Tianjin) Co., Ltd. and Guangzhou Shiyinlian Software Technology Co., Ltd. were qualified as SE and have been entitled to tax holidays starting from the years ended December 31, 2019 (i.e., their first profitable year in 2019), respectively.

Furthermore, the Group also has certain subsidiaries subject to other preferential tax treatment for certain reduced tax rates of 5% or 10%.

As a Cayman Islands holding company, we may receive dividends from our PRC subsidiaries through Tencent Music Entertainment Hong Kong Limited. The PRC EIT Law and its implementing rules provide that dividends paid by a PRC entity to a non-resident enterprise for income tax purposes is subject to PRC withholding tax at a rate of 10%, subject to reduction by an applicable tax treaty with China. Pursuant to the Arrangement between Mainland 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 Income, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. Pursuant to the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, or SAT Circular 81, a Hong Kong resident enterprise must meet the following conditions, among others, in order to apply the reduced withholding tax rate: (i) it must be a company; (ii) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (iii) it must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. In August 2015, the State Administration of Taxation promulgated the Administrative Measures for Non-resident Taxpayers to Enjoy Treatment under Tax Treaties, or SAT Circular 60, which became effective on November 1, 2015. SAT Circular 60 provides that non-resident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax. Instead, non-resident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities. Accordingly, Tencent Music Entertainment Hong Kong Limited may be able to benefit from the 5% withholding tax rate for the dividends it receives from its PRC subsidiaries, if it satisfies the conditions prescribed under SAT Circular 81 and other relevant tax rules and regulations. However, according to SAT Circular 81 and SAT Circular 60, if the relevant tax authorities consider the transactions or arrangements we have are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future.

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a "resident enterprise" under the PRC EIT Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—We may be classified as a 'PRC resident enterprise' for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our non-PRC shareholders and ADS holders and have a material adverse effect on our results of operations and the value of your investment."

Critical Accounting Policies, Judgments and Estimates

We prepare our consolidated financial statements in accordance with IFRS as issued by the IASB. Preparing these financial statements in conformity with IFRS as issued by the IASB requires the use of certain critical accounting estimates and also requires us to exercise judgments in the process of applying our accounting policies. We evaluate our estimates and judgments on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results may differ from these estimates.

The critical accounting policies, judgments and estimates that we believe to have the most significant impact on our consolidated financial statements are described below.

Consolidation of VIEs

PRC laws and regulations prohibit or restrict foreign ownership of companies that provide internet-based business, which include activities and services provided by us. We operate our business operations in the PRC through a series of contractual arrangements entered into among the company, our wholly-owned subsidiaries, VIEs that are legally owned by our authorized individuals (collectively, “Contractual Arrangements”). Under the Contractual Arrangements, we have power to control the management, as well as financial and operating policies of the VIEs, have the rights or exposure to variable returns from the VIEs, and have ability to use our power over the VIEs to affect the amount of our return. As a result, all these VIEs are accounted for as controlled structured entities of the company and their financial statements have also been consolidated in our consolidated financial statements.

Goodwill

Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (“CGUs”) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, below the operating segments.

Revenue recognition

Revenue from online music services

Our music service revenues primarily include revenues from subscriptions, sales of digital music singles and albums, content sublicensing and online advertising on our music platforms.

We provide to our users certain subscription packages which entitle paying subscribers a fixed amount of non-accumulating downloads per month and unlimited “ad-free” streaming of our full music content offerings with certain privilege features on our music platforms. The subscription fee for these packages is time-based and is collected upfront from subscribers. The terms of time-based subscriptions range from one month to twelve months. The receipt of subscription fee is initially recorded as deferred revenue. We satisfy our various performance obligations by providing services throughout the subscription period and revenue is recognized over time accordingly.

We also provide our users with services that allow them to purchase early release access to certain new digital music singles and albums. These singles and albums can be downloaded and streamed only through our platform. Such music singles and albums will be made available to all users to access after the initial launch

[Table of Contents](#)

period which is generally three months. We consider that we provide the early access to the newly launched singles and albums within our platform as opposed to providing functional intellectual property to the users. As a result, the performance obligation of providing early access is satisfied over time.

The above services can be paid directly through online payment channels or through various third party platforms. We record revenue on a gross basis according to the criteria stated in “principal agent consideration” below and recognize service fees levied by online payment channels or third party platforms (“Channel Fees”) as the cost of revenues in the same period as the related revenue is recognized.

We sublicense certain of our music content to other music platforms for a fixed period of time, typically one year, that falls within the original license period. We are obliged to replicate the licensed content library for any subsequent changes in the contents, including any new content or removal of existing content, updated by the content partners any time during the sublicense period. As a result, we determine sublicense of content as a single performance obligation. Revenues from sublicensing the content is recognized over the sublicense period. We only recognize revenue when it is highly probable that this will not result in a significant reversal of revenue when any uncertainty is resolved. We do not adjust the promised amount of consideration for the effects of any significant financing component as the sublicense period is typically one year.

Advertising revenue is primarily generated through display ads on our platforms. Advertising contracts are signed to establish the fixed price and advertising services to be provided based on cost per display (“CPD”) or cost per mille (“CPM”) arrangements. When the collectability is reasonably assured, advertising revenues from the CPD arrangements are recognized ratably over the contract period of display based on a time-based measure of progress as the performance obligation is expended evenly over the period, while revenue from the CPM arrangements are recognized based on the number of times that the advertisement has been displayed. We allocate revenue to each performance obligation on a relative stand-alone selling price basis which is determined with reference to the prices charged to customers.

We also enter into contracts with advertising agencies both third-party and controlled by Tencent, which represent us in negotiation and contracting with advertisers. We share with these advertising agencies a portion of the revenues we derive from our advertisers. Revenues are recognized on a gross or net basis based on assessment according to the criteria stated in “Principal agent consideration” below. If revenues for advertising through these advertising agencies are recorded at the gross amount, the portion remitted to advertising agencies, including any cash incentive in the form of commissions, is recorded as cost of revenues. If revenues for advertising through these advertising agencies are recorded at the net amount, cash incentives, in the form of commissions to any advertising agencies based on volume and performance, are accounted for as a reduction of revenue, based on expected performance.

Revenue from social entertainment services and others

We offer virtual gifts to users for free or sell virtual gifts to users on our online karaoke and live streaming platforms. The virtual gifts are sold to users at different specified prices as pre-determined by us. The utilization of each virtual gift sold to users is considered as the performance obligation and we allocate revenue to each performance obligation on a relative stand-alone selling price basis, which are determined based on the prices charged to customers.

Virtual gifts are categorized as consumable, time-based and durable. Consumable virtual gifts are consumed upon purchase and use while time-based virtual gifts can be used for a fixed period. We do not have further obligations to the user after the virtual gifts are consumed immediately or after the stated period of time for time-based items. The revenue for the sale of consumable virtual gifts on the online streaming platforms is recognized immediately when a virtual item is consumed or, in the case of a time-based virtual item, recognized ratably over the useful life of the items, which generally does not exceed one year. We recognize the revenue for sale of durable virtual gifts on the online karaoke platform over their estimated lifespans of no longer than six months,

[Table of Contents](#)

which are determined by the management based on the expected service period derived from past experiences, given there is an implicit obligation of us to maintain the virtual gifts operated on our platform.

We may share with performers a portion of the revenues derived from the sale of the virtual gifts on the online karaoke and live streaming platforms. Revenues for the sale of virtual gifts are recorded at the gross amount while the portion remitted to performers is recorded as cost of revenues as we consider ourselves as the primary obligor in the sale of virtual gifts with the latitude in establishing prices, and the rights to determine the specifications or change the virtual gifts.

In addition to virtual item sales, we also generate revenue from online karaoke and live streaming services by selling premium memberships that provide paying users with certain privileges. The fees for these packages are time-based ranging from one month to twelve months and are collected up-front from subscribers. The receipt of subscription fee is initially recorded as deferred revenue. We satisfy our performance obligation by providing services over the subscription period and revenue is recognized ratably over the subscription period.

We also generated advertising revenue from our social entertainment platforms and the policies for recognized advertising revenue are described in advertising revenue from music services.

Principal agent consideration

We report the revenue on a gross or net basis depending on whether we are acting as a principal or an agent in a transaction. The determination of whether to report our revenues on a gross or net basis is based on an evaluation of various factors, including but not limited to whether we (i) are the primary obligor in the arrangement; (ii) have latitude in establishing the selling price; (iii) change the product or perform part of the service; and (iv) have involvement in the determination of product and service specifications.

We do not disclose the information about the remaining performance obligations as our performance obligations have an expected duration of one year or less.

Contract liabilities and contract costs

A contract liability is the Group's obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due) from the customer. Contract costs include incremental costs of obtaining a contract and costs to fulfill a contract.

Income taxes

We are subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact current income tax and deferred income tax in the period in which such determination is made.

Share-based Compensation Expense and Valuation of Our Ordinary Shares

Share-based compensation relating to TME Incentive Plans

We maintain three share-based compensation plans, namely, the 2014 Share Incentive Plan (the "2014 Share Incentive Plan") that was adopted in 2014 and the 2017 Option Plan and 2017 Restricted Share Scheme that were adopted in 2017 (together with the 2014 Share Incentive Plan, the "TME Incentive Plans"). The share-based equity awards granted under the TME Incentive Plans are measured at fair value and recognized as an expense, net of estimated forfeitures, over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, and credited to equity. Forfeitures are estimated at the time of grant and revised in the subsequent periods if actual forfeitures differ from those estimates.

[Table of Contents](#)

2014 Share Incentive Plan

The 2014 Share Incentive Plan was approved by the then board of directors of our company in October 2014 prior to Tencent's acquisition of CMC. As of April 2, 2021, according to the 2014 Share Incentive Plan, 101,785,456 ordinary shares have been reserved to be issued to qualified employees, directors, non-employee directors and consultants as determined by the board of directors of our company. The options granted pursuant to the 2014 Share Incentive Plan will be exercisable only if the option holder continues employment or provides services through each vesting date. The maximum term of any issued stock option is ten years from the grant date.

2017 Option Plan and 2017 Restricted Share Scheme

Binomial model is used to measure the fair value of equity awards granted pursuant to the 2017 Option Plan and 2017 Restricted Share Scheme. The determination of the fair value is affected by the share price as well as assumptions regarding a number of complex and subjective variables, including the expected share price volatility, expected forfeiture rate, risk-free interest rates, contract life and expected dividends.

Assumptions used in such determination of fair value are presented below.

	Granted in		
	2018	2019	2020
Risk free interest rate	2.97%-3.21%	2.08%	0.71%-0.91%
Expected dividend yield	0%	0%	0%
Expected volatility range	50%-60%	40%	40%-42.5%
Exercise multiples	2.8	2.2-2.8	2.2-2.8
Contractual life	10 years	10 years	10 years

Subsequent to our initial public offering in December 2018, the market price of our publicly traded ADSs is used as an indicator of fair value of our ordinary shares for purposes of recording share-based compensation in connection with the equity awards granted pursuant to the 2017 Option Plan and the 2017 Restricted Share Scheme.

Share-based compensation relating to Tencent Incentive Plans

Prior to July 2016, certain of the employees associated with Tencent's online music business in the PRC were granted equity awards pursuant to certain share-based compensation plans of Tencent (collectively, the "Tencent Incentive Plans"). In July 2016, after Tencent acquired the control of CMC, Tencent's online music business in the PRC, together with the associated employees, was transferred to us and, accordingly, the share-based compensation expense arising from such grants was allocated to us and recognized as share-based compensation expense in our consolidated financial statements. Equity awards granted to our employees pursuant to the Tencent Incentive Plans are measured at the grant date based on the fair value of equity instruments and are recognized as an expense over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, and credited to "contribution from shareholder" under equity.

For share options granted to our employees under the Tencent Incentive Plans, the total amount to be expensed is determined by reference to the fair value of the share options granted by using the binomial model.

The determination of the fair value of share options is affected by the share price as well as assumptions regarding a number of complex and subjective variables, including the expected share price volatility, expected forfeiture rate, risk-free interest rates, contract life and expected dividends. These assumptions involve inherent uncertainty. Had different assumptions and estimates been used, the resulting fair value of the share options and the resulting share-based compensation expenses could have been different.

Table of Contents

Results of Operations

The following table summarizes our consolidated results of operations and as percentages of total revenues for the periods presented.

	For the Year Ended December 31,						
	2018		2019		2020		
	RMB	%	RMB	%	RMB	US\$	
	(in millions, except for percentages)						
Revenues							
Online music services	5,536	29.2	7,152	28.1	9,349	1,433	32.1
Social entertainment services and others	13,449	70.8	18,282	71.9	19,804	3,035	67.9
Total revenues	18,985	100.0	25,434	100.0	29,153	4,468	100.0
Cost of revenues⁽¹⁾	(11,708)	(61.7)	(16,761)	(65.9)	(19,851)	(3,042)	(68.1)
Gross profit	7,277	38.3	8,673	34.1	9,302	1,426	31.9
Operating expenses							
Selling and marketing expenses ⁽¹⁾	(1,714)	(9.0)	(2,041)	(8.0)	(2,475)	(379)	(8.5)
General and administrative expenses ⁽¹⁾	(2,258)	(11.9)	(2,703)	(10.6)	(3,101)	(475)	(10.6)
Total operating expenses	(3,972)	(20.9)	(4,744)	(18.7)	(5,576)	(855)	(19.1)
Interest income	282	1.5	615	2.4	622	95	2.1
Other (losses)/gains, net	(29)	(0.2)	78	0.3	362	55	1.2
Share-based payments in respect of issuance of ordinary shares to music label partners	(1,519)	(8.0)	—	—	—	—	—
Operating profit	2,039	10.7	4,622	18.2	4,710	722	16.2
Share of net (loss)/profit of investments accounted for using equity method	(1)	(0.0)	(18)	(0.1)	19	3	0.1
Finance cost ⁽²⁾	(35)	(0.2)	(64)	(0.3)	(97)	(15)	(0.3)
Profit before income tax	2,003	10.5	4,540	17.9	4,632	710	15.9
Income tax expense	(171)	(0.9)	(563)	(2.2)	(456)	(70)	(1.6)
Profit for the year	1,832	9.6	3,977	15.6	4,176	640	14.3

Note:

- (1) Share-based compensation expenses were allocated as follows:

	For the Year Ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
	(in millions)			
Cost of revenues	22	41	41	6
Selling and marketing expenses	13	12	24	4
General and administrative expenses	452	466	504	77
Total	487	519	569	87

- (2) Finance cost mainly comprises of interest on lease liabilities and notes we issued.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenues

Our revenues increased by 14.6% from RMB25,434 million in 2019 to RMB29,153 million (US\$4,468 million) in 2020.

[Table of Contents](#)

Online music services

Our revenues generated from online music services increased by 30.7% from RMB7,152 million in 2019 to RMB9,349 million (US\$1,433 million) in 2020, mainly driven by strong growth in music subscription revenues and advertising revenues, supplemented by growth in sales of digital albums, despite a decrease in sublicensing revenues.

Our revenues generated from music subscriptions increased by 56.0% from RMB3,563 million in 2019 to RMB5,560 million (US\$852 million) in 2020, which was mainly attributable to the increase in the number of paying users and the monthly ARPPU as a result of continuous user retention improvements and effective execution of our paywall strategy.

Social entertainment services and others

Our revenues generated from social entertainment services and others increased by 8.3% from RMB18,282 million in 2019 to RMB19,804 million (US\$3,035 million) in 2020, primarily driven by the revenue growth in online karaoke service, supplemented by growth in live streaming services. Our revenues generated from advertising services offered on social entertainment platform grew significantly as we continue to develop advertising business and improve monetization of the platform, which also resulted in a higher ARPPU in 2020.

Cost of revenues

Our cost of revenues increased by 18.4% from RMB16,761 million in 2019 to RMB19,851 million (US\$3,042 million) in 2020, primarily driven by increases in service costs by 16.8% from RMB14,967 million in 2019 to RMB17,478 million (US\$2,679 million) in 2020. The increase in service costs was primarily due to higher revenue sharing fees to strengthen our platforms' competitiveness, as well as increased content costs related to new and existing products such as long-form audio, TME Live, and variety shows.

Other cost of revenues increased by 32.3% from RMB1,794 million in 2019 to RMB2,373 million (US\$364 million) in 2020, which was primarily attributable to higher agency fees and payment channel fees.

Gross profit

As a result of the foregoing, our gross profit increased by 7.3% from RMB8,673 million in 2019 to RMB9,302 million (US\$1,426 million) in 2020. Our gross margin decreased from 34.1% in 2019 to 31.9% in 2020. The decrease in gross margin was mainly attributable to higher revenue sharing fees, which resulted from increase in revenue sharing ratio to online karaoke performers and additional incentives offered to live streaming performers, as well as the impact from increased investment in new products and content offerings.

Operating expenses

Our operating expenses increased by 17.5% from RMB4,744 million in 2019 to RMB5,576 million (US\$855 million) in 2020.

Selling and marketing expenses

Our selling and marketing expenses increased by 21.3% from RMB2,041 million in 2019 to RMB2,475 million (US\$379 million) in 2020, which was primarily due to increased spending to promote existing products and brands to strengthen our products' competitiveness and to promote our new product and content offerings such as long-form audio, *Kugou Changchang* and *TME Live*. Such new offerings were still ramping up in terms of revenue generation as we incurred material initial investments in promoting such offerings to drive our future growth.

[Table of Contents](#)

General and administrative expenses

Our general and administrative expenses increased by 14.7% from RMB2,703 million in 2019 to RMB3,101 million (US\$475 million) in 2020 primarily due to our increased investment in research and development in existing and new products to expand our competitive advantages in product and technology innovations.

Interest income

Our interest income was RMB622 million (US\$95 million) in 2020, as compared to RMB615 million in 2019. The increase was primarily due to increased balances of our cash and cash equivalents and term deposits, partially offset by the decrease in domestic and abroad interest rate.

Other (losses)/gains, net

Our other gains, net, were RMB362 million (US\$55 million) in 2020, as compared to other gains, net, of RMB78 million in 2019. The increase was mainly attributable to tax rebate received during the year and investment gains as a result of fair value changes.

Operating Profits

As a result of the foregoing, our operating profit for the period increased by 1.9% to RMB4,710 million (US\$722 million) in 2020 from RMB4,622 million in 2019. Operating margin decreased to 16.2% in 2020 from 18.2% in 2019. The decrease was mainly due to the decrease in gross margin.

Finance cost

Our finance cost was RMB97 million (US\$15 million) in 2020, as compared to RMB64 million in 2019. The increase was primarily due to interest expenses related to the notes issued in September 2020.

Income tax expense

We had an income tax expense of RMB456 million (US\$70 million) and RMB563 million in 2020 and 2019, respectively. Our effective tax rate was 9.8% in 2020, as compared to 12.4% in 2019. The decrease of the effective tax rate was mainly because some of our entities became qualified for certain tax benefits in 2020.

Profit for the period

As a result of the foregoing, our profit for the period increased from RMB3,977 million in 2019 to RMB4,176 million (US\$640 million) in 2020.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenues

Our revenues increased by 34.0% from RMB18,985 million in 2018 to RMB25,434 million in 2019.

Online music services

Our revenues generated from online music services increased by 29.2% from RMB5,536 million in 2018 to RMB7,152 million in 2019, mainly driven by the increases in the revenues from music subscriptions and sales of digital music albums, partially offset by a decrease in sublicensing revenues from other online music platforms.

[Table of Contents](#)

Our revenues generated from music subscriptions increased by 42.6% from RMB2,499 million in 2018 to RMB3,563 million in 2019, which was mainly attributable to an increase of 38.1% in the number of paying users from 24.4 million in 2018 to 33.7 million in 2019 and an increase of 3.5% in the monthly ARPPU from RMB8.5 in 2018 to RMB8.8 in 2019. From 2018 to 2019, the mobile MAUs of our online music services grew from approximately 642 million to 653 million. The paying ratio for our online music services grew from 3.8% in 2018 to 5.2% in 2019 as we continued to cultivate our users' willingness to pay for premium music content with improved paying user retention, as well as due to the early success of our pay-for-streaming initiative.

The increased revenues from sales of digital music albums was mainly due to new and hit releases from top artists and top TV shows in 2019, as we intensified our effort to build our platform into a go-to destination for top artists to release their digital albums, as well as for fans to interact and support their idols.

Social entertainment services and others

Our revenues generated from social entertainment services and others increased by 35.9% from RMB13,449 million in 2018 to RMB18,282 million in 2019, mainly driven by the increases in the revenues generated from our live streaming services and online karaoke services.

The increase in the revenues generated from live streaming and online karaoke services was mainly driven by the increases in the number of paying users and average revenue per paying user, reflecting increased user engagement as we enhanced the quality of the content and social functions offered.

From 2018 to 2019, the mobile MAUs of our social entertainment services increased from approximately 226 million to 240 million, and the number of paying users of our social entertainment services grew from approximately 9.8 million to 11.6 million.

Cost of revenues

Our cost of revenues increased by 43.2% from RMB11,708 million in 2018 to RMB16,761 million in 2019, primarily driven by increases in service costs by 45.0% from RMB10,323 million in 2018 to RMB14,967 million in 2019. The increase in service costs was primarily due to the increase in content costs and revenue sharing fees. The increase in content costs was mainly attributable to increased market price of music content and increased amount of music content licensed from music labels and other content partners. We also increased our in-house content productions in 2019. The increase in revenue sharing fees reflected the increased sales of virtual gifts driven by the growth in our online karaoke and live streaming services. In addition, we introduced more professionally generated content to our social entertainment platform through talent agencies and shared a portion of our revenues with these agencies.

Other cost of revenues increased by 29.5% from RMB1,385 million in 2018 to RMB 1,794 million in 2019. Such increase was primarily attributable to higher payment channel fees and higher personnel costs.

Gross profit

As a result of the foregoing, our gross profit increased by 19.2% from RMB7,277 million in 2018 to RMB8,673 million in 2019. Our gross margin decreased from 38.3% in 2018 to 34.1% in 2019.

Operating expenses

Our operating expenses increased by 19.4% from RMB3,972 million in 2018 to RMB4,744 million in 2019.

Selling and marketing expenses

Our selling and marketing expenses increased by 19.1% from RMB1,714 million in 2018 to RMB2,041 million in 2019, which was primarily due to increased spending to promote the Company's brands, products, and content offering.

[Table of Contents](#)

General and administrative expenses

Our general and administrative expenses increased by 19.7% from RMB2,258 million in 2018 to RMB2,703 million in 2019 primarily due to the increase in personnel-related costs, primarily as we continued to expand our R&D teams to support our products and technology efforts.

Interest income

Our interest income was RMB615 million in 2019, as compared to RMB282 million in 2018. The increase was primarily due to increased balances of our cash and cash equivalents and term deposits throughout 2019.

Other (losses)/gains, net

Our other gains, net, were RMB78 million in 2019, as compared to other losses, net of RMB29 million in 2018. The increase was mainly attributable to government grant and tax rebate received during the year, and partly offset by the impairment loss of an associate.

Share-based payments in respect of issuance of ordinary shares to music label partners

We recorded a one-off share-based accounting charge of RMB1,519 million in respect of issuance of ordinary shares to music label partners in 2018, which represents the excess of the then-prevailing fair value of the ordinary shares we issued to Warner and Sony in October 2018 over the aggregate consideration received by us.

Operating Profits

As a result of the foregoing, our operating profit for the period increased by 126.7% to RMB4,622 million in 2019, from RMB2,039 million in 2018. Operating margin increased to 18.2% for the year of 2019 from 10.7% in 2018 mostly due to a one-off share-based accounting charge of 1,519 million recorded in the fourth quarter of 2018 and the improvement of operating leverage.

Income tax expense

We had an income tax expense of RMB171 million in 2018 and RMB563 million in 2019. Our income tax expense in 2018 and 2019 resulted from the net profit position of certain operating entities in the PRC. Our effective tax rate was 12.4% in 2019, as opposed to 8.5% in 2018. The increase in our effective tax rate was mainly due to the change in the preferential tax rates of certain subsidiaries.

Profit for the period

As a result of the foregoing, our profit for the period increased from RMB1,832 million in 2018 to RMB3,977 million in 2019.

Non-IFRS Financial Measure

We use adjusted profit for the year, which is a non-IFRS financial measure, in evaluating our operating results and for financial and operational decision-making purposes. We believe that adjusted profit for the year helps identify underlying trends in our business that could otherwise be distorted by the effect of certain expenses that we include in our profit for the year. We believe that adjusted profit for the year provides useful information about our results of operations, enhances the overall understanding of our past performance and future prospects and allows for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

Table of Contents

Adjusted profit for the year should not be considered in isolation or construed as an alternative to operating profit, profit for the year or any other measure of performance or as an indicator of our operating performance. Investors are encouraged to review adjusted profit for the year and the reconciliation to its most directly comparable IFRS measure. Adjusted profit for the year presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

Adjusted profit for the year represents profit for the year excluding amortization of intangible and other assets arising from acquisitions, share-based compensation, share-based payments in respect of the issuance of ordinary shares to music label partners, (gains)/losses from investments, fair value change on puttable shares, and income tax effects. The table below sets forth a reconciliation of our profit for the year to adjusted profit for the years indicated.

	For the Year Ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
	(in millions, except for share and per share data)			
Profit for the year	1,832	3,977	4,176	640
Adjustments:				
Amortization of intangible and other assets arising from acquisitions ⁽¹⁾	306	362	392	60
Share-based compensation	487	519	570	87
Share-based payments in respect of issuance of ordinary shares to music label partners ⁽²⁾	1,519	—	—	—
Losses/(gains) from investments ⁽³⁾	52	79	(101)	(15)
Fair value change on puttable shares ⁽⁴⁾	35	37	37	6
Income tax effects ⁽⁵⁾	(57)	(71)	(103)	(16)
Adjusted profit for the year (Non-IFRS financial measure)	4,174	4,903	4,971	762
Attributable to				
Non-IFRS equity holders of the Company	4,175	4,908	4,950	759
Non-controlling interests	(1)	(5)	21	3
Earnings per share for Class A and Class B ordinary shares (Non-IFRS financial measure)				
Basic	1.36	1.50	1.49	0.23
Diluted	1.32	1.47	1.47	0.23
Shares used in earnings per Class A and Class B ordinary share computation				
Basic	3,076,314,670	3,272,754,403	3,313,527,847	3,313,527,847
Diluted	3,159,220,888	3,347,572,338	3,360,460,759	3,360,460,759
Earnings per ADS (Non-IFRS financial measure)⁽⁶⁾				
Basic	2.71	3.00	2.99	0.46
Diluted	2.64	2.93	2.95	0.45
ADS used in earnings per ADS computation				
Basic	1,538,157,335	1,636,377,201	1,656,763,924	1,656,763,924
Diluted	1,579,610,444	1,673,786,169	1,680,230,380	1,680,230,380

Notes:

- (1) Represents the amortization of identifiable assets, including intangible assets and prepayments for music content, resulting from acquisitions.
- (2) Represents the excess of the then fair value of the ordinary shares we issued to Warner Music Group and Sony Music Entertainment over the aggregate consideration we received in October 2018.
- (3) Including the net losses/(gains) on deemed disposals/disposals of investments, fair value changes arising from investments, impairment provision of investments and other expenses in relation to equity transactions of investments.
- (4) Represents the fair value changes on the put liability of certain shares issued in 2018.
- (5) Represents the income tax effects of non-IFRS adjustments.
- (6) Each ADS represents two of our Class A ordinary shares.

Recent Accounting Pronouncements

For detailed discussion on recent accounting pronouncements, see Note 2.2 to the consolidated financial statements of Tencent Music Entertainment Group included elsewhere in this annual report.

5.B. Liquidity and Capital Resources

Cash flows and working capital

Our principal sources of liquidity have been cash generated from operating activities, contributions from shareholders and funds raised from financing activities. As of December 31, 2020, we had RMB11,128 million (US\$1,705 million) in cash and cash equivalents. Our cash and cash equivalents consist primarily of bank deposits and highly liquid investments, which have original maturities of three months or less when purchased. We believe that our current cash and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for at least the next 12 months.

On December 17, 2019, we announced a share repurchase program under which we may repurchase up to \$400 million of our Class A ordinary shares in the form of ADSs pursuant to relevant SEC rules during a twelve-month period commencing on December 15, 2019 (the “2019 Share Repurchase Program”). On March 28, 2021, we announced another share repurchase program under which we may repurchase up to \$1 billion of our Class A ordinary shares in the form of ADSs pursuant to the relevant SEC rules during a twelve-month period commencing on March 29, 2021 (the “2021 Share Repurchase Program”). We currently plan to fund repurchases from our existing cash balance. Up to the date of this annual report, we have repurchased ADSs from the open market for an aggregate amount of approximately US\$19 million in cash pursuant to the 2019 Share Repurchase Program, and approximately US\$50 million in cash pursuant to the 2021 Share Repurchase Program.

We intend to finance our future working capital requirements and capital expenditures from cash generated from operating activities and funds raised from financing activities, including the net proceeds from our offering of US\$300,000,000, 1.375% notes due 2025 and US\$500,000,000, 2.000% notes due 2030 in September 2020. We may, however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our existing cash is insufficient to meet our requirements, we may seek to issue debt or equity securities or obtain additional credit facilities. Financing may be unavailable in the amounts we need or on terms acceptable to us, if at all. Issuance of additional equity securities, including convertible debt securities, would dilute our earnings per share. The incurrence of debt would divert cash for working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders. If we are unable to obtain additional equity or debt financing as required, our business operations and prospects may suffer.

[Table of Contents](#)

As a holding company with no material operations of our own, we conduct our operations primarily through our PRC subsidiaries and our consolidated VIEs in China. We are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries in China through capital contributions or loans, subject to the approval of government authorities and limits on the amount of capital contributions and loans. In addition, our subsidiaries in China may provide Renminbi funding to our consolidated VIEs only through entrusted loans. See “Item. 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of our financing activities to make loans to or make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business” and “Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.” The ability of our subsidiaries in China to make dividends or other cash payments to us is subject to various restrictions under PRC laws and regulations. See “Item. 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us and any tax we are required to pay could have a material and adverse effect on our ability to conduct our business” and “Item. 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—We may be classified as a ‘PRC resident enterprise’ for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our non-PRC shareholders and ADS holders and have a material adverse effect on our results of operations and the value of your investment.”

The following table presents our selected consolidated cash flow data for the periods indicated.

	For the Year Ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
	(in millions)			
Selected Consolidated Cash Flow Data:				
Net cash generated from operating activities	5,632	6,200	4,885	749
Net cash used in investing activities	(1,190)	(8,102)	(14,206)	(2,177)
Net cash generated from/(used in) financing activities	7,741	(31)	5,292	811
Net increase/(decrease) in cash and cash equivalents	12,183	(1,933)	(4,029)	(617)
Cash and cash equivalents at beginning of the year	5,174	17,356	15,426	2,364
Exchange differences on cash and cash equivalents	(1)	3	(269)	(41)
Cash and cash equivalents at end of the year	17,356	15,426	11,128	1,705

Operating activities

Net cash generated from operating activities was RMB4,885 million (US\$749 million) in 2020. The difference between our profit before income tax of RMB4,632 million (US\$710 million) and the net cash generated from operating activities was mainly due to (i) the increase in accounts payable and other liabilities of RMB902 million (US\$138 million); (ii) depreciation and amortization of RMB824 million (US\$126 million); and (iii) non-cash share-based compensation expense of RMB569 million (US\$87 million); partially offset by (i) the increase in other operating assets of RMB887 million (US\$136 million); (ii) the income tax paid of RMB637 million (US\$98 million) and (iii) the increase in accounts receivable of RMB520 million (US\$80 million).

Net cash generated from operating activities was RMB6,200 million in 2019. The difference between our profit before income tax of RMB4,540 million and the net cash generated from operating activities was mainly due to (i) the increase in other operating liabilities of RMB1,164 million largely due to our overall business growth; (ii) the increase in accounts payable of RMB717 million; and (iii) depreciation and amortization of

[Table of Contents](#)

RMB583 million, partially offset by (i) the increase in accounts receivables of RMB733 million; and (ii) interest income of RMB615 million.

Net cash generated from operating activities was RMB5,632 million in 2018. The difference between our profit before income tax of RMB2,003 million and the net cash provided by operating activities was mainly due to (i) non-cash share based payment expense in respect of issuance of ordinary shares to music label partners of RMB1,519 million and share-based compensation expense of RMB487 million; (ii) the increase in operating liabilities of RMB2,361 million largely due to our overall business growth; and (iii) depreciation and amortization of RMB369 million, partially offset by (i) the increase in operating assets of RMB975 million, which was mainly driven by our overall business growth; and (ii) income taxes paid in an amount of RMB221 million.

Investing activities

Net cash used in investing activities was RMB14,206 million (US\$2,177 million) in 2020, which was primarily attributable to (i) placement of term deposits with initial terms of over three months of RMB30,643 million (US\$4,696 million); (ii) payments for investment in UMG and other equity investments of RMB2,002 million (US\$307 million), (iii) purchase of financial assets of RMB919 million (US\$141 million), (iv) payment for business combination of RMB540 million (US\$83 million), (v) purchase of intangible assets of RMB393 million (US\$60 million); and (iii) our purchases of property, plant and equipment of RMB108 million (US\$17 million), partially offset by receipt from maturity of term deposits with initial terms of over three months of RMB20,332 million (US\$3,116 million).

Net cash used in investing activities was RMB8,102 million in 2019, which was primarily attributable to (i) placement of term deposits with initial terms of over three months of RMB12,050 million; (ii) purchase of intangible assets of RMB191 million; and (iii) our purchases of property, plant and equipment of RMB95 million, partially offset by receipt from maturity of term deposits with initial terms of over three months of RMB4,550 million.

Net cash used in investing activities was RMB1,190 million in 2018, which was primarily attributable to (i) payment for acquired business, net of cash acquired of RMB1,090 million; (ii) payments for financial assets and equity investments in certain companies of RMB339 million; and (iii) our purchases of property, plant and equipment and intangible assets of RMB144 million, partially offset by net cash received for business combination under common control of RMB397 million.

Financing activities

Net cash generated from financing activities in 2020 was RMB5,292 million (US\$811 million), which was mainly due to (i) proceeds received from the notes offering of RMB5,400 million (US\$828 million), and (ii) proceeds from exercise of share options of RMB163 million (US\$25 million), partially offset by the (i) payment for repurchase of ordinary shares of RMB134 million (US\$21 million); (ii) payment for lease liabilities of RMB84 million (US\$13 million); and (iii) share withheld for share award schemes of RMB46 million (US\$7 million).

Net cash used in financing activities in 2019 was RMB31 million, which was mainly due to (i) payment for acquisition of non-controlling interests in non-wholly-owned subsidiaries of RMB79 million; (ii) payment for lease liabilities of RMB63 million; and (iii) share withheld for share award schemes of RMB31 million, partially offset by the proceeds from exercise of share options of RMB127 million.

Net cash generated from financing activities in 2018 was RMB7,741 million, which was mainly the proceeds we received from the issuance of ordinary shares, including our initial public offering, of RMB7,319 million and puttable shares of RMB422 million.

Capital Expenditures

Our capital expenditures are incurred primarily in connection with purchases of property, plant and equipment and intangible assets. Our capital expenditures were RMB144 million, RMB286 million and RMB501 million (US\$77 million), in 2018, 2019 and 2020, respectively. We intend to fund our future capital expenditures with our existing cash balance and proceeds from our offering of US\$300,000,000, 1.375% notes due 2025 and US\$500,000,000, 2.000% notes due 2030 in September 2020. We will continue to make capital expenditures to meet the expected growth of our business.

Holding Company Structure

Tencent Music Entertainment Group is a holding company with no material operations of its own. We conduct our operations primarily through our PRC subsidiaries and our consolidated VIEs. As a result, our ability to pay dividends depends upon dividends paid by our subsidiaries which, in turn, depends on the payment of the service fees and royalty payments to our PRC subsidiaries by our consolidated VIEs in the PRC pursuant to certain contractual arrangements. See “Item 4. Information on the Company—4.C. Organizational Structure—Contractual Arrangements with Our VIEs and Their Respective Shareholders.” In 2018, 2019 and 2020, the amount of such services fees and royalty payments paid to our PRC subsidiaries from our VIEs was RMB7,377.0 million, RMB9,142 million and RMB11,829 million (US\$1,813 million), respectively. We expect that the amounts of such service fees and royalty payments will increase in the foreseeable future as our business continues to grow. If our subsidiaries or any newly formed subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us.

In addition, our subsidiaries in China 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, or PRC GAAP. In accordance with PRC company laws, our PRC subsidiaries and consolidated VIEs in China must make appropriations from their after-tax profit to non-distributable reserve funds including (i) statutory surplus fund and (ii) discretionary surplus fund. The appropriation to the statutory surplus fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of our PRC subsidiaries and consolidated VIEs. Appropriation to discretionary surplus fund is made at the discretion of our PRC subsidiaries and consolidated VIEs.

As an offshore holding company, we are permitted under PRC laws and regulations to provide funding from the proceeds of our offshore fund raising activities to our PRC subsidiaries only through loans or capital contributions, and to our consolidated affiliated entity only through loans, in each case subject to the satisfaction of the applicable government registration and approval requirements. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of our financing activities to make loans to or make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.” As a result, there is uncertainty with respect to our ability to provide prompt financial support to our PRC subsidiaries and consolidated VIEs when needed. Notwithstanding the foregoing, our PRC subsidiaries may use their own retained earnings (rather than Renminbi converted from foreign currency denominated capital) to provide financial support to our consolidated affiliated entity either through entrustment loans from our PRC subsidiaries to our consolidated VIEs or direct loans to such consolidated affiliated entity’s nominee shareholders, which would be contributed to the consolidated variable entity as capital injections. Such direct loans to the nominee shareholders would be eliminated in our consolidated financial statements against the consolidated affiliated entity’s share capital.

[Table of Contents](#)

The table below sets forth the respective revenues contribution and assets of Tencent Music Entertainment Group and its wholly-owned subsidiaries and consolidated VIEs as of the dates and for the periods indicated:

	Total Revenues (1)			Total Assets		
	For the Year Ended December 31, 2018	For the Year Ended December 31, 2019	For the Year Ended December 31, 2020	As of December 31, 2018	As of December 31, 2019	As of December 31, 2020
Tencent Music Entertainment Group	—	—	—	53.6%	48.6%	40.9%
Wholly-owned subsidiaries outside the PRC	—	—	—	10.3%	10.4%	17.6%
Wholly-owned subsidiaries in the PRC	0.1%	0.2%	0.2%	6.7%	12.3%	15.0%
Consolidated VIEs	99.9%	99.8%	99.8%	29.4%	28.7%	26.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note:

- (1) Percentages exclude inter-company transactions between Tencent Music Entertainment Group and its wholly-owned subsidiaries and the consolidated VIEs.

In 2020, our wholly-owned PRC subsidiaries only generated a minimal portion of our total revenues because substantially all of our businesses are subject to foreign investment restrictions under PRC law and therefore can only be conducted through our consolidated VIEs. In contrast, most of our assets are held by our offshore incorporated entities and wholly-owned PRC subsidiaries, mostly in the forms of goodwill and cash that do not generate revenues.

5.C. Research and Development

We have focused on and will continue to invest in our technology system, which supports all key aspects of our online platform and is designed to optimize for scalability and flexibility.

Our R&D expenses were RMB937 million, RMB1,159 million, RMB1,667 million (US\$255 million) in 2018, 2019 and 2020, respectively.

5.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 year ended December 31, 2020 that are reasonably likely to have a material and adverse 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 results of operations or financial condition.

5.E. Off-Balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements and the notes thereto. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

We did not have any off-balance sheet arrangements as of December 31, 2020.

[Table of Contents](#)

5.F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations and commitments as of December 31, 2020.

	Payment due by period									
	Total		Less than 1 year		1 – 3 years		3 – 5 years		More than 5 years	
	RMB	US\$	RMB	US\$	RMB	US\$	RMB	US\$	RMB	US\$
Operating commitments ⁽¹⁾	485	74	462	71	23	4	—	—	—	—
Content royalties ⁽²⁾	4,627	709	3,356	514	1,237	190	34	5	—	—
Investment commitments ⁽³⁾	1,700	261	1,700	261	—	—	—	—	—	—

Notes:

- (1) Represents our future minimum commitments under non-cancelable operating arrangements, which are mainly related to rental of bandwidth.
- (2) Represents the minimum royalty payments associated with license agreements to which we are subject.
- (3) Represents commitments to acquire the equity interests in certain entities.

See “Item 5. Operating and Financial Review and Prospects—5.A. Operating Results—Specific Factors Affecting our Results of Operations—Our ability to enhance returns on our spending on content” for a discussion of the future trend of our content royalties.

Other than those shown above, we did not have any significant capital and other commitments, long-term obligations, or guarantees as of December 31, 2020.

5.G. Safe harbor

See “Forward-Looking Information.”

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A. Directors and Senior Management

The following table sets forth information regarding our directors and executive officers as of April 2, 2021.

Directors and Executive Officers	Age	Position/Title
Tong Tao Sang	47	Chairman
Cussion Kar Shun Pang	47	Chief Executive Officer, Director
Zhenyu Xie	46	President, Chief Technology Officer, Director
Martin Lau	48	Director
James Gordon Mitchell	47	Director
Brent Richard Irvin	48	Director
Liang Tang	43	Independent Director
Edith Manling Ngan	56	Independent Director
Adrian Yau Kee Mak	60	Independent Director
Min Hu	49	Chief Financial Officer
Cheuk Tung Tony Yip	40	Chief Strategy Officer, Head of Ultimate Music
Linlin Chen	40	Group Vice President, Kugou
Dennis Tak Yeung Hau	45	Group Vice President, QQ Music and WeSing
Lixue Shi	46	Group Vice President, Kuwo
Tsai Chun Pan	46	Group Vice President, Copyright Management

Tong Tao Sang currently serves as the Chairman of our board of directors. Mr. Tong currently also serves as the senior executive vice president of Tencent and the president of Cloud and Smart Industries Group. Starting as

[Table of Contents](#)

a technical architect, Mr. Tong led the product development of Tencent's social network platform, Qzone. Since May 2012, Mr. Tong has been responsible for various product lines of Tencent, including the QQ messaging and Qzone social networking platforms, *QQ Music* and the Tencent Cloud services. Prior to joining Tencent, Mr. Tong worked at Sendmail, Inc., where he led the development of operator-scale email and messaging systems. Mr. Tong also worked for Oracle Corporation (NYSE: ORCL), where he managed the development and testing of its servers and applications. Mr. Tong earned a Master of Science degree in Electrical Engineering from Stanford University and a Bachelor of Science degree in Computer Engineering from the University of Michigan.

Cussion Kar Shun Pang has been our chief executive officer since July 2016 and a member of our board of directors since May 2014 and is responsible for our strategic planning, business development, product strategy and management. Mr. Pang joined Tencent in 2008 and was appointed the company's Vice President in 2013. He has extensive experience across multiple businesses within Tencent including online games, e-commerce and social networking since 2008. Prior to joining Tencent, Mr. Pang worked for a number of publicly listed companies in telecommunications, internet and media industries, such as PCCW (HKEX: 6832). Since his first Internet project in 1996, Mr. Pang has experienced the various development stages of the Internet industry. Mr. Pang received a bachelor's degree in mathematics (honors), business administration and information systems from University of Waterloo.

Zhenyu Xie currently serves as our President and Chief Technology Officer and has been a member of our board of directors since April 2014 and currently oversees our *Kugou* business. Mr. Xie founded Kugou Music in 2004 and has been committed to Internet technology innovation and the development of the digital music industry for more than a decade. Before founding Kugou Music, he founded SoGua in 2001, which was the first digital music search engine in China. Mr. Xie also served as a senior technical engineer from 1998 to 2001 at China Merchants Bank Co., Ltd. and graduated from Sun-Yat Sen University in 1997 with a bachelor's degree in computer science.

Martin Lau has served as a member of our board of directors since July 2016. Mr. Lau joined Tencent in 2005 and currently serves as an executive director and the president of Tencent. Prior to joining Tencent, Mr. Lau worked as an executive director at Goldman Sachs (Asia) L.L.C.'s investment banking division and the Chief Operating Officer of its Telecom, Media and Technology Group. Prior to that, Mr. Lau worked at McKinsey & Company, Inc. as a management consultant. On July 28, 2011, Mr. Lau was appointed as a non-executive director of Kingsoft Corporation Limited, an Internet-based software developer, distributor and software service provider listed in Hong Kong. On March 10, 2014, Mr. Lau was appointed as a director of JD.com, Inc., an online direct sales company in China, which has been listed on NASDAQ and the Hong Kong Stock Exchange. On December 29, 2017, Mr. Lau was appointed as a director of Vipshop Holdings Limited, an online discount retailer company listed on the New York Stock Exchange. On September 4, 2018, Mr. Lau was appointed as a non-executive director of Meituan, a Chinese leading e-commerce platform for services which has been listed on the Hong Kong Stock Exchange. Mr. Lau received a bachelor's degree in Electrical Engineering from University of Michigan, a master's degree in Electrical Engineering from Stanford University and an MBA degree from Kellogg Graduate School of Management, Northwestern University.

James Gordon Mitchell has served as a member of our board of directors since December 2018. Mr. Mitchell serves as a senior executive vice president and chief strategy officer of Tencent, where he has worked since July 2011. Mr. Mitchell is also the chairman and a non-executive director of the board of China Literature Limited (HKEX: 0772) and serves as a director of several listed companies including Frontier Developments (LSE AIM: FDEV) and NIO Inc. (NYSE: NIO). He also holds directorships in various unlisted companies. Prior to Tencent, Mr. Mitchell was a managing director at Goldman Sachs. He received a bachelor's degree in history from the University of Oxford.

Brent Richard Irvin has served as a member of our board of directors since July 2016. Mr. Irvin joined Tencent in January 2010 and currently serves as a vice president and the general counsel of Tencent. He is also

[Table of Contents](#)

the Head of Tencent America, responsible for the operation of the Tencent's U.S. offices. Mr. Irvin also serves as a director of the Tencent Research Institute, and as a member of Stanford Law School's board of visitors. Mr. Irvin is also a non-executive director of Tongcheng-Elong Holdings Limited (HKEX: 0780) since March 2018. Prior to that, Mr. Irvin worked as a corporate lawyer in Silicon Valley from 2003 to 2009, first at Shearman & Sterling and later at Wilson Sonsini Goodrich & Rosati. He also holds directorships in various unlisted companies. Mr. Irvin received a bachelor's degree in history from Carleton College in 1994, a master's degree in Asian Studies from Yale University in 1995, and a juris doctorate degree from Stanford Law School in 2003.

Liang Tang has served as a member of our board of directors since April 2014. Mr. Tang currently serves as president of China Investment Financial Holdings Fund Management Company Limited since 2014, independent non-executive director of CMGE Technology Group Limited (HKEX: 0302) since September 2019, and executive director and chairman of Starlight Culture Entertainment Group Limited (HKEX: 1159) since September 2020. Mr. Tang is also the chairman of China HeFei FoF, the chairman of Zhongde Yangtze Financial Holdings, a founding shareholder of the Hubei Yangtze Industrial Fund, the chairman of China Film CICFH Cinema M&A Fund co-founded with China Film Co. Ltd., the chairman of Asia Culture and Entertainment Group, the director and manager of Zhongke Zhiyun Technology Co., Ltd., the director of CAS Health Industry (Beijing) Co., Ltd., the director of New Journey Hospital Group Ltd. and the director of We Doctor Holdings Limited. Mr. Tang had previously worked as a corporate lawyer at Wilson Sonsini Goodrich & Rosati, headquartered in Silicon Valley. Mr. Tang has established a number of industrial funds, and led investments in internet, entertainment, AI, new energy and environmental protection sectors. Mr. Tang received a bachelor's degree in law from Peking University, a master's degree in law from Yale University and Stanford University.

Edith Manling Ngan has served as a member of our board of directors since December 2018. Ms. Ngan currently serves as independent non-executive director of the board and Audit Committee Chair for Blue Moon Group Holdings Limited (HKEX: 06993) since December 2020. She is also the alternate chair of the Pay Trend Survey Committee of the Hong Kong SAR Government Standing Commission on Civil Service Pay and Conditions of Service and sits on various investment committees of government funds. Prior to her retirement in 2017 as regional managing director, East Asia of the Royal Institute of Chartered Surveyors (RICS), a global leading professional body for qualifications and standards in land, property, infrastructure and construction, she was chief executive from 2012 to 2016 of the Hong Kong Securities and Investment Institute, which sets and administers the licensing examinations for the Hong Kong Securities and Futures Commission. Between 1996 and 2010, Ms. Ngan had worked for ABN AMRO Fund Services (Asia) Ltd, Principal International (Asia) Ltd. and Invesco Asia Limited in regional management roles before she moved to non-profits and served as an executive director of Asia Society Hong Kong Center. Ms. Ngan received her bachelor's degree in industrial engineering and engineering management from Stanford University and is a fellow of the Institute of Chartered Accountants in England and Wales (ICAEW), the Hong Kong Institute of Certified Public Accountants (HKICPA) and the Hong Kong Institute of Directors (HKIoD).

Adrian Yau Kee Mak has served as a member of our board of directors since October 2020. Mr. Mak joined Television Broadcasts Limited (HKEX: 00511) in 2004 where he currently serves as the Chief Financial Officer, the company secretary and a member of its Investment Committee. Prior to that, Mr. Mak was the Chief Financial Officer of Global Digital Creations Holdings Limited (HKEX: 08271) from August 2002 to August 2004 and the Chief Financial Officer of CyberCity Holdings Limited from July 2000 to August 2002. Mr. Mak was an Associate Director of Corporate Finance of the Securities and Futures Commission in Hong Kong from September 1992 to June 2000. He was also a deputy manager of audit of KPMG from September 1983 to August 1992. Mr. Mak has also qualified as a Chartered Accountant with KPMG in the UK. Mr. Mak received his bachelor's degree with honors in chemical engineering from the University of Birmingham in 1983. He is a fellow of the Institute of Chartered Accountants in England and Wales (FCA), the Hong Kong Institute of Certified Public Accountants (FCPA), and the Hong Kong Investor Relations Association.

Min Hu currently serves as our Chief Financial Officer, in charge of our finance and corporate IT functions. Ms. Hu served various controller roles in Tencent's business groups, including the Interactive Entertainment

[Table of Contents](#)

Group, the Mobile Internet Group, the Social Network Group and the Technology and Engineering Group from 2007 to 2016. Prior to joining Tencent, Ms. Hu served as the director of internal audit department at Huawei. Ms. Hu has more than 20 years of comprehensive experience in finance, such as financial management, capital operation, operation management, mergers and acquisitions, internal control and internal audit. Ms. Hu is a member of Chartered Institute of Management Accountants (CIMA), CPA Australia, China Institute of Certified Public Accountants (CICPA), and a Certified Internal Auditor (CIA). Ms. Hu received a bachelor's degree in Industrial Foreign Trade from Xi'an Jiaotong University in China and a master's degree in system engineering from Beijing Jiaotong University in China.

Cheuk Tung Tony Yip currently serves as our Chief Strategy Officer and oversees Ultimate Music, a business unit that provides online music services to smart devices and automobile manufacturers, as well as our overall strategic development, M&A, investments, investor relations, and capital markets activities. Prior to joining us, Mr. Yip was vice president of Baidu, Inc. (NASDAQ: BIDU) since September 2015, where he served as the chief financial officer of Baidu's search business group and Baidu's head of investments, mergers and acquisitions. Mr. Yip served on the board of directors of Ctrip.com International, Ltd. (NASDAQ: CTRP) from October 2015 to November 2017. Prior to that, Mr. Yip worked at Goldman Sachs from 2007 and served as a managing director in technology, media and telecom investment banking. Mr. Yip has over 16 years of experience originating, structuring and executing corporate transactions including initial public offerings, mergers and acquisitions, divestitures, corporate restructurings, and equity and debt financings. Mr. Yip obtained his bachelor of commerce degree in finance and accounting from University of Queensland in Australia.

Linlin Chen is one of the founding members of *Kugou* and is currently overseeing our *Kugou* business. Ms. Chen has extensive management experience in product operations, marketing and corporate governance. Ms. Chen holds an EMBA degree from Sun-Yat Sen University.

Dennis Tak Yeung Hau has been our Vice President from December 2016, in charge of the operation and management of *QQ Music* and *WeSing*. Mr. Hau joined Tencent in 2007 and served as deputy general manager of the International Business Department and general manager of the Digital Music Division of the Social Network Group. Before joining Tencent, Mr. Hau worked at Oracle Corporation (NYSE: ORCL) for over 10 years on business intelligence, data analysis and research and management work. Mr. Hau received an EMBA degree from Kellogg-HKUST Executive MBA program and a bachelor's degree in business computing from the University of Winnipeg, Canada.

Lixue Shi currently serves as our Group Vice President and currently oversees our *Kuwo* business. Prior to joining TME in November 2012, Mr. Shi served as the assistant general manager of the Online Media Group at Tencent from 2008 to 2012. In addition, Mr. Shi served as the general manager of Business Objects North China and sales head at SAS Institute China Inc. from 2004 to 2007. Mr. Shi was a senior customer representative and a regional sales manager of IBM China Company Limited from 1998 to 2004. Mr. Shi graduated from Tsinghua University in 1998 with a bachelor's degree in mechanical engineering.

Tsai Chun Pan is currently responsible for the overall strategies and daily management of our copyright initiatives. Prior to joining us as a Group Vice President, Mr. Pan worked as the head of entertainment services for Nokia Greater China from 2005 to 2013, and in 2014, he established Ultimate Music, which was acquired by TME in 2017. Mr. Pan graduated from the School of Oriental and African Studies, University of London, with a bachelor's degree in Japanese studies in 1999 and obtained a master's degree in marketing management from Cranfield University in the UK in 2000.

6.B. Compensation

Compensation

In 2020, we paid an aggregate cash compensation of approximately RMB62.1 million (US\$9.5 million) to our directors and executive officers. We have not set aside or accrued any amount to provide pension, retirement

or other similar benefits to our directors and executive officers. Our PRC subsidiaries and consolidated VIEs are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund. Our board of directors may determine compensation to be paid to the directors and the executive officers. The compensation committee will assist the directors in reviewing and approving the compensation structure for the directors and the executive officers.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Each of our executive officers is employed for a specified time period, which can be renewed upon both parties' agreement before the end of the current employment term. We may terminate an executive officer's employment for cause at any time without advance notice in certain events. We may terminate an executive officer's employment by giving a prior written notice or by paying certain compensation. An executive officer may terminate his or her employment at any time by giving prior written notice.

Each executive officer has agreed to hold, unless expressly consented to by us, at all times during and after the termination of his or her employment agreement, in strict confidence and not to use, any of our confidential information or the confidential information of our customers and suppliers. In addition, each executive officer has agreed to be bound by certain noncompetition and nonsolicitation restrictions during the term of his or her employment and for two years following the last date of employment.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree 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.

Share Incentive Plans

2014 Share Incentive Plan

Prior to Tencent's acquisition of CMC, CMC adopted an employee share incentive plan on October 22, 2014, or the 2014 Share Incentive Plan. The purpose of the 2014 Share Incentive Plan is to promote the long-term success of the company and the creation of shareholder value by offering employees, officers, directors and consultants the opportunity to share in such long-term success by acquiring a proprietary interest in the company. Tencent's acquisition of CMC in July 2016 constituted a "change of control" for the purpose of the 2014 Share Incentive Plan in which case, pursuant to the 2014 Share Incentive Plan, all the outstanding awards granted thereunder shall be subject to applicable agreement of merger or reorganization. Pursuant to the share subscription agreement entered into by and between CMC and Min River on July 6, 2016 in connection with Tencent's acquisition of CMC, all the outstanding awards granted under the 2014 Share Incentive Plan shall remain and continue to be subject to the original vesting schedules under such awards and shall not be accelerated.

Under the 2014 Share Incentive Plan, the maximum aggregate number of ordinary shares we are authorized to issue pursuant to all awards is 101,785,456 ordinary shares. As of April 2, 2021, options to purchase a total of 3,850,822 ordinary shares are outstanding under the 2014 Share Incentive Plan.

The following paragraphs summarize the terms of the 2014 Share Incentive Plan.

Types of Awards. The 2014 Share Incentive Plan permits the awards of options (including incentive share options and non-statutory share options), share appreciation rights, share grants and restricted share units, or RSUs.

[Table of Contents](#)

Plan Administration. The 2014 Share Incentive Plan shall be administered by our board or a committee appointed by the board. Members of any such committee shall serve for such period of time as the board may determine and shall be subject to removal by the board at any time. The board may also at any time terminate the functions of the committee and reassume all powers and authority previously delegated to the committee. With respect to the awards granted to non-employee directors, the board shall administer the 2014 Share Incentive Plan.

Eligibility. Our employees, directors, non-employee directors and consultants are eligible to participate in the 2014 Share Incentive Plan.

Award Agreement. Each award under the 2014 Share Incentive Plan shall be evidenced and governed exclusively by an award agreement executed by the company and the grantees, including any amendments thereto. The provisions of the various award agreements entered into under the 2014 Share Incentive Plan need not be identical.

Conditions of Award. The plan administrator of the 2014 Share Incentive Plan shall determine the provisions, terms and conditions of each award, including, but not limited to, the award vesting schedule, number of options or shares to be granted, exercise price and form of payment upon settlement of the award.

Acceleration of Awards upon Change in Control. The plan administrator may determine, at the time of grant or thereafter, that an award shall become vested and exercisable, in full or in part, in the event that a change in control of the company occurs.

Protection against Dilution. In the event of a subdivision of the outstanding shares of our company, a declaration of a dividend payable in our shares, a declaration of a dividend payable in a form other than shares in an amount that has a material effect on the price of our shares, a combination or consolidation of our outstanding shares (by reclassification or otherwise) into a lesser number of shares, a recapitalization, a spin-off or a similar occurrence, the plan administrator shall make appropriate adjustments to protect the participants from dilution.

Transfer Restrictions. Except as otherwise provided in the applicable award agreement and then only to the extent such transfer is otherwise permitted by applicable laws, no awards or interest therein shall be transferred, assigned, pledged or hypothecated by the participant during his or her lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment or similar process, other than by will or by the laws of descent and distribution.

Amendment, Suspension or Termination of the 2014 Share Incentive Plan. The 2014 Share Incentive Plan shall terminate on October 22, 2024 provided that our board may amend or terminate the 2014 Share Incentive Plan at any time and for any reason. Any such termination of the 2014 Share Incentive Plan, or any amendment thereof, shall not impair any award previously granted under the 2014 Share Incentive Plan. An amendment of the 2014 Share Incentive Plan shall be subject to the approval of our shareholders only to the extent such approval is required by applicable laws, regulations or rules.

2017 Option Plan

We adopted an employee share incentive plan, or the 2017 Option Plan, on April 15, 2017. The purpose of the 2017 Option Plan is to motivate and reward our employees and other individuals who are expected to contribute significantly to our success to perform at the highest level and to further the best interests of the company and our shareholders. Under the 2017 Option Plan, the maximum aggregate number of ordinary shares we are authorized to issue pursuant to equity awards granted thereunder is 97,951,238 ordinary shares. As of April 2, 2021, options to purchase a total of 18,114,290 ordinary shares are outstanding under the 2017 Option Plan, and 5,924,456 of such options had vested and become exercisable.

[Table of Contents](#)

The following paragraphs summarize the terms of the 2017 Option Plan.

Types of Awards. The 2017 Option Plan permits the awards of options.

Plan Administration. The 2017 Option Plan shall be administered by the board or the compensation committee of the board, or such other committee as may be designated by the board.

Eligibility. Any employee or any other individual who provides services to us or our affiliates as determined by the plan administrator and holders of options and other types of awards granted by a company acquired by us or with which we combine shall be eligible to be selected to receive an award under the 2017 Option Plan, to the extent an offer of an award or a receipt of such award is permitted by applicable law, stock market or exchange rules and regulations or accounting or tax rules and regulations.

Award Agreement. Each award under the 2017 Option Plan shall be evidenced and governed exclusively by an award agreement executed by the company and the participants, including any amendments thereto. The provisions of the various award agreements entered into under the 2017 Option Plan need not be identical.

Conditions of Award. The administrator of the 2017 Option Plan shall determine the provisions, terms and conditions of each award, including, but not limited to, the types of awards, award vesting schedule, number of shares to be covered by the awards, exercise price, noncompetition requirements and term of each award.

Acceleration of Awards upon Change in Control. The plan administrator may cause an award to be canceled in consideration of the full acceleration of such award or the grant of a substitute award, in the event that a change in control of our company occurs.

Protection against Dilution. In the event of any division or other distribution (whether in the form of cash, shares or other securities), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares or other securities of the company, issuance of warrants or other rights to purchase shares or other securities of the company, or other similar corporate transaction or event affecting the shares, or of changes in applicable laws, regulations or accounting principles, the plan administrator may make appropriate equitable adjustments to the outstanding awards as well as number and types of shares available for future awards to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the 2017 Option Plan.

Transfer Restrictions. Except as may be permitted by the plan administrator or as specifically provided in an award agreement, no award and no right under any award shall be assignable, alienable, saleable or transferable by a grantee other than by will or by designating a beneficiary following procedures approved or accepted by the plan administrator.

Amendment, Suspension or Termination of the 2017 Option Plan. Except to the extent prohibited by applicable law and unless otherwise expressly provided in an award agreement or in the 2017 Option Plan, the plan administrator may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time; provided, however, that no such amendment, alteration, suspension, discontinuation or termination shall be made without (i) shareholder approval if such approval is required by applicable law or the rules of the stock exchange, if any, on which the Shares are principally quoted or trade; or (ii) the consent of the affected grantee, if such action would materially and adversely affect the rights of such grantee under any outstanding Award.

2017 Restricted Share Scheme

We adopted a restricted share award scheme, or the 2017 Restricted Share Scheme, on May 17, 2017, which was amended on May 15, 2018. The purpose of the 2017 Restricted Share Scheme is to attract, motivate and reward suitable personnel with a view to achieving the objectives of increasing the value of the company and

[Table of Contents](#)

aligning the interests of the selected personnel directly to the shareholders of the company through ownership of equity interests. Under the 2017 Restricted Share Scheme, the maximum aggregate number of ordinary shares we are authorized to issue pursuant to all awards is 111,701,622 ordinary shares. As of April 2, 2021, a total of 34,728,122 restricted shares are outstanding under the 2017 Restricted Share Scheme.

The following paragraphs summarize the terms of the 2017 Restricted Share Scheme.

Types of Awards. The 2017 Restricted Share Scheme permits the awards of restricted shares.

Scheme Administration. The 2017 Restricted Share Scheme shall be administered by the board and the management committee established by the board. The board and the management committee may appoint an independent trustee to assist in the administration of the 2017 Restricted Share Scheme.

Eligibility. Any employee (whether full time or part time), executives or officers, directors (including executive, non-executive and independent non-executive directors), consultants, advisers or agents of any member of our group or any entity in which any member of our group holds an equity interest, have contributed or will contribute to the growth and development of our group or any of our invested entity, to the extent an offer of an award or a receipt of such award is permitted by applicable law, stock market or exchange rules and regulations or accounting or tax rules and regulations.

Grant Letter. Each award under the 2017 Restricted Share Scheme shall be evidenced by a written grant letter issued by the scheme administrator. The grantees are required to confirm their acceptance of the award by returning to the scheme administrator a notice of acceptance duly executed by them within 28 days after the date of grant.

Conditions of Award. The administrator of the 2017 Restricted Share Scheme shall determine the provisions, terms and conditions of each award, including, but not limited to, vesting schedule, number of restricted shares to be granted, exercise price and term of each award.

Protection against Dilution. In the event of any division or other distribution (whether in the form of cash, shares or other securities), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares or other securities of the company, issuance of warrants or other rights to purchase shares or other securities of the company, or other similar corporate transaction or event affecting the shares, or of changes in applicable laws, regulations or accounting principles, the plan distributor may make appropriate equitable adjustments to the outstanding or vested awards, as well as number and types of shares available for future awards, to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the 2017 Restricted Share Scheme.

Transfer Restrictions. Any award is personal to the grantee to whom it is made and is not assignable and no grantee may in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to the restricted shares referable to him pursuant to such award under the 2017 Restricted Share Scheme.

Amendment of the 2017 Restricted Share Scheme. The 2017 Restricted Share Scheme may be amended in any respect by a resolution of the plan administrator provided that no such amendment may operate to affect adversely any subsisting rights of any grantees under the Scheme unless (i) the written consent of the relevant grantees is obtained; or (ii) the sanction of a special resolution is passed at a meeting of the grantees.

Term and Termination of the 2017 Restricted Share Scheme. The 2017 Restricted Share Scheme shall remain valid and effective unless and until being terminated on the earlier of: (i) the 10th anniversary date of the date it was adopted; or (ii) such date of early termination as determined by the scheme administrator provided that such termination does not affect any subsisting rights of any grantees.

Table of Contents

The following table summarizes, as of April 2, 2021, the number of Class A ordinary shares under outstanding options, restricted shares and other equity awards that we granted to our directors and executive officers.

	Ordinary Shares Underlying Equity Awards Granted	Exercise Price (US\$/Share)	Date of Grant	Date of Expiration
Tong Tao Sang	—	—	—	—
Cussion Kar Shun Pang	*	0 to 7.1411	various dates from June 16, 2017 to March 9, 2021	various dates from June 16, 2027 to March 9, 2031
Zhenyu Xie	*	0 to 7.1411	various dates from October 17, 2018 to March 9, 2021	various dates from October 17, 2028 to March 9, 2031
Martin Lau	—	—	—	—
James Gordon Mitchell	—	—	—	—
Brent Richard Irvin	—	—	—	—
Liang Tang	—	—	—	—
Edith Manling Ngan	*	0	December 15, 2020	December 15, 2030
Adrian Yau Kee Mak	*	0	November 15, 2020	November 15, 2030
Min Hu	*	0 to 7.1411	various dates from June 16, 2017 to March 9, 2021	various dates from June 16, 2027 to March 9, 2031
Cheuk Tung Tony Yip	*	0 to 7.1411	various dates from April 16, 2018 to March 9, 2021	various dates from April 16, 2028 to March 9, 2031
Linlin Chen	*	0 to 7.1411	various dates from August 31, 2017 to March 9, 2021	various dates from August 31, 2027 to March 9, 2031
Dennis Tak Yeung Hau	*	0 to 7.1411	various dates from June 16, 2017 to March 9, 2021	various dates from June 16, 2027 to March 9, 2031
Lixue Shi	*	0 to 7.1411	various dates from October 17, 2018 to March 9, 2021	various dates from October 17, 2028 to March 9, 2031
Tsai Chun Pan	*	0 to 6.2	various dates from January 21, 2019 to March 9, 2021	various dates from January 21, 2029 to March 9, 2031
All directors and executive officers as a group	*	0 to 7.1411	Various dates from June 16, 2017 to March 9, 2021	Various dates from June 16, 2027 to March 9, 2031

Notes:

* Less than 1% of our total outstanding shares.

As of April 2, 2021, our employees other than members of our senior management as a group held options to purchase 9,528,946 ordinary shares, with exercise prices ranging from US\$0.000076 per share to US\$9.525 per share.

For discussions of our accounting policies and estimates for awards granted pursuant to the 2014 Share Incentive Plan, 2017 Option Plan and the 2017 Restricted Share Scheme, see “Item 5. Operating and Financial

Review and Prospects—5.A. Operating Results—Critical Accounting Policies, Judgments and Estimates—Share-based compensation relating to TME Incentive Plans.”

6.C. Board Practices

Board of Directors

Our board of directors consists of nine directors, including three independent directors, namely Mr. Liang Tang, Ms. Edith Manling Ngan and Mr. Adrian Yau Kee Mak. A director is not required to hold any shares in our company to qualify to serve as a director. The Corporate Governance Rules of the NYSE generally require that a majority of an issuer’s board of directors must consist of independent directors. However, the Corporate Governance Rules of the NYSE permit foreign private issuers like us to follow “home country practice” in certain corporate governance matters. We rely on this “home country practice” exception and do not have a majority of independent directors serving on our board of directors.

A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with our company is required to declare the nature of his or her interest at a meeting of our directors. A general notice given to the directors by any director to the effect that he or she is a member, shareholder, director, partner, officer or employee of any specified company or firm and is to be regarded as interested in any contract or transaction with that company or firm shall be deemed a sufficient declaration of interest for the purposes of voting on a resolution in respect to a contract or transaction in which he or she has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction. A director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he or she may be interested therein and, if he or she does so, his or her vote shall be counted and he or she may be counted in the quorum at any meeting of the directors at which any such contract or proposed contract or arrangement is considered, subject to any separate requirement for audit committee approval under applicable law or the Corporate Governance Rules of NYSE. Our board of directors may exercise all of the powers of our company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock 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 as a director.

Certain of our directors are also employees of Tencent. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Relationship with Tencent—We may have conflicts of interest with Tencent and, because of Tencent’s controlling ownership interest in our company, we may not be able to resolve such conflicts on terms favorable to us.”

Board Committees of the Board of Directors

We have established an audit committee and a compensation committee under our board of directors. We have adopted a charter for each committee. Each committee’s members and functions are described below.

Audit Committee. Our audit committee consists of Ms. Edith Manling Ngan, Mr. Adrian Yau Kee Mak, and two nonvoting observers, John Lo and Matthew Cheng, and is chaired by Ms. Edith Manling Ngan. We have determined that each of Ms. Edith Manling Ngan and Mr. Adrian Yau Kee Mak satisfies the requirements of Section 303A of the Corporate Governance Rules of the NYSE and meets the independence standards under Rule 10A-3 under the Securities Exchange Act of 1934, as amended. We have determined that each of Ms. Edith Manling Ngan and Mr. Adrian Yau Kee Mak qualifies as an “audit committee financial expert.” The audit committee oversees our accounting and financial reporting processes, the audits of the financial statements and the related party transactions of our company. The audit committee is responsible for, among other things:

- reviewing and recommending to our board for approval, the appointment, reappointment or removal of the independent auditor, after considering its annual performance evaluation of the independent auditor;

Table of Contents

- approving the remuneration and terms of engagement of the independent auditor and pre-approving all auditing and non-auditing services permitted to be performed by our independent auditors;
- obtaining a written report from our independent auditor describing matters relating to its independence and quality control procedures;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and any significant disagreements with the management;
- discussing with our independent auditor, among other things, the audits of the financial statements, including whether any material information should be disclosed, and issues regarding accounting and auditing principles and practices;
- reviewing and approving all proposed related party transactions, including those to be entered into with Tencent entities, subject to further approvals by our board pursuant to the terms of the committee charter;
- reviewing and recommending the financial statements for inclusion within our quarterly and interim earnings releases and to our board for inclusion in our annual reports;
- discussing the annual audited financial statements with management and the independent registered public accounting firm;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any special steps taken to monitor and control major financial risk exposures;
- reviewing and reassessing the adequacy of the committee charter;
- at least annually, approving annual audit plans, and undertaking an annual performance evaluation of the internal audit function;
- overseeing and evaluating procedures for the handling of complaints and whistleblowing;
- meeting separately and periodically with management, the internal auditors (or other personnel responsible for the internal audit function) and the independent registered public accounting firm;
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance and reporting on such compliance to our board of directors; and
- reporting regularly to the board of directors.

Compensation Committee. Our compensation committee consists of Mr. Tong Tao Sang and Mr. Liang Tang and is chaired by Mr. Tong Tao Sang. We have determined that Mr. Liang Tang satisfies the “independence” requirements of Section 303A of the Corporate Governance Rules of the NYSE. 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. The compensation committee is responsible for, among other things:

- overseeing the development and implementation of management succession planning in consultation with our chief executive officer;
- at least annually, reviewing and approving, or recommending to the board for its approval, the compensation for our executive officers;
- at least annually, reviewing periodically and approving our company’s executive compensation and benefits policies, including any incentive compensation or equity plans, programs or other similar arrangements;
- at least annually, leading our board of directors in a self-evaluation to determine whether it and its committees are functioning effectively;

Table of Contents

- at least annually, reviewing and reassessing the adequacy of the committee charter;
- selecting a compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management; and
- reporting regularly to the board of directors.

We will rely on the "foreign private issuer" exemption and will not have a standing nominating and corporate governance committee, though we intend to form a corporate governance and nominating committee as and when required to do so by law or NYSE rules. As there is no standing nominating and corporate governance committee, we do not have a nominating and corporate governance committee charter in place.

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 owe to our company a duty to exercise the skill they actually possess and such care and diligence that a reasonable 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 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. In limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached. In accordance with our sixth amended and restated memorandum and articles of association, the functions and powers of our board of directors include, among others, (i) convening shareholders' annual general meetings and reporting its work to shareholders at such meetings, (ii) declaring dividends, (iii) appointing officers and determining their terms of offices and responsibilities and (iv) approving the transfer of shares of our company, including the registering of such shares in our register of members.

Terms of Directors and Officers

Our officers are elected by and serve at the discretion of the board. Each director is not subject to a term of office and holds office until such time as his successor takes office or until the earlier of his death, resignation or removal from office by ordinary resolution or the affirmative vote of a simple majority of the other directors present and voting at a board meeting. A director will be removed from office automatically 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 of unsound mind; (iii) resigns by notice in writing to our company; (iv) is prohibited by law from being a director; or (v) is removed from office pursuant to any other provisions of our sixth amended and restated memorandum and articles of association.

6.D. Employees

Our employees are caring, talented, creative and open. Our employees love music and developing technology to allow people to interact with music in innovative ways. We believe that creativity and innovation is core to our corporate culture, which allows us to attract highly talented professionals.

[Table of Contents](#)

We had 3,041, 3,610 and 4,769 full-time employees as of December 31, 2018, 2019 and 2020, respectively. Substantially all of our employees are based in China. The following table sets forth the number of our full-time employees as of December 31, 2020.

<u>Function</u>	<u>Number of employees</u>
Research and development	2,821
Content management and operation	879
Sales and marketing	440
Management and administration	629
Total	4,769

We enter into employment contracts with our full-time employees which contain standard confidentiality and noncompete provisions. In addition to salaries and benefits, we provide performance-based bonuses for our full-time employees and commission-based compensation for our sales and marketing force.

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

We believe that we maintain a good working relationship with our employees, and we have not experienced any material labor disputes in the past. None of our employees is represented by labor unions.

6.E. Share Ownership

The following table sets forth information with respect to the beneficial ownership of our ordinary shares, as of April 2, 2021, by:

- each of our directors and executive officers;
- all of our directors and executive officers as a group; and
- each person known to us to own beneficially more than 5% of our ordinary shares.

We have adopted a dual-class ordinary share structure. The calculations in the table below are based on 3,385,143,738 outstanding ordinary shares (consisting of 1,670,004,560 Class A ordinary shares and 1,715,139,178 Class B ordinary shares) as of April 2, 2021.

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 of the date of this annual report, 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 as of April 2, 2021						Percentage of aggregate voting power***
	Class A Ordinary Shares		Class B Ordinary Shares		Total ordinary shares		
	Number	%	Number	%	Number	%	
Directors and Executive Officers†							
Tong Tao Sang	—	—	—	—	—	—	
Cussion Kar Shun Pang	*	*	—	—	*	*	

Ordinary Shares Beneficially Owned as of April 2, 2021

	Class A Ordinary Shares		Class B Ordinary Shares		Total ordinary shares		Percentage of aggregate voting power***
	Number	%	Number	%	Number	%	
Zhenyu Xie	—	—	*	*	*	*	*
Martin Lau	—	—	—	—	—	—	—
James Gordon Mitchel	—	—	—	—	—	—	—
Brent Richard Irvin	—	—	—	—	—	—	—
Liang Tang	—	—	—	—	—	—	—
Edith Manling Ngan	*	*	—	—	*	*	*
Adrian Yau Kee Mak	—	—	—	—	—	—	—
Min Hu	*	*	—	—	*	*	—
Cheuk Tung Tony Yip	*	*	—	—	*	*	—
Linlin Chen	*	*	*	*	*	*	*
Dennis Tak Yeung Hau	*	*	—	—	*	*	—
Lixue Shi	—	—	*	*	*	*	*
Tsai Chun Pan	—	—	—	—	—	—	—
All directors and executive officers as a group	*	*	*	*	*	*	*
Principal Shareholders:							
Tencent(1)	224,660,159	13.5	1,640,456,882	95.6	1,865,117,041	55.1	90.6
Spotify(2)	282,830,698	16.9	—	—	282,830,698	8.4	—

Notes:

* Less than 1% of our total outstanding shares.

** For each person and group included in this table, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of (i) 3,385,143,738, being the number of ordinary shares outstanding (consisting of 1,670,004,560 Class A ordinary shares and 1,715,139,178 Class B ordinary shares) as of April 2, 2021, and (ii) the number of ordinary shares underlying share options held by such person or group that are exercisable within 60 days after the date of this annual report.

*** 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.

† Except for Mr. Tong Tao Sang, Mr. Martin Lau, Mr. James Gordon Mitchell, Mr. Brent Richard Irvin, Mr. Liang Tang, Ms. Edith Manling Ngan and Mr. Adrian Yau Kee Mak, the business address of our directors and executive officers is 17/F, Matsunichi Building, Kejizhongyi Road, Midwest District of Hi-tech Park, Nanshan District, Shenzhen, 518057, the People's Republic of China. The business address of Mr. Tong Tao Sang, Mr. Martin Lau, Mr. James Gordon Mitchell and Mr. Brent Richard Irvin is Tencent Building, Kejizhongyi Road, Hi-tech Park, Nanshan District, Shenzhen, 518057, China. The business address of Mr. Liang Tang is Building C08, Chuangye Road, Wuqing Development Zone, Tianjin, 301701, China. The business address of Ms. Edith Manling Ngan is Wu Yee Sun College Master's Lodge, Chinese University of Hong Kong, Shatin, Hong Kong. The business address of Mr. Adrian Yau Kee Mak is Rm C, 9/F, 1 Homantin Hill, 1 Homantin Hill Road, Kowloon, Hong Kong.

(1) The number of ordinary shares beneficially owned represents the sum of (i) 1,640,456,882 Class B ordinary shares held by Min River Investment Limited, a company incorporated in the British Virgin Islands, which is beneficially owned and controlled by Tencent; (ii) 141,415,349 Class A ordinary shares, or 50% of the 282,830,698 Class A ordinary shares held of record by Spotify AB; the voting power of such 141,415,349 Class A ordinary shares held of record by Spotify AB is vested with Tencent pursuant to the Spotify Investor Agreement and the Tencent Voting Undertaking, therefore Tencent is deemed to beneficially own such ordinary shares (pursuant to the Spotify Investor Agreement, Spotify has given Tencent a sole and exclusive right to vote our securities beneficially owned by Spotify and its affiliates, while pursuant to the Tencent Voting Undertaking, Tencent is obligated to vote 50% of the securities subject to the foregoing

proxy from Spotify in proportion to votes cast for and against by non-Spotify shareholders); and (iii) an aggregate of 83,244,810 Class A ordinary shares held of record by certain minority shareholders of our company; the voting power of these ordinary shares is vested with Tencent and therefore Tencent may be deemed to beneficially own these Class A ordinary shares. Tencent disclaims pecuniary ownership for the foregoing securities subject to the Tencent Voting Undertaking and the foregoing 83,244,810 ordinary shares held by record by the minority shareholders. The Class A ordinary shares beneficially owned by Tencent represent 224,660,159 Class A ordinary shares redesignated from the same number of ordinary shares it beneficially owns immediately prior to our initial public offering as a result of the proxy given by certain shareholders to Tencent as discussed above. The registered address of Min River Investment Limited is P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands.

- (2) The number of Class A ordinary shares beneficially owned represents 282,830,698 Class A ordinary shares held by Spotify AB, a company incorporated in Sweden, which is beneficially owned and controlled by Spotify Technology S.A. (NYSE: SPOT). See Note (2) above for a description of the voting proxy granted by Spotify AB with respect to such ordinary shares. The registered address of Spotify AB is Birger Jarlsgatan 61, 11356 Stockholm, Sweden.

As of April 2, 2021, 1,325,434,674 of our Class A outstanding ordinary shares were held by one record holder in the United States, which is the depository of our ADS program, representing 39.2% of our total issued and outstanding ordinary shares as of such date. 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

7.A. Major Shareholders

Please refer to “Item 6. Directors, Senior Management and Employees—6.E. Share Ownership.”

7.B. Related Party Transactions

Transactions with Tencent

Tencent Business Cooperation

We had a master business cooperation agreement with Tencent beginning in July 2016 when Tencent acquired CMC that expired on July 12, 2018. We then entered into a new master business cooperation agreement with Tencent, which became effective upon execution.

Co-investment in Spotify

In December 2017, (i) we issued 282,830,698 ordinary shares to Spotify AB (a wholly owned subsidiary of Spotify Technology S.A., or Spotify), and (ii) Spotify, in exchange, issued 8,552,440 ordinary shares (after giving effect to a 40-to-one share split of Spotify’s ordinary shares) to TME Hong Kong. In connection with its acquisition of our ordinary shares, Spotify agreed not to transfer our ordinary shares for a period of three years from December 15, 2017, subject to limited exceptions described elsewhere in this annual report. We held an approximately 2.5% equity interest in Spotify immediately following our investment in Spotify.

In connection with our investment in Spotify, on December 15, 2017, an investor agreement was entered into by and among Spotify, TME, TME Hong Kong, Tencent and a wholly owned subsidiary of Tencent (together with TME, TME Hong Kong and Tencent, the “Tencent Investors”) and certain Spotify parties, pursuant to which Spotify’s co-founder has the sole and exclusive right to vote, in his sole and absolute discretion, any of Spotify’s securities beneficially owned by the Tencent Investors or their controlled affiliates.

Co-investment in Universal Music Group

In March 2020, through one of our wholly owned subsidiaries, we joined a consortium led by Tencent to acquire a 10% equity stake in Universal Music Group, or UMG, from its parent company, Vivendi S.A., at an

[Table of Contents](#)

enterprise value of EUR30 billion. We invested a 10% equity interest in the consortium. The foregoing transaction is referred to in this annual report as the Initial UMG Transaction and was closed in March 2020. The consortium also has the option to purchase an additional 10% equity stake in UMG at the same enterprise value as in the Initial UMG Transaction pursuant to the terms of the transaction documents. In December 2020, the consortium in the Initial UMG Transaction exercised its call option to acquire an additional 10% equity interest in UMG from Vivendi S.A. at the same enterprise value of EUR30 billion as in the Initial UMG Transaction. This transaction is referred to in this annual report as the Second UMG Transaction. In January 2021, we closed the Second UMG Transaction.

Strategic Partnership with China Literature

In March 2020, we signed a five-year strategic partnership with China Literature, which is a subsidiary of our parent company Tencent. Through this partnership arrangement, we are granted a global license to produce derivative content in the form of audiobooks of online literary works for which China Literature has the rights or the license to adapt, and the rights to sublicense, as well as the ability to distribute, existing audiobooks in China Literature's portfolio.

Acquisition of Lazy Audio

In January 2021, we, through one of our PRC entities, entered into a definitive agreement to acquire 100% equity interest in Lazy Audio, a well-established audio platform in China, for a total consideration of RMB2.7 billion, primarily payable in cash, plus certain post-acquisition equity-settled awards to Lazy Audio's management team. The then shareholders of Lazy Audio include China Literature, which is a subsidiary of our parent company Tencent, Lazy Audio's management team and other financial investors. Our acquisition of Lazy Audio was completed in March 2021.

Contractual Arrangements

See "Item 4. Information on the Company—4.C. Organizational Structure" for a description of the contractual arrangements between our PRC subsidiaries, our VIEs and their respective shareholders.

Employment Agreements and Indemnification Agreements

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

Share Incentives

See "Item 6. Directors, Senior Management and Employees—6.B. Compensation—Share Incentive Plan."

Other Related Party Transactions

In the ordinary course of business, from time to time, we carry out transactions and enter into arrangements with related parties, none of which is considered to be material.

The table below sets forth the major related parties and their relationships with us as of December 31, 2020.

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Tencent and its subsidiaries other than the entities controlled by the Group ("Tencent Group")	The Group's principal owner
China Literature Limited ("China Literature")	Tencent's subsidiary

Table of Contents

The table below sets forth our significant related party transactions for the periods indicated.

	For the Year Ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
	(in millions)			
Revenues				
Online music services to Tencent Group (1)	51	355	277	42
Online music services to the Company's associates and associates of Tencent Group	18	40	206	32
Social entertainment services and others to Tencent Group, the Company's associates and associates of Tencent Group	63	21	213	33
Expenses				
Operation expenses recharged by Tencent Group (2)	589	752	1,082	166
Advertising agency cost to Tencent Group (3)	207	231	440	67
Content royalties to Tencent Group, the Company's associates and associates of Tencent Group (4)	88	132	306	47
Other costs to the Company's associates and associates of Tencent Group	14	25	48	7

Notes:

- (1) Primarily include revenue from content sublicensing, online advertising and subscriptions provided to Tencent Group pursuant to the Business Cooperation Agreement.
- (2) Primarily include expenses associated with cloud services and certain administrative functions provided to us by Tencent Group.
- (3) Primarily include advertising fees paid to Tencent Group for our advertising services sold through Tencent Group.
- (4) Primarily include content royalty we paid to Tencent Group and music labels who are our associates or the associates of Tencent Group. In March 2020, we signed a five-year strategic partnership with China Literature, a subsidiary of Tencent, with an aggregate minimum guarantee of RMB250 million, and any excess portion will be shared based on a predetermined percentage. The amortization expense for the year ended December 31, 2020 of RMB34 million was included in the content royalties to Tencent Group presented above.

In addition, we invested in a minority interest in certain music-related media projects of Tencent Group in an aggregate amount of RMB116 million in the year 2018.

The table below sets forth the balances with our related parties as of the dates indicated.

	As of December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
	(in millions)			
Included in accounts receivable from related parties:				
Tencent Group	971	1,653	1,993	305
The Company's associates and associates of Tencent Group	39	49	48	7
Included in prepayments, deposits and other assets from related parties:				
Tencent Group	28	50	39	6
The Company's associates and associates of Tencent Group	16	23	64	10
Included in accounts payable to related parties:				
Tencent Group	529	215	763	117
The Company's associates and associates of Tencent Group	1	15	37	6
Included in other payables and accruals to related parties:				
Tencent Group	135	382	237	36
The Company's associates and associates of Tencent Group	—	19	46	7

[Table of Contents](#)

Outstanding balances are unsecured and are payable on demand.

The table below sets forth our key management personnel compensations for the periods indicated.

	For the Year Ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
	(in millions)			
Short-term employee benefits	64	65	62	10
Share-based compensation	223	233	205	31
	<u>287</u>	<u>298</u>	<u>267</u>	<u>41</u>

7.C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

8.A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Litigation

We have been and may become a party to various legal or administrative proceedings arising in the ordinary course of our business, including matters relating to copyright infringement, commercial disputes and competition. As of December 31, 2020, there were 1,116 lawsuits pending in connection with alleged copyright infringement on our platform against us or our affiliates with an aggregate amount of damages sought of approximately RMB46.9 million (US\$7.2 million). We are currently not a party to, and we are not aware of any threat of, any such legal or administrative proceedings that, in the opinion of our management, are likely to have any material and adverse effect on our business, financial condition, cash flow or results of operations. See also “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—Pending or future litigation or governmental proceedings could have a material and adverse impact on our reputation, business, financial condition and results of operations.”

On December 6, 2018, we became aware of an arbitration (the “Arbitration”) filed by an individual named Mr. Hanwei Guo (the “Claimant”) before the China International Economic and Trade Arbitration Commission, or CIETAC. The Arbitration named Mr. Guomin Xie, who previously served as our Co-President and a director, CMC, and certain affiliates of CMC as respondents. In addition, on December 5, 2018, the Claimant filed an Application and Petition for an Order to Take Discovery for Use in a Foreign Proceeding Pursuant to 28 U.S.C. § 1782 (the “Discovery Petition”) in the U.S. District Court of the Southern District of New York (the “District Court”), whereby he seeks permission to serve subpoenas for production of documents on Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Morgan Stanley & Co. LLC, each of which is an underwriter in our initial public offering, for use in the Arbitration. We and the underwriters opposed the Claimant’s Discovery Petition by filing Oppositions in the District Court on December 21, 2018. On February 25, 2019, the Discovery Petition was denied by the District Court. On March 27, 2019, the Claimant filed a notice of appeal with the United States Court of Appeals for the Second Circuit regarding the denial of the Discovery Petition. On July 8, 2020, the U.S. Court of Appeals for the Second Circuit affirmed the district court’s denial of the Claimant’s petition. See also “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Industry—We, certain of our consolidated entities in the PRC and Mr. Guomin Xie, our former Co-President and director, have been named as respondents in an arbitration proceeding in the PRC.”

[Table of Contents](#)

From time to time, we may be involved in legal proceedings in the ordinary course of our business. In September 2019 and October 2019, respectively, the Company and certain of its current and former directors and officers were named as defendants in two putative securities class actions filed in the U.S. District Court for the Eastern District of New York (the “Federal Court Action”) and the Supreme Court of the State of New York, County of New York (the “State Court Action”). Amended complaints in both actions were filed in February 2020, at which time Tencent, based on its status as our controlling shareholder, was named as a defendant in the Federal Court Action, and the Company’s underwriters in its initial public offering were added as defendants in both actions. Both actions, purportedly brought on behalf of a class of persons who allegedly suffered damages as a result of their trading in the ADSs, allege that our Registration Statement dated December 12, 2018 and our annual report dated April 19, 2019 on Form 20-F contained material misstatements and omissions in violation of the U.S. federal securities laws. On April 14, 2020, the Company served a motion to dismiss the Federal Court Action, which was fully briefed and submitted to the court on May 15, 2020. On May 8, 2020, the Company filed a motion to dismiss, or in the alternative, stay, the State Court Action. By order dated August 21, 2020, the State Court Action was stayed in all respects, pending resolution of the motion to dismiss the Federal Court Action. On March 31, 2021, the Company’s motion to dismiss the Federal Court Action was granted by the U.S. District Court for the Eastern District of New York. These actions remain in their preliminary stages. We are currently unable to estimate the potential loss, if any, associated with the resolution of such lawsuits, if they proceed. We intend to defend the actions vigorously. For risks and uncertainties relating to the pending cases against us, please see “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We and certain of our directors and officers have been named as defendants in several shareholder class action lawsuits, which could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation.”

There are no other claims, lawsuits, investigations or proceedings that are expected to have a material adverse impact on our financial statements.

Dividend Policy

We currently have no plan to declare or pay any dividends in the near future on our shares or ADSs, as we currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

In December 2017, our board of directors resolved to distribute 255,185,879 ordinary shares as a fully paid share dividend to all of our shareholders on a pro rata basis. After giving effect to the waiver from Spotify and Tencent to receive such share dividend, we distributed to our then existing shareholders (other than Min River Investment Limited and Spotify AB) a share dividend of a total of 88,726,036 of our ordinary shares. Subsequently, in consideration for the above-mentioned waiver from Tencent, a certain number of the ordinary shares of Spotify that we acquired in the foregoing transactions were transferred to a wholly owned subsidiary of Tencent for a nominal consideration of US\$1, which was accounted for as a distribution to Tencent and recognized in equity.

We are a holding company incorporated in the Cayman Islands. We rely principally on dividends from our PRC subsidiaries for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—Foreign exchange control may limit our ability to utilize our revenues effectively and affect the value of your investment.”

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

[Table of Contents](#)

earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the Class A ordinary shares underlying the ADSs to the depositary, as the registered holder of such Class A ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the Class A ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder.

8.B. Significant Changes

Except as otherwise disclosed in this report, we have not experienced any significant changes since the date of the annual financial statements included herein.

ITEM 9. THE OFFER AND LISTING

9.A. Offering and Listing Details

Our ADSs have been listed on the New York Stock Exchange since December 12, 2018 under the symbol “TME.” Each ADS represents two ordinary shares, par value US\$0.000083 per share.

9.B. Plan of Distribution

Not applicable.

9.C. Markets

The ADSs representing our Class A ordinary shares have been listed on the New York Stock Exchange since December 12, 2018 under the symbol “TME.”

9.D. Selling Shareholders

Not applicable.

9.E. Dilution

Not applicable.

9.F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A. Share Capital

Not applicable.

10.B. Memorandum and Articles of Association

We are a Cayman Islands company and our affairs are governed by our sixth amended and restated memorandum and articles of association, as amended from time to time and the Companies Act (As Revised) of the Cayman Islands, which we refer to as the “Companies Act” below, and the common law of the Cayman Islands.

[Table of Contents](#)

We incorporate by reference into this annual report our sixth amended and restated memorandum and articles of association, the form of which was filed as Exhibit 3.2 to our registration statement on Form F-1 (File Number 333-22656) filed with the Securities and Exchange Commission on October 2, 2018. Our shareholders adopted our sixth amended and restated memorandum and articles of association by a special resolution on September 4, 2018, which became effective immediately prior to completion of our initial public offering of ADSs representing our Class A ordinary shares.

The following are summaries of material provisions of our sixth amended and restated memorandum and articles of association and the Companies Act as they relate to the material terms of our ordinary shares.

Registered Office and Objects

Our registered office in the Cayman Islands is at the offices of Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

According to Clause 3 of our sixth amended and restated memorandum and articles of association, the objects for which we are established are unrestricted and we have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

Board of Directors

See “Item 6. Directors, Senior Management and Employees.”

Ordinary Shares

General. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. All of our issued and outstanding ordinary shares are fully paid and non-assessable. Our ordinary shares are issued in registered form and are issued when registered in our register of members. We may not issue share to bearer. Our shareholders who are nonresidents of the Cayman Islands may freely hold and transfer their ordinary shares.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to our sixth amended and restated memorandum and articles of association and the Companies Act. Our sixth amended and restated memorandum and articles of association provides that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our board of directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Act. No dividend may be declared and paid unless our board of directors determine that, immediately after the payment, we will be able to pay our debts as they become due in the ordinary course of business and we have funds lawfully available for such purpose.

Conversion. Class B ordinary shares may be converted into the same number of Class A ordinary shares by the holders thereof at any time, while Class A ordinary shares cannot be converted into Class B ordinary shares under any circumstances. Upon (i) any sale, transfer, assignment or disposition of any Class B ordinary shares by a holder thereof to a person or an entity which is not an affiliate of such holder, or (ii) a change of beneficial ownership of any Class B ordinary shares as a result of which any person who is not an affiliate of registered holders of such Class B ordinary shares becomes a beneficial owner of such Class B ordinary shares, each of such Class B ordinary shares will be automatically and immediately converted into one Class A ordinary share. There is no limit on the circumstances where holders of Class B ordinary shares may transfer or otherwise dispose of their Class B ordinary shares.

[Table of Contents](#)

Voting Rights. Holders of Class A ordinary shares and Class B ordinary shares shall, at all times, vote together as one class on all matters submitted to a vote by the members at any such general meeting. Each Class A ordinary share shall be entitled to one vote on all matters subject to a vote at general meetings of the shareholders, and each Class B ordinary share shall be entitled to 15 votes on all matters subject to a vote at general meetings of the shareholders.

A quorum required for a meeting of shareholders consists of one or more shareholders holding a majority of all votes attaching to the issued and outstanding shares entitled to vote at general meetings present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our sixth amended and restated memorandum and articles of association provides that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we will specify the meeting as such in the notices calling it, and the annual general meeting will be held at such time and place as may be determined by our board of directors. We, however, will hold an annual shareholders' meeting for each fiscal year as required by the Listing Rules of the NYSE. Each general meeting, other than an annual general meeting, shall be an extraordinary general meeting. Shareholders' annual general meetings and any other general meetings of our shareholders may be called by a majority of our board of directors or our chairman of the board or upon a requisition of shareholders holding at the date of deposit of the requisition not less than one-third of the votes attaching to the issued and outstanding shares entitled to vote at general meetings, in which case our board of directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our sixth amended and restated memorandum and articles of association does not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders. Advance notice of at least seven days is required for the convening of our annual general meeting and other general meetings unless such notice is waived in accordance with our articles of association.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting, while a special resolution also requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. A special resolution will be required for important matters such as a change of name or making changes to our sixth amended and restated memorandum and articles of association.

Transfer of Ordinary Shares. Subject to the restrictions in our sixth amended and restated memorandum and articles of association as set out below, any of our shareholders may transfer all or any of its, his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- 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;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four;
- the shares are free from any lien in favor of our company; and

[Table of Contents](#)

- a fee of such maximum sum as the NYSE may determine to be payable or such lesser sum as our board of directors may from time to time require is paid to us in respect thereof.

If our board of directors refuses to register a transfer it shall, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the NYSE, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine; provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 calendar days in any year.

Liquidation. On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), 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. Any distribution of assets or capital to a holder of ordinary shares will be the same in any liquidation event.

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 least 14 calendar days prior to the specified time of payment. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Ordinary Shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issuance of such shares, by our board of directors. We may also repurchase any of our shares provided that the manner and terms of such purchase have been approved by our board of directors, or are otherwise authorized by our sixth amended and restated memorandum and articles of association. Under the Companies Act, the redemption or repurchase of any share may be paid out of our profits or out of the proceeds of a fresh issuance of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if we can, immediately following such payment, pay our debts as they fall due in the ordinary course of business. In addition, under the Companies Law, no such share may be redeemed or repurchased (i) unless it is fully paid up, (ii) if such redemption or repurchase would result in there being no shares outstanding or (iii) if we have commenced liquidation. In addition, we may accept the surrender of any fully paid up share for no consideration.

Variations of Rights of Shares. If at any time our share capital is divided into different classes or series of shares, the rights attached to any class or series of shares (unless otherwise provided by the terms of issuance of the shares of that class or series), whether or not our company is being wound-up, may be varied with the consent in writing of the holders of not less than two-thirds of the issued shares of that class or series or with the sanction of a resolution passed at a separate meeting of the holders of the shares of the class or series by two-thirds of the votes cast at such a meeting. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issuance of the shares of that class, be deemed to be varied by the creation or issuance of further shares ranking *pari passu* with such existing class of shares.

Inspection of Books and Records. Holders of our ordinary shares have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (other than our memorandum and articles of association and any special resolutions passed by our shareholders, and the register of mortgages and charges of our company).

[Table of Contents](#)

Issuance of Additional Shares. Our sixth amended and restated memorandum and articles of association authorizes our board of directors to issue additional ordinary shares, to the extent authorized but unissued, from time to time as our board of directors shall determine.

Our sixth amended and restated memorandum and articles of association also authorizes our board of directors to establish from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights and voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preferred shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Anti-Takeover Provisions. Some provisions of our sixth amended and restated 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 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 sixth amended and restated 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 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 resident 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 negotiable or bearer shares or 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 that shareholder’s 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).

10.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 this annual report.

10.D. Exchange Controls

The Cayman Islands currently has no exchange control regulations or currency restrictions.

10.E. Taxation

The following discussion of Cayman Islands, PRC and United States federal income tax consequences of an investment in the ADSs or Class A 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 discussion does not deal with all possible tax consequences relating to an investment in the ADSs or Class A ordinary shares, such as the tax consequences under state, local and other tax laws. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel. To the extent that the discussion relates to matters of PRC tax law, it represents the opinion of Han Kun Law Offices, our PRC legal counsel.

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 or holders of the ADSs or Class A ordinary shares 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 the ADSs or Class A 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 the ADSs or Class A ordinary shares, nor will gains derived from the disposal of the ADSs or Class A ordinary shares be subject to Cayman Islands income or corporation tax.

People's Republic of China Taxation

Under the PRC EIT Law, which became effective on January 1, 2008, and was further amended on February 24, 2017 and December 29, 2018, an enterprise established outside the PRC with “de facto management bodies” within the PRC is considered a “resident enterprise” for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. Under the implementation rules to the PRC EIT Law, a “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise.

In addition, the SAT Circular 82 issued by the SAT in April 2009 specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if the following are located or resided in the PRC: (a) senior management personnel and departments that are responsible for daily production, operation and management; (b) financial and personnel decision-making bodies; (c) key properties, accounting books, company seal, minutes of board meetings and shareholders' meetings; and (d) half or more of the senior management or directors having voting rights. Our company is incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are

[Table of Contents](#)

located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. As such, we do not believe that our company meets all of the conditions above or is a PRC resident enterprise for PRC tax purposes. For the same reasons, we believe that our other entities outside of China are not PRC resident enterprises either. However, the tax resident 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.” There can be no assurance that the PRC government will ultimately take a view that is consistent with us. If the PRC tax authorities determine that our Cayman Islands holding company is a PRC resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. For example, a 10% withholding tax would be imposed on dividends we pay to our non-PRC enterprise shareholders (including the ADS holders). In addition, nonresident enterprise shareholders (including the ADS holders) may be subject to PRC tax on gains realized on the sale or other disposition of ADSs or Class A ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including the ADS holders) and any gain realized on the transfer of ADSs or Class A ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us). These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Doing Business in China—We may be classified as a ‘PRC resident enterprise’ for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our non-PRC shareholders and ADS holders and have a material adverse effect on our results of operations and the value of your investment.”

U.S. Federal Income Taxation

The following are material U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of the ADSs or Class A ordinary shares, but this discussion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person’s decision to hold the ADSs or Class A ordinary shares.

This discussion applies only to a U.S. Holder that holds the ADSs or Class A ordinary shares as capital assets for U.S. federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder’s particular circumstances, including the alternative minimum tax, the Medicare contribution tax on net investment income and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- persons holding ADSs or Class A ordinary shares as part of a straddle, conversion transaction, integrated transaction or similar transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes and their partners;
- tax-exempt entities, including “individual retirement accounts” or “Roth IRAs”;
- persons that own or are deemed to own ADSs or Class A ordinary shares representing 10% or more of our voting power or value;
- persons who acquire our ADSs or Class A ordinary shares pursuant to the exercise of an employee stock option or otherwise as compensation; or
- persons holding ADSs or Class A ordinary shares in connection with a trade or business outside the United States.

[Table of Contents](#)

If a partnership (or other entity that is classified as a partnership for U.S. federal income tax purposes) owns ADSs or Class A ordinary shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning ADSs or Class A ordinary shares and their partners should consult their tax advisers as to the particular U.S. federal income tax consequences of owning and disposing of ADSs or Class A ordinary shares.

This discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the income tax treaty between the United States and the PRC, or the Treaty, all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

As used herein, a “U.S. Holder” is a beneficial owner of the ADSs or Class A ordinary shares that is, for federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

In general, a U.S. Holder who owns American depositary shares will be treated as the owner of the underlying shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if a U.S. Holder exchanges ADSs for the underlying Class A ordinary shares represented by those ADSs.

U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of ADSs or Class A ordinary shares in their particular circumstances.

Except as described below under “—Passive Foreign Investment Company Rules,” this discussion assumes that we are not, and will not become, a passive foreign investment company (a “PFIC”) for any taxable year.

Taxation of Distributions

Distributions paid on the ADSs or Class A ordinary shares, other than certain pro rata distributions of ADSs or Class A ordinary shares, will be treated as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. Dividends will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Subject to applicable limitations, dividends paid to certain non-corporate U.S. Holders may be taxable at favorable rates. Non-corporate U.S. Holders should consult their tax advisers regarding the availability of these favorable rates in their particular circumstances.

Dividends will be included in a U.S. Holder’s income on the date of the U.S. Holder’s, or in the case of ADSs, the depository’s, receipt. The amount of any dividend income paid in foreign currency will be the U.S. dollar amount calculated by reference to the spot rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars on such date. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the amount received. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

Dividends will be treated as foreign-source income for foreign tax credit purposes. As described in “—People’s Republic of China Taxation,” dividends paid by us may be subject to PRC withholding tax. For U.S.

federal income tax purposes, the amount of the dividend income will include any amounts withheld in respect of PRC withholding tax. Subject to applicable limitations, which vary depending upon the U.S. Holder's circumstances, PRC taxes withheld from dividend payments (at a rate not exceeding the applicable rate provided in the Treaty in the case of a U.S. Holder that is eligible for the benefits of the Treaty) generally will be creditable against a U.S. Holder's U.S. federal income tax liability. The rules governing foreign tax credits are complex and U.S. Holders should consult their tax advisers regarding the creditability of foreign tax credits in their particular circumstances. In lieu of claiming a credit, a U.S. Holder may elect to deduct such PRC taxes in computing its taxable income, subject to applicable limitations. An election to deduct foreign taxes instead of claiming foreign tax credits must apply to all foreign taxes paid or accrued in the taxable year.

Sale or Other Taxable Disposition of ADSs or Class A Ordinary Shares

A U.S. Holder will generally recognize capital gain or loss on a sale or other taxable disposition of ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized on the sale or disposition and the U.S. Holder's tax basis in the ADSs or Class A ordinary shares disposed of, in each case as determined in U.S. dollars. The gain or loss will be long-term capital gain or loss if, at the time of the sale or disposition, the U.S. Holder has owned the ADSs or Class A ordinary shares for more than one year. Long-term capital gains recognized by non-corporate U.S. Holders may be subject to tax rates that are lower than those applicable to ordinary income. The deductibility of capital losses is subject to limitations.

As described in "—People's Republic of China Taxation," gains on the sale of ADSs or Class A ordinary shares may be subject to PRC taxes. A U.S. Holder is entitled to use foreign tax credits to offset only the portion of its U.S. federal income tax liability that is attributable to foreign-source income. Because under the Code capital gains of U.S. persons are generally treated as U.S.-source income, this limitation may preclude a U.S. Holder from claiming a credit for all or a portion of any PRC taxes imposed on any such gains. However, U.S. Holders that are eligible for the benefits of the Treaty may be able to elect to treat the gain as PRC-source and therefore claim foreign tax credits in respect of PRC taxes on such disposition gains. U.S. Holders should consult their tax advisers regarding their eligibility for the benefits of the Treaty and the creditability of any PRC tax on disposition gains in their particular circumstances.

Passive Foreign Investment Company Rules

In general, a non-U.S. corporation is a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns, directly or indirectly, at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties and certain gains. Cash is a passive asset for these purposes.

Based on the composition of our income and assets and the value of our assets, including goodwill, which is based on the price of the ADSs, we believe that we were not a PFIC for our 2020 taxable year. However, it is not entirely clear how the contractual arrangements between us and our VIEs will be treated for purposes of the PFIC rules, and we may be or become a PFIC if our VIEs are not treated as owned by us for these purposes. Because the treatment of our contractual arrangements with our VIEs is not entirely clear, because we hold a substantial amount of cash, and because our PFIC status for any taxable year will depend on the composition of our income and assets and the value of our assets from time to time (which may be determined, in part, by reference to the market price of the ADSs, which could be volatile), there can be no assurance that we will not be a PFIC for any taxable year.

If we were a PFIC for any taxable year and any of our subsidiaries, VIEs or other companies in which we own or are treated as owning equity interests were also a PFIC (any such entity, a "Lower-tier PFIC"), U.S.

[Table of Contents](#)

Holders would be deemed to own a proportionate amount (by value) of the shares of each Lower-tier PFIC and would be subject to U.S. federal income tax according to the rules described in the subsequent paragraph on (i) certain distributions by a Lower-tier PFIC and (ii) dispositions of shares of Lower-tier PFICs, in each case as if the U.S. Holders held such shares directly, even though the U.S. Holders did not receive the proceeds of those distributions or dispositions.

In general, if we were a PFIC for any taxable year during which a U.S. Holder holds ADSs or Class A ordinary shares, gain recognized by such U.S. Holder on a sale or other disposition (including certain pledges) of its ADSs or Class A ordinary shares would be allocated ratably over that U.S. Holder's holding period. The amounts allocated to the taxable year of the sale or disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the resulting tax liability for each such year. Furthermore, to the extent that distributions received by a U.S. Holder in any year on its ADSs or Class A ordinary shares exceed 125% of the average of the annual distributions on the ADSs or Class A ordinary shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, such distributions would be subject to taxation in the same manner. In addition, if we were a PFIC (or with respect to a particular U.S. Holder were treated as a PFIC) for a taxable year in which we paid a dividend or for the prior taxable year, the favorable tax rates described above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

Alternatively, if we were a PFIC and if the ADSs were "regularly traded" on a "qualified exchange," a U.S. Holder could make a mark-to-market election that would result in tax treatment different from the general tax treatment for PFICs described in the preceding paragraph. The ADSs would be treated as "regularly traded" for any calendar year in which more than a de minimis quantity of the ADSs were traded on a qualified exchange on at least 15 days during each calendar quarter. The New York Stock Exchange, where the ADSs are listed, is a qualified exchange for this purpose. If a U.S. Holder makes the mark-to-market election, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of the ADSs at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, the U.S. Holder's tax basis in the ADSs will be adjusted to reflect the income or loss amounts recognized. Any gain recognized on the sale or other disposition of ADSs in a year in which we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election, with any excess treated as capital loss). If a U.S. Holder makes the mark-to-market election, distributions paid on ADSs will be treated as discussed under "—Taxation of Distributions" above. U.S. Holders will not be able to make a mark-to-market election with respect to our Class A ordinary shares, or with respect to any shares of a Lower-tier PFIC, because such shares will not trade on any stock exchange.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which if available could materially affect the tax consequences of the ownership and disposition of ADSs.

If we are a PFIC for any taxable year during which a U.S. Holder owns ADSs or Class A ordinary shares, we will generally continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding years during which the U.S. Holder owns the ADSs or Class A ordinary shares, even if we cease to meet the threshold requirements for PFIC status.

If we were a PFIC for any taxable year during which a U.S. Holder owned any ADSs or Class A ordinary shares, the U.S. Holder would generally be required to file annual reports with the Internal Revenue Service. U.S. Holders should consult their tax advisers regarding the determination of whether we are a PFIC for any taxable year and the potential application of the PFIC rules to their ownership of ADSs or Class A ordinary shares.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries may be subject to information reporting and backup withholding, unless (i) the U.S. Holder is a corporation or other “exempt recipient” or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder’s U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

10.F. Dividends and Paying Agents

Not applicable.

10.G. Statement by Experts

Not applicable.

10.H. Documents on Display

We previously filed with the SEC a registration statement on Form F-1 (File Number 333-227656), as amended to register our Class A ordinary shares in relation to our initial public offering. We also filed with the SEC a related registration statement on Form F-6 (File Number 333-228610) to register the ADSs representing our Class A ordinary shares.

We are subject to the periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year. Copies of reports and other information, when so filed with the SEC, can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the Commission at 1-800-SEC-0330. The SEC also maintains a website 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 of the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. 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.

We will furnish The Bank of New York Mellon, the depository of the ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with IFRS, and all notices of shareholders’ meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders’ meeting received by the depository from us.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk

Other than term deposits with initial terms of over three months and cash and cash equivalents, we have no other significant interest-bearing assets. Our exposure to changes in interest rates is attributable to our notes

[Table of Contents](#)

payable issued during the year ended December 31, 2020, which carried at fixed rates and do not expose us to cash flow interest-rate risk. Accordingly, we do not anticipate any significant impact on our financial performance resulting from changes in interest rates.

Foreign exchange risk

Substantially all of our revenues are denominated in Renminbi. The Renminbi is not freely convertible into foreign currencies for capital account transactions. The value of the Renminbi against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. In July 2005, the PRC government changed its decades-old policy of pegging the value of the Renminbi to the U.S. dollar, and the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation subsided and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. While depreciating approximately by 5% in 2018, the Renminbi in 2019 depreciated approximately by 1% against the U.S. dollar, and appreciated approximately by 6% against the U.S. dollar in 2020. In addition, since October 1, 2016, the RMB has joined the International Monetary Fund's basket of currencies that make up the Special Drawing Right, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system and there is no guarantee that the RMB will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk.

To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of Renminbi against the U.S. dollar would reduce the Renminbi amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs, servicing our outstanding debt, or for other business purposes, appreciation of the U.S. dollar against the Renminbi would reduce the U.S. dollar amounts available to us.

Inflation risk

Since our inception, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2018, 2019 and 2020 were increases of 1.9%, 4.5% and 0.2%, respectively. Although we have not in the past been materially affected by inflation since our inception, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12.A. Debt Securities

Not applicable.

12.B. Warrants and Rights

Not applicable.

12.C. Other Securities

Not applicable.

12.D. American Depositary Shares

Persons depositing or withdrawing shares or ADS holders must pay:

- US\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)
- US\$.05 (or less) per ADS
- A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs
- US\$.05 (or less) per ADS per calendar year
- Registration or transfer fees
- Expenses of the depositary
- Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes
- Any charges incurred by the depositary or its agents for servicing the deposited securities

For:

- Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
- Any cash distribution to ADS holders
- Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
- Depositary services
- Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
- Cable and facsimile transmissions (when expressly provided in the deposit agreement)
- Converting foreign currency to U.S. dollars
- As necessary
- As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and

[Table of Contents](#)

earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

PART II

ITEM 13. ITEM DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

See “Item 10. Additional Information” for a description of the rights of shareholders, which remain unchanged.

The following “Use of Proceeds” information relates to the registration statement on Form F-1 (File No. 333-227656), as amended, including the annual report contained therein, which registered 164,000,000 Class A ordinary shares represented by 82,000,000 ADSs and was declared effective by the SEC on December 11, 2018, for our initial public offering, which closed in December 2018. Morgan Stanley & Co. LLC, Goldman Sachs (Asia) L.L.C., J.P.Morgan Securities LLC, Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated were the representatives of the underwriters. We received net proceeds of approximately US\$509 million in the aggregate from the initial public offering after deducting underwriting discounts and commissions and estimated offering expenses payable by us, and received additional net proceeds of US\$1.8 million from the concurrent private placement to Tencent to effect its Assured Entitlement Distribution.

For the period from December 11, 2018, the date that the registration statement on Form F-1 was declared effective by the SEC, to December 31, 2020, the total expenses incurred for our company’s account in connection with our initial public offering was approximately US\$45.6 million, which included US\$42.6 million in underwriting discounts and commissions for the initial public offering and approximately US\$3.0 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 10% or more of our equity securities or our affiliates. None of the net proceeds 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.

For the period from December 11, 2018, the date that the registration statement on Form F-1 was declared effective by the SEC, to the date of this annual report, we have used all net proceeds from our IPO in the manners set forth in our IPO prospectus, including for content acquisition, strategic investments and for other operating and investment purposes.

ITEM 15. CONTROLS AND PROCEDURES

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, as of December 31, 2020, our disclosure controls and procedures were 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. 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, 2020 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 effective as of December 31, 2020.

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.

Attestation Report of the Registered Public Accounting Firm

Our independent registered public accounting firm, PricewaterhouseCoopers Zhong Tian LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2020, as stated in its report, which appears on page F-2 of this annual report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period covered by this annual report on Form 20-F that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16.A. Audit Committee Financial Expert

Our board of directors has determined that each of Ms. Edith Manling Ngan, an independent director and the chairperson of our audit committee, and Mr. Adrian Yau Kee Mak, an independent director of our audit committee, qualifies as an “audit committee financial expert” within the meaning of the SEC rules and possesses financial sophistication within the meaning of the Listing Rules of the New York Stock Exchange. Ms. Edith Manling Ngan and Mr. Adrian Yau Kee Mak satisfy the “independence” requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended, and Section 303A of the Corporate Governance Rules of the NYSE.

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 and employees, including certain provisions that specifically apply to our principal executive officer, principal financial officer, principal accounting 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 No. 333-227656) filed with the SEC on October 2, 2018 and posted a copy of our code of business conduct and ethics on our website at <https://ir.tencentmusic.com>. We hereby undertake to provide to any person without charge, a copy of our code of business conduct and ethics within ten working days after we receive such person’s written request.

[Table of Contents](#)

ITEM 16.C. Principal Accountant Fees and Services

Auditor Fees

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP, our independent registered public accounting firm, for the periods indicated.

Services	Year Ended December 31,		
	2018	2019	2020
	RMB	RMB	RMB
	(in thousands)		
Audit Fees (1)	6,000	15,000	16,000
Audit-Related Fees (2)	13,800	—	2,500
Tax Fees (3)	400	—	—
Other Fees (4)	2,000	2,690	880
Total	<u>22,200</u>	<u>17,690</u>	<u>19,380</u>

Notes:

- (1) *Audit Fees.* Audit fees mean the aggregate fees billed for professional services rendered by our principal auditors for the audit or review of our annual or quarterly financial statements.
- (2) *Audit-related Fees.* Audit-related fees mean the aggregate fees billed for professional services rendered by our principal auditors for the assurance and related services in connection with our initial public offering of our ADSs on December 14, 2018 and offering of senior unsecured notes in September 2020, which were not included under Audit Fees above.
- (3) *Tax Fees.* Tax fees mean fees billed for the professional tax services rendered by our principal auditors.
- (4) *Other Fees.* Other fees mean fees billed for services rendered by our principal auditors other than services reported under “Audit Fees,” “Audit-Related Fees” and “Tax Fees.”

The policy of our audit committee is to pre-approve all audit and non-audit services provided by PricewaterhouseCoopers Zhong Tian LLP, our independent registered public accounting firm, including audit services and audit-related services as described above, other than those for de minimis services which are approved by the audit committee prior to the completion of the audit.

ITEM 16.D. Exemptions from the Listing Standards for Audit Committee

Not applicable.

ITEM 16.E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Neither we nor any “affiliated purchaser,” as defined in Rule 10b-18(a)(3) of the Exchange Act, purchased any of our equity securities during the period covered by this annual report.

ITEM 16.F. Change in Registrant’s Certifying Accountant

Not applicable.

ITEM 16.G. Corporate Governance

As a company listed on the New York Stock Exchange, we are subject to the New York Stock Exchange corporate governance listing standards. However, NYSE 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 NYSE corporate governance listing

[Table of Contents](#)

standards. We currently follow and intend to continue to follow Cayman Islands corporate governance practices in lieu of the corporate governance requirements of the New York Stock Exchange that listed companies must have: (i) a majority of independent directors; and (ii) a compensation committee composed entirely of independent directors. To the extent we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would enjoy under New York Stock Exchange corporate governance listing standards applicable to U.S. domestic issuers. See “Item 3. Key Information—4.D. Risk Factors—Risks Relating to Our Ordinary Shares and ADSs—As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the New York Stock Exchange corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the New York Stock Exchange corporate governance listing standards.”

ITEM 16.H. Mine Safety Disclosure

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 Tencent Music Entertainment Group are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description of Document
1.1	The Sixth Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect (incorporated herein by reference to Exhibit 3.2 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)
2.1	Form of Registrant’s Specimen American Depositary Receipt (incorporated herein by reference to Exhibit 4.1 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)
2.2	Registrant’s Specimen Certificate for Class A Ordinary Shares (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)
2.3	Form of Deposit Agreement among the Registrant, the depository and holders of the American Depositary Shares (incorporated herein by reference to Exhibit (a) to the registration statement on Form F-6 (File No. 333-228610), as amended, initially filed with the SEC on November 30, 2018)
2.4	Description of Registrant’s American Depositary Shares and Class A ordinary shares (incorporated herein by reference to Exhibit 2.4 to the annual report for the fiscal year ended December 31, 2019 filed with the SEC on March 25, 2020)
2.5	Description of the Registrant’s US\$300,000,000 1.375% Notes due 2025 and US\$500,000,000 2.000% Notes due 2030 (incorporated herein by reference to (i) the section titled “Description of Debt Securities” in the Registrants’ registration statement on Form F-3 (File No. 333-248253) filed with the SEC on August 24, 2020 and (ii) the section titled “Description of the Notes” in the prospectus supplement , in the form filed by the Registrant with the SEC on August 27, 2020 pursuant to Rule 424(b) under the Securities Act of 1933, as amended)
4.1	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)
4.2	Form of Employment Agreement between the Registrant and executive officers of the Registrant (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)
4.3	The 2014 Share Incentive Plan (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)
4.4	The 2017 Share Option Plan (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)

Table of Contents

<u>Exhibit Number</u>	<u>Description of Document</u>
4.5	<u>The 2017 Restricted Share Award Scheme (as amended and restated), (incorporated herein by reference to Exhibit 10.5 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.6	<u>Investor Agreement by and among the Registrant, Tencent Holdings Limited, Spotify Technology S.A. and Spotify AB dated December 15, 2017 (incorporated herein by reference to Exhibit 10.14 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.7	<u>Amendment Agreement dated as of September 26, 2018 to the Third Amended and Restated Shareholders Agreement among the Registrant, the shareholders of the Registrant and certain other parties named therein (incorporated herein by reference to Exhibit 10.25 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.8	<u>English translation of Exclusive Business Cooperation Agreement between Beijing Tencent Music and Xizang Qiming dated February 8, 2018 (incorporated herein by reference to Exhibit 10.28 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.9*	<u>English translation of Equity Interest Pledge Agreement among Beijing Tencent Music, Xizang Qiming and Beijing Zhizheng dated March 10, 2021</u>
4.10*	<u>English translation of Exclusive Option Agreement among Beijing Tencent Music, Xizang Qiming and Beijing Zhizheng dated March 10, 2021</u>
4.11*	<u>English translation of Power of Attorney granted by Beijing Zhizheng, shareholder of Xizang Qiming dated March 10, 2021</u>
4.12*	<u>English translation of Loan Agreement among Beijing Tencent Music, Xizang Qiming and Beijing Zhizheng dated March 10, 2021</u>
4.13*	<u>English translation of Debt Assignment and Offset Agreement among Beijing Zhizheng, Beijing Tencent Music and Mr. Qihu Yang dated March 10, 2021</u>
4.14*	<u>English translation of Debt Assignment and Offset Agreement among Beijing Zhizheng, Beijing Tencent Music and Mr. Dejun Gu dated March 10, 2021</u>
4.15	<u>English translation of Debt Assignment and Offset Agreement among Ms. Min Hu, Mr. Dejun Gu and Beijing Tencent Music dated September 12, 2019 (incorporated herein by reference to Exhibit 4.34 to the annual report for the fiscal year ended December 31, 2019 filed with the SEC on March 25, 2020)</u>
4.16*	<u>English translation of Equity Interest Pledge Agreement among Beijing Tencent Music, Guangzhou Kugou and the shareholders of Guangzhou Kugou dated August 5, 2020</u>
4.17*	<u>English translation of Exclusive Option Agreement among Beijing Tencent Music, Guangzhou Kugou and the shareholders of Guangzhou Kugou dated August 5, 2020</u>
4.18	<u>English translation of Exclusive Technical Service Agreement between Beijing Tencent Music and Guangzhou Kugou dated March 26, 2018 (incorporated herein by reference to Exhibit 10.35 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.19*	<u>English translation of Voting Trust Agreement granted by the shareholders of Guangzhou Kugou dated August 5, 2020</u>

Table of Contents

<u>Exhibit Number</u>	<u>Description of Document</u>
4.20	<u>English translation of Loan Agreement among Mr. Guomin Xie, Mr. Xiaotao Chen and Ocean Interactive (Beijing) Information Technology Co., Ltd. (currently known as Beijing Tencent Music) dated April 21, 2014 (incorporated herein by reference to Exhibit 10.37 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.21	<u>English translation of Debt Assignment and Offset Agreement among Mr. Xiaotao Chen, Mr. Zhongwei Qiu and Ocean Interactive (Beijing) Information Technology Co., Ltd. (currently known as Beijing Tencent Music) dated April 11, 2017 (incorporated herein by reference to Exhibit 10.38 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.22*	<u>English translation of Debt Assignment and Offset Agreement among Ms. Meiqi Wang, Mr. Guomin Xie and Beijing Tencent Music dated May 11, 2020</u>
4.23*	<u>English translation of Spousal Consent granted by the spouse of Ms. Meiqi Wang dated August 5, 2020</u>
4.24	<u>English translation of Spousal Consent granted by the spouse of Mr. Liang Tang dated July 25, 2018 (incorporated herein by reference to Exhibit 10.40 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.25	<u>English translation of Spousal Consent granted by the spouse of Mr. Hanjie Xu dated March 26, 2018 (incorporated herein by reference to Exhibit 10.41 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.26	<u>English translation of Spousal Consent granted by the spouse of Mr. Jianming Dong dated July 26, 2018 (incorporated herein by reference to Exhibit 10.42 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.27	<u>English translation of Spousal Consent granted by the spouse of Mr. Zhongwei Qiu dated March 26, 2018 (incorporated herein by reference to Exhibit 10.43 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.28	<u>English translation of Spousal Consent granted by the spouse of Ms. Huan Hu dated July 26, 2018 (incorporated herein by reference to Exhibit 10.44 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.29	<u>English translation of Spousal Consent granted by the spouse of Ms. Yaping Gao dated November 29, 2018 (incorporated herein by reference to Exhibit 4.47 to the annual report for the fiscal year ended December 31, 2019 filed with the SEC on March 25, 2020)</u>
4.30	<u>English translation of Equity Interest Pledge Agreement among Yeelion Online, Beijing Kuwo and the shareholders of Beijing Kuwo dated October 1, 2019 (incorporated herein by reference to Exhibit 4.48 to the annual report for the fiscal year ended December 31, 2019 filed with the SEC on March 25, 2020)</u>
4.31	<u>English translation of Exclusive Option Agreement among Yeelion Online, Beijing Kuwo and the shareholders of Beijing Kuwo dated October 1, 2019 (incorporated herein by reference to Exhibit 4.49 to the annual report for the fiscal year ended December 31, 2019 filed with the SEC on March 25, 2020)</u>
4.32	<u>English translation of Exclusive Technical Service Agreement between Yeelion Online and Beijing Kuwo dated July 12, 2016 (incorporated herein by reference to Exhibit 10.47 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>

Table of Contents

<u>Exhibit Number</u>	<u>Description of Document</u>
4.33	<u>English translation of Voting Trust Agreement granted by the shareholders of Beijing Kuwo dated October 1, 2019 (incorporated herein by reference to Exhibit 4.51 to the annual report for the fiscal year ended December 31, 2019 filed with the SEC on March 25, 2020)</u>
4.34	<u>English translation of Loan Agreement among Yeelion Online, Mr. Guomin Xie and Mr. Lixue Shi dated July 12, 2016 (incorporated herein by reference to Exhibit 10.49 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.35	<u>English translation of Debt Assignment and Offset Agreement among Mr. Guomin Xie, Ms. Meiqi Wang and Yeelion Online dated October 1, 2019 (incorporated herein by reference to Exhibit 4.53 to the annual report for the fiscal year ended December 31, 2019 filed with the SEC on March 25, 2020)</u>
4.36	<u>English translation of Spousal Consent granted by the spouse of Ms. Meiqi Wang dated October 1, 2019 (incorporated herein by reference to Exhibit 4.54 to the annual report for the fiscal year ended December 31, 2019 filed with the SEC on March 25, 2020)</u>
4.37	<u>English translation of Equity Interest Pledge Agreement among Shenzhen Ultimate Xiangyue, Shenzhen Ultimate Music and the shareholders of Shenzhen Ultimate Music dated January 11, 2018 (incorporated herein by reference to Exhibit 10.51 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.38	<u>English translation of Exclusive Option Agreement among Shenzhen Ultimate Xiangyue, Shenzhen Ultimate Music and the shareholders of Shenzhen Ultimate Music dated January 11, 2018 (incorporated herein by reference to Exhibit 10.52 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.39	<u>English translation of Exclusive Technical Service Agreement between Shenzhen Ultimate Xiangyue and Shenzhen Ultimate Music dated January 11, 2018 (incorporated herein by reference to Exhibit 10.53 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.40	<u>English translation of Voting Trust Agreement granted by the shareholders of Shenzhen Ultimate Music dated January 11, 2018 (incorporated herein by reference to Exhibit 10.54 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.41	<u>English translation of Spousal Consent granted by the spouse of Mr. Xiudong Ma dated January 11, 2018 (incorporated herein by reference to Exhibit 10.55 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.42	<u>English translation of Spousal Consent granted by the spouse of Mr. Gang Ding dated January 11, 2018 (incorporated herein by reference to Exhibit 10.56 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.43*	<u>English translation of Equity Interests Pledge Agreement among Beijing Tencent Music, Niannian Youyu and the shareholders of Niannian Youyu dated June 10, 2020</u>
4.44*	<u>English translation of Exclusive Option Agreement among Beijing Tencent Music, Niannian Youyu and the shareholders of Niannian Youyu dated June 10, 2020</u>
4.45	<u>English translation of Exclusive Business Cooperation Agreement between Beijing Tencent Music and Niannian Youyu dated August 28, 2019 (incorporated herein by reference to Exhibit 4.63 to the annual report for the fiscal year ended December 31, 2019 filed with the SEC on March 25, 2020)</u>

Table of Contents

<u>Exhibit Number</u>	<u>Description of Document</u>
4.46	<u>English translation of Loan Agreement between Mr. Mingzhong Ji and Beijing Tencent Music dated August 28, 2019 (incorporated herein by reference to Exhibit 4.64 to the annual report for the fiscal year ended December 31, 2019 filed with the SEC on March 25, 2020)</u>
4.47*	<u>English translation of Loan Agreement between Mr. Hongcheng Fu and Beijing Tencent Music dated June 10, 2020</u>
4.48*	<u>English translation of Power of Attorney granted by the shareholders of Niannian Youyu dated June 10, 2020</u>
4.49	<u>English translation of Spousal Consent granted by the spouse of Mr. Mingzhong Ji dated August 28, 2019 (incorporated herein by reference to Exhibit 4.66 to the annual report for the fiscal year ended December 31, 2019 filed with the SEC on March 25, 2020)</u>
4.50*	<u>English translation of Spousal Consent granted by the spouse of Mr. Hongcheng Fu dated June 10, 2020</u>
4.51*	<u>English translation of Exclusive Business Cooperation Agreement between Beijing Tencent Music and Beijing Gongse dated June 22, 2020</u>
4.52*	<u>English translation of Exclusive Option Agreement among Beijing Tencent Music, Beijing Gongse and the shareholders of Beijing Gongse dated June 22, 2020</u>
4.53*	<u>English translation of Equity Interest Pledge Agreement among Beijing Tencent Music, Beijing Gongse and shareholders of Beijing Gongse dated June 22, 2020</u>
4.54*	<u>English translation of each Loan Agreement between Mr. Qihu Yang, Mr. Dejun Gu, Mr. Jie Zhou, Ms. Xing Chen, Mr. Yunheng Liang and Beijing Tencent Music dated June 22, 2020</u>
4.55*	<u>English translation of each Power of Attorney granted by Mr. Qihu Yang, Mr. Dejun Gu, Mr. Jie Zhou, Ms. Xing Chen and Mr. Yunheng Liang, as shareholder of Beijing Gongse dated June 22, 2020</u>
4.56*	<u>English translation of Exclusive Business Cooperation Agreement between Beijing Tencent Music and Beijing Shangqin dated July 14, 2020</u>
4.57*	<u>English translation of Exclusive Option Agreement among Beijing Tencent Music, Beijing Shangqin and the partners of Beijing Shangqin dated July 14, 2020</u>
4.58*	<u>English translation of Share of Property Pledge Agreement among Beijing Tencent Music, Beijing Shangqin and the partners of Beijing Shangqin dated July 14, 2020</u>
4.59*	<u>English translation of each Loan Agreement between Beijing Gongse, Mr. Qihu Yang, Mr. Dejun Gu, Mr. Jie Zhou, Ms. Xing Chen and Mr. Yunheng Liang and Beijing Tencent Music dated July 14, 2020</u>
4.60*	<u>English translation of each Power of Attorney granted by Beijing Gongse, Mr. Qihu Yang, Mr. Dejun Gu, Mr. Jie Zhou, Ms. Xing Chen and Mr. Yunheng Liang, as partner of Beijing Shangqin dated July 14, 2020</u>
4.61*	<u>English translation of Exclusive Business Cooperation Agreement between Beijing Tencent Music and Beijing Yuzhong dated July 14, 2020</u>
4.62*	<u>English translation of Exclusive Option Agreement among Beijing Tencent Music, Beijing Yuzhong and the partners of Beijing Yuzhong dated July 14, 2020</u>
4.63*	<u>English translation of Share of Property Pledge Agreement among Beijing Tencent Music, Beijing Yuzhong and the partners of Beijing Yuzhong dated July 14, 2020</u>

Table of Contents

<u>Exhibit Number</u>	<u>Description of Document</u>
4.64*	<u>English translation of each Loan Agreement between Beijing Gongse, Mr. Qihu Yang, Mr. Dejun Gu, Mr. Jie Zhou, Ms. Xing Chen, Mr. Yunheng Liang and Beijing Tencent Music dated July 14, 2020</u>
4.65*	<u>English translation of each Power of Attorney granted by Beijing Gongse, Mr. Qihu Yang, Mr. Dejun Gu, Mr. Jie Zhou, Ms. Xing Chen and Mr. Yunheng Liang, as partner of Beijing Yuzhong dated July 14, 2020</u>
4.66*	<u>English translation of Exclusive Business Cooperation Agreement between Beijing Tencent Music and Beijing Zhizheng dated July 28, 2020</u>
4.67*	<u>English translation of Exclusive Option Agreement among Beijing Tencent Music, Beijing Zhizheng and the shareholders of Beijing Zhizheng dated July 28, 2020</u>
4.68*	<u>English translation of Equity Interest Pledge Agreement among Beijing Tencent Music, Beijing Zhizheng and the shareholders of Beijing Zhizheng dated July 28, 2020</u>
4.69*	<u>English translation of each Loan Agreement between Beijing Shangqin, Beijing Yuzhong and Beijing Tencent Music dated July 28, 2020</u>
4.70*	<u>English translation of each Power of Attorney granted by Beijing Shangqin and Beijing Yuzhong, as shareholder of Beijing Zhizheng dated July 28, 2020</u>
4.71	<u>English translation of Master Business Cooperation Agreement between certain affiliates of Tencent and the Registrant dated July 12, 2018 (incorporated herein by reference to Exhibit 10.57 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.72	<u>Registration Rights Agreement among the Registrant, the shareholders of the Registrant and certain other parties named therein dated November 16, 2018 (incorporated herein by reference to Exhibit 10.59 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
4.73	<u>Form of Indenture between the Registrant and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.1 to the registration statement on Form F-3 (File No. 333-248253) filed by the Registrant with the Securities and Exchange Commission on August 24, 2020)</u>
4.74	<u>First Supplemental Indenture, dated as of September 3, 2020, between the Registrant and The Bank of New York Mellon (incorporated herein by reference to Exhibit 4.1 to the current report on Form 6-K (File No. 001-38751) furnished to the SEC on September 4, 2020)</u>
4.75	<u>Form of US\$300,000,000 1.375% Notes due 2025 (included in Exhibit 4.74)</u>
4.76	<u>Form of US\$500,000,000 2.000% Notes due 2030 (included in Exhibit 4.74)</u>
8.1*	<u>Significant Subsidiaries, VIEs and Subsidiaries of VIEs of the Registrant</u>
11.1	<u>Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-227656), as amended, initially filed with the SEC on October 2, 2018)</u>
12.1*	<u>Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
12.2*	<u>Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>

Table of Contents

<u>Exhibit Number</u>	<u>Description of Document</u>
13.1**	Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Han Kun Law Offices
15.2*	Consent of Maples and Calder (Hong Kong) LLP
15.3*	Consent of PricewaterhouseCoopers Zhong Tian LLP, Independent Registered Public Accounting Firm
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

* Filed herewith

** Furnished herewith

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Tencent Music Entertainment Group

By: /s/ Cussion Kar Shun Pang

Name: Cussion Kar Shun Pang

Title: Chief Executive Officer

Date: April 9, 2021

[Table of Contents](#)

TENCENT MUSIC ENTERTAINMENT GROUP

(Incorporated in the Cayman Islands with limited liability)

2020 CONSOLIDATED FINANCIAL STATEMENTS

TENCENT MUSIC ENTERTAINMENT GROUP

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Income Statements for the years ended December 31, 2018, 2019 and 2020	F-5
Consolidated Statements of Comprehensive Income for the years ended December 31, 2018, 2019 and 2020	F-6
Consolidated Balance Sheets as at December 31, 2019 and 2020	F-7
Consolidated Statements of Changes in Equity for the years ended December 31, 2018, 2019 and 2020	F-8
Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2019 and 2020	F-11
Notes to the Consolidated Financial Statements	F-12

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Tencent Music Entertainment Group

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Tencent Music Entertainment Group and its subsidiaries (the “Company”) as of December 31, 2020 and December 31, 2019, and the related consolidated income statements, and statements of comprehensive income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements 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 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in

[Table of Contents](#)

accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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 to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue recognition from social entertainment services in relation to sale of durable virtual gifts

As described in Notes 2.23(b) and 4(b) to the consolidated financial statements, revenue from social entertainment services and others in the amount of RMB19,804 million for the year ended December 31, 2020 includes revenue from the sale of durable virtual gifts on the Company's online karaoke and live streaming platforms. Management recognizes the revenue for sale of durable virtual gifts over their estimated lifespans of no longer than six months, which are determined by the management based on the expected service periods derived from past experiences, given there is an implicit obligation of the Company to maintain the virtual gifts operated on its platforms. The expected service periods of the virtual gifts is determined by management based on historical data of the Company's customers' user relationship periods. Significant judgments were required in determining the expected user relationship periods including, but not limited to users' historical activities patterns and churn rates. Management assesses the estimated lifespans of virtual gifts whenever there is any indication of change in the expected user relationship periods.

The principal considerations for our determination that performing procedures relating to revenue recognition from social entertainment services and others in relation to sale of durable virtual gifts is a critical audit matter are there was a significant amount of judgment by management in determining the expected service periods. This in turn led to a high degree of auditor judgment and effort in evaluating the assumptions used by management.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the operating effectiveness of controls over determining the expected user relationship periods for revenue recognition from social entertainment services in relation to sale of durable virtual gifts including information systems' general and automated controls over the Company's online platforms. These procedures also included, among others, (i) evaluating management's judgment of key assumptions in determining the estimated lifespans of the durable virtual gifts by comparing assumptions to actual historical results; (ii) testing the data integrity of historical users' activities patterns and calculation of the churn rates; and (iii) evaluating the consideration made by management with reference to the continuing relevance of historical data of the Company's customers' user relationship periods.

Table of Contents

Impairment assessments of goodwill

As described in Notes 2.8 and 15 to the consolidated financial statements, the Company's consolidated goodwill balance was RMB17,492 million as of December 31, 2020. Management conducts an annual goodwill impairment test or when there are indications the carrying value may be impaired. For purposes of impairment testing, management allocates its goodwill to the relevant cash-generating units ("CGUs") or group of CGUs, and compares the recoverable amounts of these CGUs or group of CGUs to their respective carrying amounts. Management determined the recoverable amounts of these CGU or group of CGUs based on the higher of (i) their value in use ("VIU") and (ii) their fair value less costs of disposal, of which VIU is calculated based on discounted cash flows expected to be derived from the respective CGU or group of CGUs. Management's cash flows projections included significant judgments and assumptions relating to revenue growth, margin, terminal growth rate and pre-tax discount rates.

The principal considerations for our determination that performing procedures relating to impairment assessments of goodwill is a critical audit matter are there were significant judgments by management when determining the recoverable amount of the related CGU. This in turn led to a high degree of auditor judgment and effort in performing procedures and in evaluating management's significant assumptions, including revenue growth, margin, terminal growth rate and pre-tax discount rates. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the operating effectiveness of controls relating to management's goodwill impairment assessment, including controls over the determination of the recoverable amounts of the Company's CGUs. These procedures also included, among others, (i) evaluating the appropriateness of the discounted cash flow model; (ii) testing the completeness, accuracy, and relevance of underlying data used in the model; and (iii) evaluating the reasonableness of the significant assumptions used in management's cash flow forecast related to revenue growth, margin and terminal growth rate by considering the current and past performance of the CGU, or group of CGUs and consistency with relevant industry forecasts and market developments. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the cash flow model and certain significant assumptions, including pre-tax discount rates.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Shenzhen, the People's Republic of China
April 9, 2021

We have served as the Company's auditor since 2018.

[Table of Contents](#)
**TENCENT MUSIC ENTERTAINMENT GROUP
CONSOLIDATED INCOME STATEMENTS**

	Note	Year ended December 31,		
		2018 RMB'million	2019 RMB'million	2020 RMB'million
Revenue from online music services		5,536	7,152	9,349
Revenue from social entertainment services and others		13,449	18,282	19,804
Total revenues	5	18,985	25,434	29,153
Cost of revenues		(11,708)	(16,761)	(19,851)
Gross profit		7,277	8,673	9,302
Selling and marketing expenses		(1,714)	(2,041)	(2,475)
General and administrative expenses		(2,258)	(2,703)	(3,101)
Total operating expenses		(3,972)	(4,744)	(5,576)
Interest income	6	282	615	622
Other (losses)/gains, net	7	(29)	78	362
Share-based payments arising from issuance of ordinary shares to music label partners	21(iii)	(1,519)	—	—
Operating profit		2,039	4,622	4,710
Share of net (loss)/profit of investments accounted for using equity method	16	(1)	(18)	19
Finance cost	9	(35)	(64)	(97)
Profit before income tax		2,003	4,540	4,632
Income tax expense	10(a)	(171)	(563)	(456)
Profit for the year		<u>1,832</u>	<u>3,977</u>	<u>4,176</u>
Attributable to:				
Equity holders of the Company		1,833	3,982	4,155
Non-controlling interests		(1)	(5)	21
		<u>1,832</u>	<u>3,977</u>	<u>4,176</u>
		RMB	RMB	RMB
Earnings per share for Class A and Class B ordinary shares	11			
Basic		0.60	1.22	1.25
Diluted		<u>0.58</u>	<u>1.19</u>	<u>1.24</u>
Earnings per ADS (2 Class A shares equal to 1 ADS)				
Basic		1.19	2.43	2.51
Diluted		<u>1.16</u>	<u>2.38</u>	<u>2.47</u>

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)**TENCENT MUSIC ENTERTAINMENT GROUP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	2018 RMB'million	Year ended December 31, 2019 RMB'million	2020 RMB'million
Profit for the year	1,832	3,977	4,176
Other comprehensive income, net of tax:			
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Fair value changes on financial assets at fair value through other comprehensive income	(675)	1,031	5,219
Currency translation differences	—	—	(1,363)
<u>Items that may be subsequently reclassified to profit or loss</u>			
Currency translation differences	552	261	77
Share of other comprehensive loss of an associate	—	(1)	(9)
Total comprehensive income for the year	<u>1,709</u>	<u>5,268</u>	<u>8,100</u>
Attributable to:			
Equity holders of the Company	1,710	5,273	8,079
Non-controlling interests	(1)	(5)	21
	<u>1,709</u>	<u>5,268</u>	<u>8,100</u>

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)
**TENCENT MUSIC ENTERTAINMENT GROUP
CONSOLIDATED BALANCE SHEETS**

		As at December 31,	
	Note	2019 RMB'million	2020 RMB'million
ASSETS			
Non-current assets			
Property, plant and equipment	12	179	176
Right-of-use assets	13	148	311
Intangible assets	14	1,622	2,020
Goodwill	15	17,140	17,492
Investments accounted for using equity method	16	489	2,255
Financial assets at fair value through other comprehensive income	17(a)	4,461	9,771
Other investments	17(b)	217	349
Prepayments, deposits and other assets	18	816	956
Deferred tax assets	10(b)	192	303
Term deposits	20(a)	500	2,953
		25,764	36,586
Current assets			
Inventories		26	18
Accounts receivable	19	2,198	2,800
Prepayments, deposits and other assets	18	2,220	2,846
Other investments	17(b)	38	37
Short-term investments		6	—
Term deposits	20(a)	7,000	14,858
Cash and cash equivalents	20(b)	15,426	11,128
		26,914	31,687
Total assets		52,678	68,273
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	21	2	2
Additional paid-in capital	21	34,425	35,044
Shares held for share award schemes	21	(31)	(78)
Treasury shares	21	—	(134)
Other reserves	22	2,187	6,300
Retained earnings		7,007	11,111
		43,590	52,245
Non-controlling interests		88	486
Total equity		43,678	52,731
LIABILITIES			
Non-current liabilities			
Notes payable	24	—	5,175
Accounts payable		—	136
Other payables and other liabilities	25	68	68
Deferred tax liabilities	10(b)	297	265
Lease liabilities		78	218
Deferred revenue	26	67	78
		510	5,940
Current liabilities			
Accounts payable		2,559	3,565
Other payables and other liabilities	25	3,782	3,881
Current tax liabilities		386	445
Lease liabilities		69	103
Deferred revenue	26	1,694	1,608
		8,490	9,602
Total liabilities		9,000	15,542
Total equity and liabilities		52,678	68,273

The accompanying notes are an integral part of these consolidated financial statements

TENCENT MUSIC ENTERTAINMENT GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to equity holders of the Company							Non-controlling interests	Total equity
		Share capital	Additional paid-in capital	Shares held for share award schemes	Other reserves	Retained earnings	Total			
		RMB 'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	
Balance at January 1, 2018		2	23,915	—	997	1,227	26,141	7	26,148	
Profit for the year		—	—	—	—	1,833	1,833	(1)	1,832	
Fair value changes on financial assets at fair value through other comprehensive income		—	—	—	(675)	—	(675)	—	(675)	
Currency translation differences		—	—	—	552	—	552	—	552	
Total comprehensive income for the year		—	—	—	(123)	1,833	1,710	(1)	1,709	
Transactions with equity holders:										
Issuance of ordinary shares	21	—	2,433	—	—	—	2,433	—	2,433	
Issuance of ordinary shares for acquisition of the remaining interests in associates	21	—	1,027	—	(827)	—	200	41	241	
Issuance of ordinary shares to Musical Label Partners	21	—	2,905	—	—	—	2,905	—	2,905	
Issuance of ordinary shares upon initial public offering	21	—	3,496	—	—	—	3,496	—	3,496	
Share-based compensation—value of employee services and business cooperation arrangements	22,23	—	—	—	840	—	840	—	840	
Additional investment in a non-wholly owned subsidiary		—	—	—	(4)	—	(4)	4	—	
Appropriations to statutory reserves		—	—	—	20	(20)	—	—	—	
Total transactions with equity holders at their capacity as equity holders for the year		—	9,861	—	29	(20)	9,870	45	9,915	
Balance at December 31, 2018		2	33,776	—	903	3,040	37,721	51	37,772	

TENCENT MUSIC ENTERTAINMENT GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Note	Attributable to equity holders of the Company							Total equity RMB'million
		Share capital RMB'million	Additional paid-in capital RMB'million	Shares held for share award schemes RMB'million	Other reserves RMB'million	Retained earnings RMB'million	Total RMB'million	Non- controlling interests RMB'million	
Balance at January 1, 2019		2	33,776	—	903	3,040	37,721	51	37,772
Profit for the year		—	—	—	—	3,982	3,982	(5)	3,977
Fair value changes on financial assets at fair value through other comprehensive income		—	—	—	1,031	—	1,031	—	1,031
Share of other comprehensive losses of an associate		—	—	—	(1)	—	(1)	—	(1)
Currency translation differences		—	—	—	261	—	261	—	261
Total comprehensive income for the year		—	—	—	1,291	3,982	5,273	(5)	5,268
Transactions with equity holders:									
Issuance of ordinary shares	21	—	12	—	—	—	12	—	12
Exercise of share options/ Restricted share units("RSUs")	21,22	—	637	—	(465)	—	172	—	172
Non-controlling interests arising from business combination		—	—	—	—	—	—	48	48
Share-based compensation—value of employee services	22,23	—	—	—	519	—	519	—	519
Shares held for share award schemes	21	—	—	(31)	—	—	(31)	—	(31)
Capital contribution by non-controlling interests		—	—	—	—	—	—	2	2
Additional investments in non-wholly owned subsidiaries		—	—	—	(76)	—	(76)	(8)	(84)
Appropriations to statutory reserves		—	—	—	15	(15)	—	—	—
Total transactions with equity holders at their capacity as equity holders for the year		—	649	(31)	(7)	(15)	596	42	638
Balance at December 31, 2019		2	34,425	(31)	2,187	7,007	43,590	88	43,678

TENCENT MUSIC ENTERTAINMENT GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Note	Attributable to equity holders of the Company								
		Share capital RMB'million	Additional paid-in capital RMB'million	Shares held for share award schemes RMB'million	Treasury shares RMB'million	Other reserves RMB'million	Retained earnings RMB'million	Total RMB'million	Non- controlling interests RMB'million	Total equity RMB'million
Balance at January 1, 2020		2	34,425	(31)	—	2,187	7,007	43,590	88	43,678
Profit for the year		—	—	—	—	—	4,155	4,155	21	4,176
Fair value changes on financial assets at fair value through other comprehensive income		—	—	—	—	5,219	—	5,219	—	5,219
Share of other comprehensive losses of an associate		—	—	—	—	(9)	—	(9)	—	(9)
Currency translation differences		—	—	—	—	(1,286)	—	(1,286)	—	(1,286)
Total comprehensive income for the year		—	—	—	—	3,924	4,155	8,079	21	8,100
Transactions with equity holders:										
Exercise of share options/ Restricted share units("RSUs")	21,22	—	619	—	—	(429)	—	190	—	190
Non-controlling interests arising from business combination		—	—	—	—	—	—	—	367	367
Share-based compensation— value of employee services	22,23	—	—	—	—	569	—	569	—	569
Shares held for share award schemes	21	—	—	(47)	—	—	—	(47)	—	(47)
Repurchase of shares		—	—	—	(134)	—	—	(134)	—	(134)
Additional investments in non-wholly owned subsidiaries		—	—	—	—	(2)	—	(2)	—	(2)
Disposal of a subsidiary		—	—	—	—	—	—	—	10	10
Appropriations to statutory reserves		—	—	—	—	51	(51)	—	—	—
Total transactions with equity holders at their capacity as equity holders for the year		—	619	(47)	(134)	189	(51)	576	377	953
Balance at December 31, 2020		2	35,044	(78)	(134)	6,300	11,111	52,245	486	52,731

The accompanying notes are an integral part of these consolidated financial statements.

**TENCENT MUSIC ENTERTAINMENT GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS**

		Year ended December 31,		
	Note	2018 RMB'million	2019 RMB'million	2020 RMB'million
Cash flows from operating activities				
Cash generated from operations	28(a)	5,604	6,188	4,945
Interest received		249	576	577
Income taxes paid		(221)	(564)	(637)
Net cash inflow from operating activities		<u>5,632</u>	<u>6,200</u>	<u>4,885</u>
Cash flows from investing activities				
Payments for business combinations, net of cash acquired		(1,090)	(45)	(540)
Payments for settlement of pre-acquisition dividends payable of CMC		(19)	—	—
Cash acquired from business combinations under common control		397	—	—
Purchase of property, plant and equipment		(132)	(95)	(108)
Purchase of intangible assets		(12)	(191)	(393)
Net proceeds from short term investments		11	36	6
Placement of term deposits with initial terms of over three months		—	(12,050)	(30,643)
Receipt from maturity of term deposits with initial terms of over three months		—	4,550	20,332
Proceeds from disposal of investments accounted for using equity method		—	1	—
Proceeds from disposal of a subsidiary		—	—	15
Payments for acquisition of investments accounted for using equity method		(140)	(294)	(2,002)
Payments for acquisition of investments accounted for as financial assets at fair value through profit or loss		(199)	—	(211)
Payments for acquisition of investments accounted for as financial assets at fair value through other comprehensive income		—	—	(708)
Payment for loans to a third party		(5)	(46)	—
Receipts from repayments of loans to a third party		—	—	45
Dividend received		—	32	—
Other investing activities		(1)	—	1
Net cash outflow from investing activities		<u>(1,190)</u>	<u>(8,102)</u>	<u>(14,206)</u>
Cash flows from financing activities				
Loans from non-controlling interests		—	—	10
Proceeds from issues of ordinary shares	21	2,433	12	—
Proceeds from issues of puttable shares	21	422	—	—
Proceeds from issues of ordinary shares to Music Label Partners	21	1,386	—	—
Proceeds from exercise of share options	21	—	127	163
Net proceeds from issues of ordinary shares upon initial public offering	21	3,500	—	—
Payments for acquisition of non-controlling interests in non-wholly owned subsidiaries		—	(79)	(6)
Shares withheld for share award schemes	21	—	(31)	(46)
Payment for repurchase of ordinary shares		—	—	(134)
Proceeds from issuance of additional equity of non-wholly owned subsidiaries		—	3	—
Payments for interests		—	(7)	(15)
Principal elements of lease payments	13	—	(56)	(78)
Net proceeds from issuance of notes	24	—	—	5,400
Payment for loan from non-controlling interests		—	—	(2)
Net cash inflow/(outflow) from financing activities		<u>7,741</u>	<u>(31)</u>	<u>5,292</u>
Net increase/(decrease) in cash and cash equivalents		<u>12,183</u>	<u>(1,933)</u>	<u>(4,029)</u>
Cash and cash equivalents at beginning of the year		5,174	17,356	15,426
Exchange differences on cash and cash equivalents		(1)	3	(269)
Cash and cash equivalents at end of the year		<u>17,356</u>	<u>15,426</u>	<u>11,128</u>

The accompanying notes are an integral part of these consolidated financial statements.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

1 General information, organization and basis of preparation

1.1 General information

Tencent Music Entertainment Group (the “Company” or “TME”), formerly known as China Music Corporation (“CMC”), was incorporated under the laws of the Cayman Islands on June 6, 2012 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. Our registered office in the Cayman Islands is located at the office of Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The Company is controlled by Tencent Holdings Limited (“Tencent”), a company incorporated in the Cayman Islands with limited liability and the shares of Tencent are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Company’s American Depositary Shares (“ADSs”) have been listed on the New York Stock Exchange since December 12, 2018. Each ADS of the Company represents two ordinary shares.

The Company, its subsidiaries, its controlled structured entities (“Variable interest entities”, or “VIE”) and their subsidiaries (“Subsidiaries of VIEs”) are collectively referred to as the “Group”. The Group is principally engaged in operating online music entertainment platforms to provide music streaming, online karaoke and live streaming services in the People’s Republic of China (“PRC”). The Company does not conduct any substantive operations of its own but conducts its primary business operations through its wholly-owned subsidiaries, VIEs and subsidiaries of VIEs in the PRC.

In July 2016, Tencent acquired control of the Company through a series of transactions, pursuant to which Tencent injected substantially all of its online music business in the mainland China (“Tencent Music Business”) into the Company in exchange for certain number of shares issued by the Company (“Merger”). Upon the completion of such transactions, the Company became a subsidiary of Tencent and was renamed to its current name in December 2016. The Merger was accounted for as a reverse acquisition under which Tencent Music Business is regarded as the acquirer, and accordingly these consolidated financial statements have been presented as a continuation of the financial statements of Tencent Music Business.

1.2 Organization and principal activities

The PRC laws and regulations prohibit or restrict foreign ownership of companies that provide Internet-based business, which include activities and services provided by the Group. The Group operates its business operations in the PRC through a series of contractual arrangements (“Structure Contracts”) entered into among the Company, its wholly-owned subsidiaries (“WOFEs”), VIEs that legally owned by individuals (“Nominee Shareholders”) authorized by the Group (collectively, “Contractual Arrangements”) and the Nominee Shareholders. The Structure Contracts including Exclusive Technology Services Agreement, Exclusive Business Cooperation Agreement, Loan Agreement, Exclusive Purchase Option Agreement, Equity Interest Pledge Agreement, and Powers of Attorney Agreement.

Under the Contractual Arrangements, the Company has the power to control the management, and financial and operating policies of the VIEs, has exposure or rights to variable returns from its involvement with the VIEs, and has the ability to use its power over the VIEs to affect the amount of the returns. As a result, all these VIEs are accounted for as consolidated structured entities of the Company and their financial statements have been consolidated by the Company.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

1 General information, organization and basis of preparation (Continued)

1.2 Organization and principal activities (Continued)

The Structured Contracts were throughout the years presented, and, there was no change to the principal terms of the Structured Contracts. The principal terms of the Structured Contracts are further described below:

(i) Voting Trust Agreement

Pursuant to the Voting Trust Agreement, the shareholders of the VIEs each irrevocably granted the WOFEs or any individual designated by the WOFEs in writing as their attorney-in-fact to vote, the rights to vote on their behalf on all matters of the VIEs requiring shareholder approval under PRC laws and regulations and the VIEs' articles of association. The term of this agreement will remain effective as long as the shareholders continue to hold equity interests in the VIEs.

(ii) Exclusive Technical Service Agreement

Pursuant to the exclusive technical service agreement between the WOFEs and the VIEs, the WOFEs or their designated party has the exclusive right to provide business support, technical services and consulting services in return for a service fee, which represents 90% of net operating income of the VIEs together with other service fees charged for other ad hoc services provided. The WOFEs have the discretion to change the charge rate. During the term of the agreement, without the WOFEs' prior written consent, the VIEs shall not engage any third party for any of such services provided under this agreement.

(iii) Loan agreement

Under the loan agreement between the WOFEs and the shareholders of the VIEs, the WOFEs provided interest-free loans to the shareholders of the VIEs solely for the subscription of newly registered capital of the VIEs. The WOFEs have the sole discretion to determine the way of repayment, including requiring the shareholders to transfer their equity shares in the VIEs to the WOFEs according to the terms indicated in the Exclusive Share Purchase Option as after mentioned.

(iv) Exclusive option agreement

Pursuant to the exclusive purchase option agreement amongst the WOFEs, the VIEs and their shareholders, the shareholders of the VIEs granted the WOFEs or their designated party, an exclusive irrevocable option to purchase, all or part of the equity interests held by its shareholders, when and to the extent permitted under PRC law, at a price equal to the proportional amount of registered capital of the VIEs. Without the consent of the WOFEs or their designated party, the shareholders of the VIEs may not transfer, donate, pledge, or otherwise dispose of their equity shareholdings in any way. The exclusive purchase option agreement remains effective until the options are exercised.

(v) Equity interest pledge agreement

Pursuant to the equity interest pledge agreement amongst the WOFEs, the VIEs and their shareholders, the shareholders of the VIEs pledge all of their equity interests in the VIEs to the WOFEs, to guarantee the VIEs and their shareholders' performance of their obligations under exclusive purchase option

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

1 General information, organization and basis of preparation (Continued)

1.2 Organization and principal activities (Continued)

(v) Equity interest pledge agreement (Continued)

agreement, exclusive business cooperation agreement, loan agreement, and powers of attorney. If the VIEs and/or any of their shareholders breach their contractual obligations under this agreement, the WOFEs, as pledgee, will be entitled to certain rights, including the right to sell the pledged equity interests. Without the WOFEs' prior written consent, shareholders of the VIEs shall not transfer or assign the pledged equity interests, or create or allow any encumbrance that would prejudice the WOFEs' interests.

During the term of this agreement, the WOFEs are entitled to receive all of the dividends and profits paid on the pledged equity interests. The equity interest pledge will be effective upon the completion of the registration of the pledge with the competent local branch of the State Administration for Industry and Commerce ("SAIC"), and will remain effective until the VIEs and its shareholders discharge all their obligations under the Contractual Arrangements.

As at December 31, 2020, the Company's significant subsidiaries, VIEs, and subsidiaries of VIEs were as follows:

	Place of incorporation	Date of Incorporation or acquisition	Equity Interest Held (direct or indirect)	Principal activities
Subsidiaries				
Tencent Music Entertainment Hong Kong Limited ("TME Hong Kong") (formerly known as "Ocean Music Hong Kong Limited")	Hong Kong	July 2016*	100%	Investment holding and music content distribution
Tencent Music (Beijing) Co., Ltd. ("Beijing Tencent Music") (formerly known as "Ocean Interactive (Beijing) Information Technology Co., Ltd.")	PRC	July 2016*	100%	Technical support and consulting services
Yeelion Online Network Technology (Beijing) Co., Ltd. ("Yeelion Online")	PRC	July 2016*	100%	Technical support and consulting services
Tencent Music Entertainment Technology (Shenzhen) Co., Ltd. ("TME Tech Shenzhen")	PRC	February 2017	100%	Online music and entertainment related services
Variable Interest Entities				
Guangzhou Kugou Computer Technology Co., Ltd. ("Guangzhou Kugou")	PRC	July 2016*	100%	Online music and entertainment related services
Beijing Kuwo Technology Co., Ltd. ("Beijing Kuwo")	PRC	July 2016*	100%	Online music and entertainment related services
Xizang Qiming Music Co., Ltd. ("Xizang Qiming")	PRC	February 2018	100%	Music content investments
Subsidiaries of Variable Interest Entities				
Tencent Music Entertainment (Shenzhen) Co., Ltd. ("TME Shenzhen")	PRC	July 2016*	100%	Online music and entertainment related services

* Representing the entities acquired by the Group on July 12, 2016.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

1 General information, organization and basis of preparation (Continued)

1.2 Organization and principal activities (Continued)

Apart from the significant subsidiaries, VIEs and subsidiaries of VIEs listed above, there are certain non-wholly owned subsidiaries of the Group, of which management of the Group considered that these non-wholly owned subsidiaries are not significant to the Group, accordingly, no summarized financial information of these non-wholly owned subsidiaries is presented separately.

Risks in relation to the VIEs

In the opinion of the Company's management, the contractual arrangements discussed above have resulted in the Company, and the WOFE having the power to direct activities that most significantly impact the VIEs, including appointing key management, setting up operating policies, exerting financial controls and transferring profit or assets out of the VIEs at its discretion. The Company has the power to direct activities of the VIEs and can have assets transferred out of the VIEs under its control. Therefore, the Company considers that there is no asset in any of the VIEs that can be used only to settle obligations of the VIEs, except for registered capital, capital reserve and PRC statutory reserves of the VIEs totaling RMB4,206 million and RMB4,185 million as at December 31, 2019 and 2020, respectively.

Currently there is no contractual arrangement that could require the Company to provide additional financial support to the VIEs. As the Company is conducting its Internet-related business mainly through the VIEs, the Company may provide such support on a discretionary basis in the future, which could expose the Company to a loss. As the VIEs organized in the PRC were established as limited liability companies under PRC law, their creditors do not have recourse to the general credit of the WOFE for the liabilities of the VIEs, and the WOFE does not have the obligation to assume the liabilities of these VIEs.

The Company determines that the Contractual Arrangements are in compliance with PRC law and are legally enforceable. However, uncertainties in the PRC legal system could limit the Group's ability to enforce the Contractual Arrangements.

On January 19, 2015, the Ministry of Commerce of the PRC ("MOFCOM"), released for public comment a proposed PRC law, the Draft FIE Law, that appears to include Consolidated VIEs within the scope of entities that could be considered as foreign invested enterprises, or FIEs, that would be subject to restrictions under existing PRC law on foreign investment in certain categories of industry. Specifically, the Draft FIE Law introduces the concept of "actual control" for determining whether an entity is considered to be an FIE. In addition to control through direct or indirect ownership or equity, the Draft FIE Law includes control through contractual arrangements within the definition of "actual control." The Draft FIE Law includes provisions that would exempt from the definition of foreign invested enterprises entities where the ultimate controlling shareholders are either entities organized under PRC law or individuals who are PRC citizens. The Draft FIE Law is silent as to what type of enforcement action might be taken against existing entities that operate in restricted or prohibited industries and are not controlled by entities organized under PRC law or individuals who are PRC citizens. If the restrictions and prohibitions on foreign invested enterprises included in the Draft FIE Law are enacted and enforced in their current form, the Company's ability to use the Contractual Arrangements and the Company's ability to conduct business through them could be severely limited.

The Company's ability to control VIEs also depends on rights provided to the WOFE, under the powers of attorney agreement, to vote on all matters requiring shareholder approval. As noted above, the Company believes these powers of attorney agreements are legally enforceable, but they may not be as effective as direct equity ownership. In addition, if the corporate structure of the Group or the contractual arrangements

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

1 General information, organization and basis of preparation (Continued)

1.2 Organization and principal activities (Continued)

between the or the WOFE, the VIEs and their respective shareholders were found to be in violation of any existing PRC laws and regulations, the relevant PRC regulatory authorities could:

- revoke the Group's business and operating licenses;
- require the Group to discontinue or restrict its operations;
- restrict the Group's right to collect revenues;
- block the Group's websites;
- require the Group to restructure the operations, re-apply for the necessary licenses or relocate its businesses, staff and assets;
- impose additional conditions or requirements with which the Group may not be able to comply; or
- take other regulatory or enforcement actions against the Group that could be harmful to the Group's business.

The following are major financial statements amounts and balances of the Group's VIEs and subsidiaries of VIEs as at December 31, 2019 and 2020 and for the years ended December 31, 2018, 2019 and 2020 on a combined basis.

	As at December 31,	
	2019 RMB'million	2020 RMB'million
Total current assets	9,303	10,700
Total non-current assets	5,824	7,394
Total assets	15,127	18,094
Total current liabilities	(6,446)	(6,986)
Total non-current liabilities	(425)	(393)
Total liabilities	(6,871)	(7,379)

	Year ended December 31,		
	2018 RMB'million	2019 RMB'million	2020 RMB'million
Total revenues	18,966	25,379	29,094
Net profit	1,333	1,323	1,625
Net cash (outflow)/inflow from operating activities	(334)	(101)	1,222
Net cash outflow from investing activities	(1,244)	(185)	(1,099)
Net cash outflow from financing activities	—	(115)	(53)
Net (decrease)/increase in cash and cash equivalents	(1,578)	(401)	70
Cash and cash equivalents, beginning of the year	3,306	1,728	1,327
Cash and cash equivalents, end of the year	1,728	1,327	1,397

The above combined financial statements amounts and balances have included intercompany transactions which have been eliminated in the Company's consolidated financial statements.

As at December 31, 2019 and 2020, the total assets of Group's VIEs mainly consisted of cash and cash equivalents, accounts receivable, prepayments, deposits and other current assets and intangible assets.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

1 General information, organization and basis of preparation (Continued)

1.2 Organization and principal activities (Continued)

As at December 31, 2019 and 2020, the total liabilities of VIEs mainly consisted of accounts payable, accrued expenses and other current liabilities.

The recognized revenue-producing assets held by the Group's VIEs include intangible assets acquired through business combination, prepaid content royalties and domain names, servers and leasehold improvements relating to office facilities. The balances of these assets as at December 31, 2019 and 2020 were included in the line of "Total non-current assets" in the table above.

The unrecognized revenue-producing assets held by the Group's VIEs mainly consist of internally generated intellectual property, licenses, and trademarks that the Group relies on to operate its businesses.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of other investments, financial assets at fair value through other comprehensive income, short-term investments, other financial liabilities which are carried at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.2 New and amendments to the accounting standards adopted and recent accounting pronouncements

(a) New and amendments to the accounting standards adopted

The following standards and amendments have been adopted by the Group for the first time for the financial year beginning on January 1, 2020:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Conceptual Framework	Revised Conceptual Framework for Financial Reporting
IFRS 16 (amendments)	COVID-19 related rent concessions.
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The adoption of these new and amended standards does not have material impact on the consolidated financial statements of the Group.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.2 New and amendments to the accounting standards adopted and recent accounting pronouncements (Continued)

(b) Recent accounting pronouncements

The following new standards and amendments to standards have not come into effect for the financial year beginning January 1, 2020, and have not been early adopted by the Group in preparing these consolidated financial statements. None of these new standards and amendments to standards is expected to have a significant effect on the consolidated financial statements of the Group.

		Effective for annual periods beginning on or after
Amendments to IAS 28 and IFRS 10	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform—phase 2	1 January 2021
IAS 16 (amendments)	Property, plant and equipment: Proceeds before intended use	1 January 2022
IAS 37 (amendments)	Onerous contract—cost of fulfilling a contract	1 January 2022
Amendments to IFRS	Annual Improvements to IFRS Standards 2018-2020 Cycle	1 January 2022
IAS 1 (amendments)	Classification of Liabilities as current and non-current	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023

2.3 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including VIEs as stated in Note 1.2 above) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet, respectively.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.3 Principles of consolidation and equity accounting (Continued)

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally but not necessarily accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognized at cost. Interests in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognized at cost in the consolidated balance sheet.

(c) Joint ventures

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method (see (d) below), after initially being recognized at cost in the consolidated balance sheet.

(d) Equity accounting

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10 whenever there is an indication that the carrying amount may be impaired in accordance with Note 2.11 (b).

2.4 Business combinations

The acquisition method of accounting is used to account for all business combinations except for the business combinations under common control as stated below, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.4 Business combinations (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

Business combination under common control

The Group accounts for the business combination between entities under common control using the predecessor accounting. For predecessor accounting:

- Assets and liabilities of the acquired entity are stated at predecessor carrying values. Fair value measurement is not required.
- No new goodwill arises in predecessor accounting.
- Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity in retained earnings or in a separate reserve.

The Group does not restate any assets and liabilities of the acquired entity. The assets and liabilities of the acquired entity are consolidated using the predecessor's amounts from the controlling party's perspective. No new goodwill is recorded. Any difference between the cost of investment and the carrying value of the net assets is recorded in equity as merger reserve.

The Group elects to incorporate the acquired entity's results only from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements do not reflect the results of the acquired entity for the period before the transaction occurred. The corresponding amount for the previous year is also not restated.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments and making strategic decisions. The Group's chief operating decision makers have been identified as executive directors of the Company, who review the consolidated results of operations when making decisions about allocating resources and assessing performance of the Group as a whole.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.5 Segment reporting (Continued)

For the purpose of internal reporting and management's operation review, the chief operating decision-makers and management personnel do not segregate the Group's business by product or service lines. Hence, the Group has only one operating segment. In addition, the Group does not distinguish between markets or segments for the purpose of internal reporting. As the Group's assets and liabilities are substantially located in the PRC, substantially all revenues are earned and substantially all expenses are incurred in the PRC, no geographical segments are presented.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is United States Dollars ("US\$"). As the major operations of the Group are within the PRC, the Group presents its consolidated financial statements in Renminbi ("RMB"), unless otherwise stated.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the income statement.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance cost. All other foreign exchange gains and losses are presented in the income statement on a net basis within finance cost.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gains or losses on sale.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.6 Foreign currency translation (Continued)

(c) Group companies (Continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Servers and network equipment	3 - 5 years
Office furniture, equipment and others	3 - 5 years
Leasehold improvements	Shorter of expected lives of leasehold improvements and lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the income statement.

2.8 Goodwill

Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, below the operating segment.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.9 Other intangible assets

(a) Domain name, trademark and Internet audio/video program transmission license

Separately acquired domain name, trademark and Internet audio/video program transmission license are shown at historical cost. These assets acquired in a business combination are recognized at fair value at the acquisition date. Domain name, trademark and Internet audio/video program transmission license have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of these assets and over their respective useful lives of no more than 12 years. The useful lives of these assets are the periods over which they are expected to be available for use by the Group, and the management of the Group also take into account of past experience when estimating the useful lives.

(b) Separately acquired and internal developed contents and copyrights

Separately acquired contents and copyrights are shown at historical cost. The Group also produces or/and contracts external parties to produce contents to exhibit on its platforms. Produced contents includes direct production costs, production overhead and acquisition costs. The Group recognizes internal developed contents as intangible assets only when the following criteria are met: the technical feasibility of completing the intangible asset exists, there is an intent to complete and an ability to use or sell the intangible asset, the intangible asset will generate probable future economic benefits, there are adequate resources available to complete the development and to use or sell the intangible asset, and there is the ability to reliably measure the expenditure attributable to the intangible asset during its development. Capitalized in house produced contents are amortized on a straight-line basis over the estimated useful lives of 1 to 5 years.

(c) Other intangible assets acquired in a business combination

Other intangible assets acquired in a business combination are recognized initially at fair value at the acquisition date and subsequently carried at the amount initially recognized less accumulated amortization and impairment loss, if any.

Amortization is calculated using the straight-line method to allocate the costs of acquired intangible assets over the following estimated useful lives:

Online users	1 year
Corporate customer relationship	3 - 4 years
Supplier resources	3 - 6 years
Non-compete agreements	4 - 5 years
Copyrights	3 - 7 years

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment review on the goodwill of the Group is conducted by the management as at December 31 according to IAS 36 "Impairment of assets". An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.10 Impairment of non-financial assets (Continued)

separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Investments and other financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments only when its business model for managing those assets changes.

Purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Initial recognition and subsequent measurement of debt instruments depend on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. There are three categories into which the Group classifies its debt instruments:

- Amortized cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as and measured at amortized cost. A gain or loss on a debt investment measured at amortized cost which is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is recognized using the effective interest rate method.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.11 Investments and other financial assets (Continued)

(a) Classification and measurement (Continued)

Debt instruments (Continued)

- Fair value through other comprehensive income: Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are classified as and measured at fair value through other comprehensive income. Movements in the carrying amount of these financial assets are taken through other comprehensive income, except for the recognition of impairment losses or reversals, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in "other gains/(losses), net" in the consolidated income statement. Interest income from these financial assets is recognized using the effective interest rate method. Foreign exchange gains and losses and impairment losses or reversals are presented in "other gains/(losses), net".
- Fair value through profit or loss: Financial assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are classified as and measured at fair value through profit or loss. A gain or loss on a debt investment measured at fair value through profit or loss which is not part of a hedging relationship is recognized in profit or loss and presented in "other gains/(losses), net" for the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in "other gains/(losses), net" in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivable and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized since initial recognition.

Impairment on deposits and other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a deposit or receivable has occurred since initial recognition, the impairment is measured as lifetime expected credit losses.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.11 Investments and other financial assets (Continued)

(b) Impairment (Continued)

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(c) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Company currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Company has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.12 Inventories

Inventories, mainly consisting of merchandise for sale, are primarily accounted for using the weighted average method and are stated at the lower of cost and net realizable value.

2.13 Accounts receivable

Accounts receivable are amounts due from customers for goods sold or services performed in the ordinary course of business. Accounts receivable are generally due for settlement within 30 to 90 days and therefore are all classified as current.

2.14 Short-term investments

Short-term investments are investments issued by commercial banks in the PRC with a variable return and accounted for as financial assets at fair value through profit and loss (see Note 2.11 above). Since these investments' maturity dates are within one year, they are classified as current assets.

2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term deposits with original maturities of three months or less.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.16 Share capital (Continued)

holders as treasury shares until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs) is included in equity attributable to the Company's equity holders.

2.17 Accounts and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 1 year of recognition. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

2.18 Borrowings (including notes payable)

Borrowings (including notes payable) issued by the Group are recognised initially at fair value, net of transaction costs incurred. They are subsequently carried at amortized cost. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over their terms using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan facilities to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortized over the term of the facility to which it relates. Notes payable are classified as non-current liabilities unless the Group has an unconditional obligation to settle the liability within 12 months after the end of the reporting period.

General and specific finance costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. During the year ended December 31, 2020, finance cost capitalised was nil.

2.19 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.19 Current and deferred income tax (Continued)

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(c) Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(d) Uncertain tax positions

In determining the amount of current and deferred income tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes, interest or penalties may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

2.20 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick and maternity leave are not recognized until the time of leave.

(b) Pension obligations

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.20 Employee benefits (Continued)

(b) Pension obligations (Continued)

governments or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plan prior to vesting fully in the contributions.

2.21 Share-based payments

The Group operates a number of equity-settled share-based compensation plan (including share option schemes and share award schemes), under which the Group receives services from employees as consideration for equity instruments (including stock options and restricted shares units ("RSUs")) of the Group. In addition, the controlling shareholder, Tencent, also operates certain share-based compensation plans (mainly share option schemes and share award schemes) which may cover the employees of the Group. Share awards granted to the employees of the Group are measured at the grant date based on the fair value of equity instruments and are recognized as an expense over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, and credited to equity as "share-based compensation reserve" if it is related to equity instruments of the Company or as "contribution from ultimate holding company" if it is related to equity instruments of Tencent.

For grant of share options, the total amount to be expensed is determined by reference to the fair value of the options granted by using Binomial model (the "Binomial Model"). The determination of the fair value is affected by the share price as well as assumptions regarding a number of complex and subjective variables, including the expected share price volatility, expected forfeiture rate, risk-free interest rates, contract life and expected dividends. For grant of award shares, the total amount to be expensed is determined by reference to the fair value of the Company or market price of Tencent's shares at the grant date.

Forfeitures are estimated at the time of grant and revised in the subsequent periods if actual forfeitures differ from those estimates.

If a share-based arrangement involving a compound financial instrument issued by the Group, which includes a debt component (i.e. the counterparty's right to demand payment in cash) and an equity component (i.e. the counterparty's right to demand settlement in equity instruments rather than in cash), to any party other than employees, the Group measure the equity component of the compound financial instrument as the difference between the fair value of the goods or services received and the fair value of the debt component, at the date when the goods or services are received. If a compound financial instrument issued by the Group to the employees, the Group first measure the fair value of the debt component, and then measure the fair value of the equity component—taking into account that the counterparty must forfeit the right to receive cash in order to receive the equity instrument. The fair value of the compound financial instrument is the sum of the fair values of the two components. The debt component will be accounted for as a cash-settled share-based payment transaction; and the equity component will be accounted for as an equity-settled share-based payment.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.22 Provisions

Provisions for legal claims and service warranties are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2.23 Revenue recognition

The Group generates revenues primarily from provision of music entertainment services, such as paid music, virtual gifts sales and content sublicensing, and online advertising. Revenue is recognized when or as the control of the services or goods is transferred to the customer. Depending on the terms of the contract and the laws that are applied to the contract, control of the services and goods may be transferred over time or at a point in time.

(a) Revenue from online music services

Online music services revenues primarily include revenues from subscriptions, sale of digital music singles and albums, content sublicensing and online advertising on the Group's online music platforms.

The Group provides to users certain subscription packages which entitle paying subscribers a fixed amount of non-accumulating downloads per month and unlimited "ad-free" streaming of the Group's full music content offerings with certain privilege features on its music platforms. The subscription fee for these packages is time-based and is collected upfront from subscribers. The terms of time-based subscriptions range from one month to twelve months. The receipt of subscription fee is initially recorded as deferred revenue. The Group satisfies its various performance obligations by providing services throughout the subscription period and revenue is recognized over time accordingly.

The Group also provides its users to purchase early release access to certain new digital music singles and albums. These singles and albums can be downloaded and streamed only through the Group's platform. Such music singles and albums will be made available to all users to access after the initial launch period which is generally 3 months. The Group considers that it provides the early access to the newly launched singles and albums within its platform as opposed to providing functional intellectual property to the users. As a result, the performance obligation of providing early access is satisfied over time.

The above services can be paid directly by users by way of online payment channels or through various third party platforms. The Group records revenue on gross basis according to the criteria stated in (c) below and recognizes service fees levied by online payment channels or third party platforms ("Channel Fees") as the cost of revenues in the same period as the related revenue is recognized.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.23 Revenue recognition (Continued)

(a) Revenue from online music services (Continued)

The Group sublicenses certain of the Group's music content to other music platforms for a fixed period of time, typically one year, that falls within the original license period. The Group is obliged to replicate the licensed content library for any subsequent changes in the contents, including any new contents or removal of existing contents, updated by the contents partners any time during the sublicense period. As a result, the Group determines sublicense of contents as a single performance obligation. Revenues from sublicensing the contents is recognized over the sublicense period. The Group only recognizes revenue when it is highly probable that this will not result in a significant reversal of revenue when any uncertainty is resolved. The Group does not adjust the promised amount of consideration for the effects of any significant financing component as the sublicense period is typically one year.

Advertising revenue is primarily generated through display ads on the Group's platforms. Advertising contracts are signed to establish the fixed prices and advertising services to be provided based on cost per display ("CPD") or cost per mille ("CPM") arrangements. When the collectability is reasonably assured, advertising revenues from the CPD arrangements that are display ads for an agreed period of time, are recognized ratably over the contract period of display based on a time-based measure of progress as the performance obligation is expended evenly over the period, while revenue from the CPM arrangements are recognized based on the number of times that the advertisement has been displayed. The Group allocates revenue to each performance obligation on a relative stand-alone selling price basis which is determined with reference to the prices charged to customers.

The Group also entered into contracts with advertising agencies third-party or entities controlled by Tencent, which represent the Group in negotiation and contracting with advertisers. The Group shares with these advertising agencies a portion of the revenues the Group derives from the advertisers. Revenues are recognized on a gross or net basis based on assessment according to the criteria stated in (c) below. If revenue for advertising through these advertising agencies are recorded at the gross amount, the portion remitted to advertising agencies, including any cash incentive in the form of commissions, is recorded as cost of revenues. If revenue for advertising through these advertising agencies are recorded at the net amount, cash incentives, in the form of commissions to any advertising agencies based on volume and performance, are accounted for as a reduction of revenue, based on expected performance.

(b) Revenue from social entertainment services and others

The Group offers virtual gifts to users for free or sell virtual gifts to users on the Group's online karaoke and live streaming platforms. The virtual gifts are sold to users at different specified prices as pre-determined by the Group. The utilization of each virtual gift sold to users is considered as the performance obligation and the Group allocates revenue to each performance obligation on a relative stand-alone selling price basis, which are determined based on the prices charged to customers.

Virtual gifts are categorized as consumable, time-based and durable. Consumable items are consumed upon purchase and use while time-based items could be used for a fixed period. The Group does not have further obligations to the user after the virtual gifts are consumed immediately or after the stated period for time-based items. The revenue for the sale of consumable virtual gifts on the online karaoke and online broadcasting platforms is recognized immediately when a virtual item is consumed or, in the case of a time-based virtual item, recognized ratably over the useful life of the items, which generally

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.23 Revenue recognition (Continued)

(b) Revenue from social entertainment services and others (Continued)

does not exceed one year. The Group recognizes the revenue for sale of durable virtual gifts over their estimated lifespans of no longer than six months, which are determined by the management based on the expected service period derived from past experiences, given there is an implicit obligation of the Group to maintain the virtual gifts operated on its platforms.

The Group may share with performers a portion of the revenues derived from the sale of the virtual gifts on the online karaoke and live streaming platforms. Revenues for the sale of virtual gifts are recorded at the gross amount with the portion remitted to performers recorded as cost of revenues as the Group considers itself the primary obligor in the sale of virtual gifts with the latitude in establishing prices, and the rights to determine the specifications or change the virtual gifts.

The Group also generates revenue from online karaoke and live streaming services by selling premium memberships that provide paying users with certain privileges. The fees for these packages are time-based ranging from one month to twelve months and are collected up-front from subscribers. The receipt of subscription fee is initially recorded as deferred revenue. The Group satisfies its performance obligation by providing services over the subscription period and revenue is recognized ratably over the subscription period.

The Group also generated advertising revenue from its social entertainment platforms and the policies for recognized advertising revenue is described in Note 2.23(a) above.

(c) Principal agent consideration

The Group reports the revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in a transaction. The determination of whether to report the revenues of the Group on a gross or net basis is based on an evaluation of various factors, including but not limited to whether the Group (i) is the primary obligor in the arrangement; (ii) has latitude in establishing the selling price; (iii) changes the product or performs part of the service; (iv) has involvement in the determination of product and service specifications.

The Group does not disclose the information about the remaining performance obligations as the performance obligations of the Group have an expected duration of one year or less.

(d) Contract liabilities and contract costs

A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contract costs includes incremental costs of obtaining a contract and costs to fulfil a contract.

2.24 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.25 Cost of revenues

Cost of revenues mainly consists of service costs, advertising agency fees, channel fees, amortization of intangible assets, salaries and benefits for operation personnel (including related share-based compensation) and others.

Service costs include royalty payments to music content providers and revenue sharing with performers on the online karaoke and live streaming platforms. Payment arrangements with music content providers are mainly calculated under pre-determined revenue sharing based on actual usage of content. Certain arrangements require the Group to pay certain non-recoupable royalty in advance. The Group expenses the non-recoupable royalty on a straight-line basis over the relevant contractual periods and accrues additional royalty costs when revenue sharing during a contractual period is expected to exceed the non-recoupable royalty amounts.

2.26 Selling and marketing expenses

Selling and marketing expenses mainly consist of advertising expenses for branding and acquiring user traffic for our online music show platforms, salaries and commissions for our sales and marketing personnel (including related share-based compensation) and intangible assets amortization. Advertising costs are included in “Selling and marketing” and are expensed when the service is received.

2.27 General and administrative expenses

General and administrative expenses mainly consist of salaries and benefits for management and administrative personnel and research and development personnel (including related share-based compensation), rental and depreciation expenses related to facilities and equipment used by our research and development team, professional service expense, amortization of intangible assets and other general corporate expenses. The Group recognizes research and development related costs as expense when incurred as the amount of costs qualifying for capitalization has been immaterial.

2.28 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2.29 Leases

Until December 31, 2018, leases in which a significant portion of the risks and rewards of ownership were not transferred to the group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.29 Leases (Continued)

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

2 Summary of significant accounting policies (Continued)

2.29 Leases (Continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The lease terms of building and others are generally less than six years and less than two years, respectively.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2.30 Dividends distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Distribution of non-cash assets to the Company's shareholders is recognized and measured at the fair value of the non-cash assets to be distributed. Any difference between the fair value and the carrying amount of the non-cash assets to be distributed is recognized in the income statement.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimize the potential adverse effects on the financial performance of the Group. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB and US\$. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries. The functional currency of the Company and majority of its overseas subsidiaries is USD whereas the functional currency of the subsidiaries which operate in the PRC is RMB. The Group currently does not hedge transactions undertaken in foreign currencies but manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

If RMB had strengthened/weakened by 5% against US\$ with all other variables held constant, the post-tax profit would have been RMB28 million higher/lower and RMB35 million higher/lower, for the years ended December 31, 2019 and 2020, respectively, as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in RMB/US\$ which is not the functional currencies of the respective Group's entities.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Group is exposed to price risk because of investments held by the Group, which were classified as financial assets at fair value through other comprehensive income and other investments for 2019 and 2020. The Group is not exposed to commodity price risk.

The sensitivity analysis is determined based on the exposure to equity price risk of financial assets at fair value through other comprehensive income and other investments at the end of each reporting period. If equity prices of the respective instruments held by the Group had been 5% higher/lower, the other comprehensive income would have been approximately RMB223 million and RMB489 million higher/lower, for the years ended December 31, 2019 and 2020, respectively, and profit for the year would have been approximately RMB11 million and RMB19 million higher/lower, for the years ended December 31, 2019 and 2020, respectively.

(iii) Interest rate risk

Other than term deposits with initial terms of over three months and cash and cash equivalents, the Group has no other significant interest-bearing assets.

The Group's exposure to changes in interest rates is attributable to its notes payable issued during the year ended December 31, 2020 (Note 24), which carried at fixed rates and does not expose the Group to cash flow interest-rate risk. Accordingly, the directors of the Company do not anticipate there is any significant impact on the Group's financial performance resulted from the changes in interest rates.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash deposits (including term deposits) placed with banks and financial institutions, short-term investments, as well as accounts and other receivables. The carrying amount of each class of these financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

The Group has policies in place to ensure that credit terms are granted to counterparties, including customers for contents sublicenses, advertising agencies, third parties platforms as well as entities under Tencent, with an appropriate credit history and the Group performs periodic credit evaluations of these counterparties. Management does not expect any loss arising from non-performance by these counterparties.

Customers for contents sublicenses and the third parties platforms are reputable corporations with sound financial position. The credit quality of the advertising agencies are assessed on a regular basis based on historical settlement records and past experience.

In addition, deposits are only placed with reputable domestic or international financial institutions. There has been no recent history of default in relation to these financial institutions.

Top five customers, which accounted for 15% of gross accounts receivable, representing 6%, 3%, 2%, 2% and 2% of the gross accounts receivable respectively as at December 31, 2020. Nevertheless no single external customer amount to more than 10% of the revenue of the Group for the year ended December 31, 2020.

The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

observed default rates over the expected life of the receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. The historical observed default rates are updated based on the payment profiles of receivable over a period of 12 months, and changes in the forward-looking estimates are analyzed at year end. For the years ended December 31, 2019 and 2020, loss allowance made against the gross amounts of accounts receivable were not significant, and provision matrix is not presented.

As at December 31, 2020, the carrying amounts of accounts receivable approximated their fair values.

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents and short-term investments to meet financial obligations when due. Management monitors rolling forecasts of the Group's liquidity requirements on the basis of expected cash flows and considering the maturities of financial assets and financial liabilities.

As at December 31, 2019 and 2020, the Group's major external borrowings represented the senior unsecured notes issued in September 2020, details of which are disclosed in Note 24. The contractual undiscounted cash flows of the Group's notes payable and related interest expenses in the next twelve months, more than 1 year but within 5 years and over 5 years as at December 31, 2020 are RMB92 million, RMB2,326 million and RMB3,589 million respectively.

Apart from the above, majority of its financial liabilities comprised lease liabilities, accounts payable, and other payables and accruals. Except for the other payables and accruals are due for settlement contractually within 12 months, the contractual undiscounted cash flows of the Group's lease liabilities payable in the next twelve months and more than 1 year but within 5 years as at December 31, 2020 are RMB116 million (FY19: RMB78 million) and RMB248 million (FY19: RMB82 million) respectively. The contractual undiscounted cash flows of the Group's accounts payable in the next twelve months and more than 1 year but within 5 years as at December 31, 2020 are RMB3,567 million and RMB150 million respectively.

The contractual undiscounted cash outflow of the Group's financial liabilities approximates their carrying amounts included in the consolidated balance sheet.

3.2 Capital risk management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As at December 31, 2019 and 2020, the directors of the Company consider the risk of the Group's capital structure is remote as the Group has a net cash position.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

3 Financial risk management (Continued)

3.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as at December 31, 2019 and 2020 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at December 31, 2019 and 2020, the Group's financial instruments carried at fair values comprised financial assets at fair value through other comprehensive income (Note 17(a)), short-term investments and other investments (Note 17(b)) stated in the consolidated balance sheets were measured at level 1, level 2 and level 3 fair value hierarchy, respectively. The Group's contingent consideration of RMB112 million and nil included in other payables and other liabilities (Note 25) as at December 31, 2019 and 2020, respectively were measured at level 3 fair value hierarchy.

The fair value of financial instruments traded in active markets is determined with reference to quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of a financial instrument are observable, the instrument is included in level 2. If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

The Group has a team of personnel who performs valuation on these level 3 instruments for financial reporting purposes. The team adopts various valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts may also be involved and consulted when it is necessary.

The components of the level 3 instruments mainly include investments in unlisted companies classified as other investment, short-term investments and contingent consideration payables. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques, including discounted cash flows approach and comparable transactions approach, etc. Major assumptions used in the valuation include historical financial results, assumptions about future growth rates, estimates of weighted average cost of capital (WACC), recent market transactions, discount for lack of marketability and other exposure etc. The fair value of these instruments determined by the Group requires significant judgement, including: (i) investments in unlisted companies and projects and short-term investments: financial performance of the investee companies, market value of comparable companies, projected cash flows as well as discount rate, etc.; and (ii) contingent consideration payables: estimated performance matrix based on historical performance and discount rate.

During the years ended December 31, 2019 and 2020, there was no transfer between level 1, 2 and 3 for recurring fair value measurements. Movement of the financial assets at fair value that using level 3

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

measurements, solely represented other investments, have been presented in Note 17(b). Movement of the financial liabilities at fair value using level 3 measurements, solely represented contingent considerations resulted from business combination is analyzed as below:

	Year Ended December 31,	
	2019	2020
	RMB'million	RMB'million
At beginning of the period	63	112
Fair value change	49	—
Settlement	—	(112)
At end of the period	<u>112</u>	<u>—</u>

4 Critical accounting estimates and judgments

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Consolidation of VIEs

As disclosed in Note 1.2, the Group exercises control over the VIEs and has the right to recognize and receive substantially all the economic benefits through the Contractual Arrangements. The Group considers that it controls the VIEs notwithstanding the fact that it does not hold direct equity interests in the VIEs, as it has power over the financial and operating policies of the VIEs and receive substantially all the economic benefits from the business activities of the VIEs through the Contractual Arrangements. Accordingly, all these VIEs are accounted for as controlled structured entities and their financial statements have also been consolidated by the Company.

(b) The estimates of the lifespans of durable virtual gifts

Users purchase certain durable virtual gifts on the Group's online karaoke and live streaming platforms and the relevant revenue is recognized based on the estimated lifespans of the virtual gifts. The estimated lifespans are determined by the management based on the expected service period derived from historical data of user relationship period.

Significant judgements are required in determining the expected user relationship periods, including but not limited to historical users' activities patterns and churn out rate. The Group has adopted a policy of assessing the estimated lifespans of virtual gifts on a regular basis whenever there is any indication of change in the expected user relationship periods.

Any change in the estimates may result in the revenue being recognized on a different basis from that in prior periods.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

4 Critical accounting estimates and judgments (Continued)

(c) Recoverability of non-financial assets

The Group tests annually whether goodwill has suffered any impairment. Goodwill and other non-financial assets, mainly including property, plant and equipment, right-of-use assets, intangible assets, as well as investments accounted for using equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (iii) the selection of the most appropriate valuation technique, e.g. the market approach, the income approach, as well as a combination of approaches, including the adjusted net asset method; and (iv) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the revenue growth and margin, terminal growth rates and pre-tax discount rates assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to income statement.

(d) Share-based compensation arrangements

The Group measures the cost of equity-settled transactions with employees and non-employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is estimated using a model which requires the determination of the appropriate inputs. The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of the options and awarded shares (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to the consolidated income statement. The assumptions and models used for estimating the fair value of share-based payment transactions are disclosed in Note 23.

(e) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact current income tax and deferred income tax in the period in which such determination is made.

5 Revenue

During the years ended December 31, 2018, 2019 and 2020, revenue contributed from music subscription packages amounted to RMB2,499 million, RMB3,563 million and RMB5,560 million, respectively.

As at December 2019 and 2020, incremental contract costs related to contracts with customers are not material to the Group. Details of contract liabilities were disclosed in Note 26.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

6 Interest Income

Interest income mainly represents interest income from bank deposits, including bank balance and term deposits.

7 Other (losses)/gains, net

	2018 RMB'million	Year ended December 31, 2019 RMB'million	2020 RMB'million
Government grants and tax rebates (note)	52	132	245
Impairment provision for investments in associates (Note 16)	(2)	(43)	(4)
Net foreign exchange losses	(31)	—	—
Gain on step-up acquisition arising from business combination	—	—	19
Fair value change of investment	(30)	(37)	—
Gain on disposal of a subsidiary	—	—	32
Others	(18)	26	70
	<u>(29)</u>	<u>78</u>	<u>362</u>

Note: There are no unfulfilled conditions or contingencies related to these subsidies.

8 Expense by nature

	2018 RMB'million	Year ended December 31, 2019 RMB'million	2020 RMB'million
Service costs (note i)	10,323	14,967	17,478
Advertising agency fees	204	233	505
Employee benefits expenses (note ii and note iii)	2,077	2,527	3,004
Promotion and advertising expenses	1,511	1,823	2,227

Notes:

- (i) Service costs mainly comprised licensing costs, revenue sharing fees paid to content creators and content delivery costs primarily relating to server, cloud services and bandwidth costs.
- (ii) During the years ended December 31, 2018, 2019 and 2020, the Group incurred expenses for the purpose of research and development of approximately RMB937 million, RMB1,159 million and RMB1,667 million, which comprised employee benefits expenses of RMB825 million, RMB1,012 million and RMB1,488 million respectively. No significant development expenses had been capitalized for the years ended December 31, 2018, 2019 and 2020.
- (iii) Employee benefits expenses

	2018 RMB'million	Year ended December 31, 2019 RMB'million	2020 RMB'million
Wages, salaries and bonuses	1,228	1,616	2,020
Welfare, medical and other expenses	293	295	373
Share-based compensation expenses	487	519	569
Contribution to pension plans	69	97	42
	<u>2,077</u>	<u>2,527</u>	<u>3,004</u>

TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Expense by nature (Continued)

Notes (Continued):

Majority of the Group's contributions to pension plans are related to the local employees in the PRC. All local employees of the subsidiaries in the PRC participate in employee social security plans established in the PRC, which cover pension, medical and other welfare benefits. The plans are organized and administered by the governmental authorities. Other than the contributions made to these social security plans, the Group has no other material commitments owing to the employees. According to the relevant regulations, the portion of premium and welfare benefit contributions that should be borne by the companies within the Group as required by the above social security plans are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. These contributions are paid to the respective labor and social welfare authorities and are expensed as incurred.

9 Finance cost

	Year ended December 31,		
	2018	2019	2020
	RMB'million	RMB'million	RMB'million
Interest and related expenses	35	68	99
Exchange gains	—	(4)	(2)
	<u>35</u>	<u>64</u>	<u>97</u>

10 Taxation

(a) Income tax expense

Income tax expense is recognized based on management's best knowledge of the income tax rates expected for the financial year.

(i) Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. Additionally, upon payment of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

(ii) Hong Kong

Under the current tax laws of Hong Kong, TME Hong Kong is subject to Hong Kong profits tax at 16.5% on its taxable income generated from the operations in Hong Kong. Dividends from TME Hong Kong is not subject to Hong Kong profits tax.

(iii) PRC

Under the Corporate Income Tax ("CIT") Law in the PRC, foreign invested enterprises and domestic enterprises are subject to a unified CIT rate of 25%. except for available preferential tax treatments, including tax concession for enterprise approved as "High and New Technology Enterprise" ("HNTE") "Software Enterprise" ("SE") and "Key Software Enterprise" ("KSE"), and enterprise established in certain special economic development zones. Qualified HNTE is eligible for a preferential tax rate of 15%, Qualified SE is entitled to an exemption from income tax for the first two years, commencing from the first profitable year, and a reduction of half tax rate for the next three years and Qualified KSE is eligible for a preferential tax rate of 10%.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

10 Taxation (Continued)

(a) Income tax expense (Continued)

Guangzhou Kugou, Beijing Kuwo and a subsidiary of the Group, Guangzhou Fanxing Entertainment Information Technology Co., Ltd. (“Fanxing”), have been recognized as HNTE by relevant government authorities and were entitled to preferential tax rate of 15% for the years ended December 31, 2018, 2019 and 2020. Yeelion Online and TME Tech Shenzhen were qualified as SE and have entitled to tax holidays starting from the year ended December 31, 2017 (i.e. their first profitable year in 2017). TME Tech Shenzhen and Yeelion Online were further qualified as KSE and have entitled to preferential tax rate of 10% for the year ended December 31, 2019. For the year ended December 31, 2020, TME Tech Shenzhen and Yeelion Online were entitled to a reduced tax rate of 12.5%. Yeelion Online Network Technology (Tianjin) Co., Ltd. (“Yeelion Online Tianjin”) and Guangzhou Shiyinlian Software Technology Co., Ltd. (“Shiyinlian”) were qualified as SE and have been entitled to tax holidays starting from the years ended December 31, 2019 (i.e. their first profitable year in 2019).

Furthermore, the Group also has certain subsidiaries subject to other preferential tax treatment for certain reduced tax rates of 5% or 10%.

The income tax expense of the Group is analyzed as follows:

	2018	Year ended December 31,	
	RMB'million	2019	2020
		RMB'million	RMB'million
Current income tax	255	703	634
Deferred income tax (note b)	(84)	(140)	(178)
Total income tax expense	171	563	456

The taxation on the Group’s profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the years ended December 31, 2018, 2019 and 2020, being the tax rate of the major subsidiaries of the Group before enjoying preferential tax treatments, as follows:

	2018	Year ended December 31,	
	RMB'million	2019	2020
		RMB'million	RMB'million
Profit before income tax expense	2,003	4,540	4,632
Tax calculated at a tax rate of 25%	501	1,135	1,158
Effects of different tax rates applicable to different subsidiaries of the Group	396	(36)	34
Effects of tax holiday on assessable profit of certain subsidiaries	(530)	(88)	(214)
Effects of tax holiday of a subsidiary recognized for prior year	(116)	—	—
Effects of preferential tax rate on assessable profit of certain subsidiaries	(230)	(556)	(631)
Expense not deductible for tax purposes	156	133	82
Income not subject to tax	(2)	—	—
Unrecognized deferred income tax assets	37	16	46
Utilization of previously unrecognized tax assets	(40)	(50)	(11)
Others	(1)	9	(8)
	171	563	456

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

10 Taxation (Continued)

(a) Income tax expense (Continued)

The aggregate amount and per share effect of the tax holiday are as follows:

	2018 RMB'million	Year ended December 31, 2019 RMB'million	2020 RMB'million
Effects of tax holiday on assessable profit of certain subsidiaries	646	88	214
Per ordinary share effect—basic	0.21	0.03	0.06
Per ordinary share effect—diluted	0.20	0.03	0.06

The Group's profit before tax consists of:

	2018 RMB'million	Year ended December 31, 2019 RMB'million	2020 RMB'million
Non-PRC	(1,579)	470	(4)
PRC	3,582	4,070	4,636
	<u>2,003</u>	<u>4,540</u>	<u>4,632</u>

(b) Deferred income tax

	As at December 31,	
	2019 RMB'million	2020 RMB'million
The deferred tax assets comprise temporary differences attributable to:		
Prepayment and other investments	61	105
Deferred revenue	46	55
Accruals	74	136
Deemed distribution arising from carve out of Tencent Music Business	13	8
Others	6	4
Total deferred tax assets	200	308
Set-off of deferred tax liabilities pursuant to set-off provisions	(8)	(5)
Net deferred tax assets	<u>192</u>	<u>303</u>
The deferred tax liabilities comprise temporary differences attributable to:		
Intangible assets acquired in business combinations	305	270
Total deferred tax liabilities	305	270
Set-off of deferred tax liabilities pursuant to set-off provisions	(8)	(5)
Net deferred liabilities	<u>297</u>	<u>265</u>

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

10 Taxation (Continued)

(b) Deferred income tax (Continued)

The recovery of deferred income tax:

	As at December 31,	
	2019 RMB'million	2020 RMB'million
Deferred tax assets:		
to be recovered after more than 12 months	43	38
to be recovered within 12 months	149	265
	<u>192</u>	<u>303</u>
Deferred tax liabilities:		
to be recovered after more than 12 months	229	203
to be recovered within 12 months	68	62
	<u>297</u>	<u>265</u>

The movements of deferred income tax assets were as follows:

	Prepayment and other investments RMB'million	Deferred revenue RMB'million	Accruals RMB'million	Deemed distribution RMB'million	Others RMB'million	Total RMB'million
At January 1, 2019	39	30	40	19	3	131
Credited/(charged) to income statement	22	16	34	(6)	3	69
At December 31, 2019	61	46	74	13	6	200
Credited/(charged) to income statement	44	9	62	(5)	(2)	108
At December 31, 2020	<u>105</u>	<u>55</u>	<u>136</u>	<u>8</u>	<u>4</u>	<u>308</u>

The Group only recognizes deferred income tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilize those tax losses. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. As at December 31, 2019 and 2020, the Group did not recognize deferred income tax assets of RMB42 and RMB96 million respectively in respect of cumulative tax losses amounting to, RMB436 million and RMB664 million respectively. These tax losses will expire from 2021 to 2025.

The movements of deferred income tax liabilities were as follows:

	Intangible assets RMB'million	Total RMB'million
At January 1, 2019	362	362
Credited to income statement	(71)	(71)
Business combination	14	14
At December 31, 2019	305	305
Credited to income statement	(70)	(70)
Business combination	35	35
At December 31, 2020	<u>270</u>	<u>270</u>

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

11 Earnings per share

(a) Basic earnings per share

Basic earnings per share (“EPS”) is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

(b) Diluted earnings per share

For the calculation of diluted earnings per share, weighted average number of ordinary shares outstanding is adjusted by the effect of dilutive securities, including share-based awards in respect of share options and restricted share units (“RSU”) as well as puttable shares, under the treasury stock method (collectively forming the denominator for computing the diluted earnings per share). Potentially dilutive securities, including share options, RSU and puttable shares, have been excluded from the computation of weighted average number of ordinary shares for the purpose of diluted earnings per share if their inclusion is anti-dilutive. No adjustments is made to earnings (numerator).

For the years ended December 31, 2018, 2019 and 2020, certain share options, certain RSU and puttable shares that were anti-diluted and excluded from the calculation of diluted earnings per share were immaterial on a weighted average basis.

The following table sets forth the computation of basic and diluted earnings per share:

	2018 RMB'million	Year ended December 31, 2019 RMB'million	2020 RMB'million
Earnings			
Net income attributable to equity holders of the Company	1,833	3,982	4,155
	Number of shares		
Shares			
Weighted average ordinary shares outstanding, used in computing basic earnings per share	3,076,314,670	3,272,754,403	3,313,527,847
Dilution effect—adjustments for share options and RSUs	82,906,218	74,817,935	46,932,912
Shares used in computing diluted earnings per share	3,159,220,888	3,347,572,338	3,360,460,759
	RMB	RMB	RMB
Basic earnings per share for Class A and Class B ordinary shares	0.60	1.22	1.25
Diluted earnings per share for Class A and Class B ordinary shares	0.58	1.19	1.24
Basic earnings per ADS	1.19	2.43	2.51
Diluted earnings per ADS	1.16	2.38	2.47

Note: One ADS represented two Class A ordinary shares of the Company.

TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Property, plant and equipment

	Servers and network equipment RMB 'million	Leasehold improve- ments RMB 'million	Office furniture, equipment and others RMB 'million	Total RMB 'million
At January 1, 2019				
Cost	217	88	30	335
Accumulated depreciation	(96)	(57)	(14)	(167)
Net book amount	<u>121</u>	<u>31</u>	<u>16</u>	<u>168</u>
Year ended December 31, 2019				
Opening net book amount	121	31	16	168
Additions	63	13	24	100
Business combination	—	—	1	1
Disposals	—	(1)	(1)	(2)
Depreciation charge	(60)	(17)	(11)	(88)
Closing net book amount	<u>124</u>	<u>26</u>	<u>29</u>	<u>179</u>
At December 31, 2019				
Cost	264	59	41	364
Accumulated depreciation	(140)	(33)	(12)	(185)
Net book amount	<u>124</u>	<u>26</u>	<u>29</u>	<u>179</u>
Year ended December 31, 2020				
Opening net book amount	124	26	29	179
Additions	53	11	33	97
Business combination	1	—	1	2
Disposals	(1)	—	—	(1)
Depreciation charge	(66)	(13)	(22)	(101)
Closing net book amount	<u>111</u>	<u>24</u>	<u>41</u>	<u>176</u>
At December 31, 2020				
Cost	315	67	70	452
Accumulated depreciation	(204)	(43)	(29)	(276)
Net book amount	<u>111</u>	<u>24</u>	<u>41</u>	<u>176</u>

During the years ended December 31, 2018, 2019 and 2020, depreciation was charged to the consolidated income statements as follows:

	2018 RMB'million	Year ended December 31, 2019 RMB'million	2020 RMB'million
Cost of revenues	47	64	74
Selling and marketing expenses	1	1	1
General and administrative expenses	30	23	26
	<u>78</u>	<u>88</u>	<u>101</u>

TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Right-of-use assets

The carrying amounts of right-of-use assets are as below:

	Buildings RMB'million	Others RMB'million	Total RMB'million
Net book amount at January 1, 2019	100	—	100
Inception of new leases	89	20	109
Depreciation charge	(53)	(8)	(61)
Net book amount at December 31, 2019	136	12	148
Inception of new leases	257	—	257
Depreciation charge	(76)	(10)	(86)
Disposal	(8)	—	(8)
Net book amount at December 31, 2020	<u>309</u>	<u>2</u>	<u>311</u>

During the years ended December 31, 2019 and 2020, interest expense of RMB7 million and RMB9 million arising from lease liabilities was included in finance costs. Expense related to short-term leases of RMB201 million and RMB26 million were included in cost of revenues and expenses during the year ended December 31, 2019, and expense related to short-term leases of RMB238 million and RMB26 million were included in cost of revenues and expenses during the year ended December 31, 2020,

The total cash outflow in financing activities for leases in 2019 was RMB63 million, including principal elements of lease payments of approximately RMB56 million and related interest paid of approximately RMB7 million, respectively. The total cash outflow in financing activities for leases in 2020 was RMB84 million, including principal elements of lease payments of approximately RMB78 million and related interest paid of approximately RMB6 million, respectively.

The Group considered the lease as a single transaction in which the asset and liability are integrally linked and no net temporary difference at inception. As at December 31, 2019 and 2020, net temporary difference arose on settlement of the liability and the amortization of the leased asset on which deferred tax was immaterial.

During the years ended December 31, 2019 and 2020, the leases of low value items were immaterial and there were no lease with variable lease payment.

TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 Intangible assets

	Domain name, trademark and Internet audio/video program transmission license RMB'million	Copyrights RMB'million	Supplier resources RMB'million	Corporate customer relationships RMB'million	Non-compete agreement RMB'million	Others RMB'million	Total RMB'million
At January 1, 2019							
Cost	1,340	285	335	238	134	125	2,457
Accumulated amortization	(287)	(13)	(123)	(152)	(71)	(48)	(694)
Net book amount	<u>1,053</u>	<u>272</u>	<u>212</u>	<u>86</u>	<u>63</u>	<u>77</u>	<u>1,763</u>
Year ended December 31, 2019							
Opening net book amount	1,053	272	212	86	63	77	1,763
Additions	—	225	—	—	—	12	237
Business combination	—	34	—	—	22	—	56
Amortization charge	(116)	(157)	(52)	(42)	(33)	(34)	(434)
Closing net book amount	<u>937</u>	<u>374</u>	<u>160</u>	<u>44</u>	<u>52</u>	<u>55</u>	<u>1,622</u>
At December 31, 2019							
Cost	1,340	544	335	185	156	136	2,696
Accumulated amortization	(403)	(170)	(175)	(141)	(104)	(81)	(1,074)
Net book amount	<u>937</u>	<u>374</u>	<u>160</u>	<u>44</u>	<u>52</u>	<u>55</u>	<u>1,622</u>
Year ended December 31, 2020							
Opening net book amount	937	374	160	44	52	55	1,622
Additions	—	876	—	—	—	13	889
Business combination (Note 27)	—	145	—	—	—	1	146
Amortization charge	(116)	(365)	(51)	(40)	(34)	(31)	(637)
Closing net book amount	<u>821</u>	<u>1,030</u>	<u>109</u>	<u>4</u>	<u>18</u>	<u>38</u>	<u>2,020</u>
At December 31, 2020							
Cost	1,340	1,554	335	185	156	160	3,730
Accumulated amortization	(519)	(524)	(226)	(181)	(138)	(122)	(1,710)
Net book amount	<u>821</u>	<u>1,030</u>	<u>109</u>	<u>4</u>	<u>18</u>	<u>38</u>	<u>2,020</u>

TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 Intangible assets (Continued)

During the years ended December 31, 2018, 2019 and 2020, amortization was charged to the consolidated income statements as follows:

	2018	Year ended December 31,	
	RMB'million	2019	2020
		RMB'million	RMB'million
Cost of revenues	78	239	434
Selling and marketing expenses	62	42	41
General and administrative expenses	151	153	162
	<u>291</u>	<u>434</u>	<u>637</u>

15 Goodwill

	Year ended December 31,	
	2019	2020
	RMB'million	RMB'million
At January 1	17,088	17,140
Business combination	52	352
At December 31	<u>17,140</u>	<u>17,492</u>

Goodwill is tested for impairment on an annual basis or when there are indications the carrying amount may be impaired. For the purpose of impairment testing, the Group allocates its goodwill to the relevant CGUs or group of CGUs, and compares the recoverable amounts of these CGUs/groups of CGUs to their respective carrying amounts. Goodwill to the extent of approximately RMB16 billion is related to the reverse acquisition in 2016 (Note 1.1). The recoverable amount of a CGU (or group of CGUs) is the higher of its value in use and fair value less costs of disposal.

Value-in-use is calculated based on discounted cash flows. The discounted cash flows calculations of each group of CGUs use cash flow projections developed based on financial budgets approved by management of the Group covering a five-year period. Cash flows beyond the five-year period are extrapolated using a terminal growth rate of not more than 3% for each of the CGUs/group of CGUs. Other key parameters applied in the financial budgets for impairment review purpose including revenue growth and margin, which do not exceed the industry growth forecast. Pre-tax discount rates ranging from 13% to 17.5% are adopted, which reflects market assessment of time value and the specific risks relating to the industry that the Group operates. The financial projections were determined by the management based on past performance and its expectation for market development.

When determining the recoverable amounts, management has not identified reasonably possible change in key assumptions that could cause the CGU's (group of CGU's) carrying amount to exceed the recoverable amount. No impairment is recognized for the years ended December 31, 2019 and 2020.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

16 Investments accounted for using equity method

	As at December 31,	
	2019 RMB'million	2020 RMB'million
Investments in associates	422	2,196
Investments in joint ventures	67	59
	<u>489</u>	<u>2,255</u>

	Year ended December 31,		
	2018 RMB'million	2019 RMB'million	2020 RMB'million
Share of (loss)/profit of investments accounted for using equity method:			
Associates	12	(9)	23
Joint ventures	(13)	(9)	(4)
	<u>(1)</u>	<u>(18)</u>	<u>19</u>

Movement of investments in associates and joint ventures is analyzed as follows:

	Year ended December 31,	
	2019 RMB'million	2020 RMB'million
At January 1	236	489
Additions (note i)	333	1,923
Business combination	—	4
Share of (loss)/profit	(18)	19
Share of other comprehensive losses	(1)	(9)
Disposal	(1)	—
Step acquisition accounted for as business combination	—	(21)
Impairment provision (note ii)	(43)	(4)
Currency translation differences	3	(146)
Dividend received	(20)	—
At December 31	<u>489</u>	<u>2,255</u>

Notes:

- (i) In March 2020, the Group completed the investment of 9.94% equity interest in a consortium, Concerto Partners LLC (“Concerto”), which is led by Tencent to acquire a 10% equity stake in Universal Music Group (“UMG”), for an investment consideration of EUR200 million (equivalent to approximately RMB1,531 million). According to the shareholders agreement of Concerto, the Group is able to participate in certain key decision making process of Concerto and therefore, this investment is accounted for as investment in an associate.
- (ii) Both external and internal sources of information of associates are considered in assessing whether there is any indication that the investments maybe impaired, including but not limited to financial position, business performance and market capitalization. During the year ended December 31, 2020, the impairment losses mainly resulted from revisions of financial business outlook of the associates and changes in the market environment of the underlying business.

There are no material contingent liabilities relating to the Group’s interests in the investments accounted for using equity method.

TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 Financial assets at fair value

(a) Financial assets at fair value through other comprehensive income

As at December 31, 2019 and 2020, the Group's financial assets at fair value through other comprehensive income mainly represented its equity investment in Spotify Technology S.A. ("Spotify"). Spotify has been listed on the New York Stock Exchange since April 2018. During the year ended December 31, 2020, the Group subscribed approximately 0.78% of the outstanding common stock of new Warner Music Group Corp. ("WMG") during its IPO for approximately USD100 million (approximately RMB708 million at the transaction date).

Movement of financial assets at fair value through other comprehensive income is analyzed as follows:

	Year ended December 31,	
	2019	2020
	RMB'million	RMB'million
Listed equity investments		
At January 1	3,331	4,461
Addition	—	708
Fair value change	1,031	5,219
Currency translation differences	99	(617)
At December 31	<u>4,461</u>	<u>9,771</u>

(b) Other investments

Other investments represent financial assets at fair value through profit or loss. Movement of other investments is analyzed as follows:

	Year ended December 31,	
	2019	2020
	RMB'million	RMB'million
At January 1	256	255
Addition	3	132
Disposal	(4)	(1)
At December 31	<u>255</u>	<u>386</u>
Of which are:		
Current	38	37
Non-current	<u>217</u>	<u>349</u>
	<u>255</u>	<u>386</u>

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

18 Prepayments, deposits and other assets

	As at December 31,	
	2019	2020
	RMB'million	RMB'million
Included in non-current assets		
Prepaid contents royalties	816	956
	<u>816</u>	<u>956</u>
Included in current assets		
Prepaid contents royalties	1,600	1,882
Value-added tax recoverable	153	149
Prepaid vendors deposits and other receivables	199	484
Prepaid promotion and other expenses	133	239
Receivable from Tencent (Note 31(b))	50	39
Others	85	53
	<u>2,220</u>	<u>2,846</u>

19 Accounts receivable

	As at December 31,	
	2019	2020
	RMB'million	RMB'million
Accounts receivable	2,209	2,814
Less: loss allowance for expected credit losses	(11)	(14)
Accounts receivable, net	<u>2,198</u>	<u>2,800</u>
Ageing analysis of the accounts receivable based on invoice date:		
Up to 3 months	1,913	2,490
3 to 6 months	116	165
Over 6 months	180	159
	<u>2,209</u>	<u>2,814</u>

The loss allowances for accounts receivable as at December 31, 2019 and 2020 reconciled to the opening loss allowances as follows:

	Year ended December 31,	
	2019	2020
	RMB'million	RMB'million
At January 1	7	11
Provision for loss allowance recognized in income statement	18	8
Receivables written off during the year as uncollectible	(14)	(5)
At December 31	<u>11</u>	<u>14</u>

20 Term deposits and cash and cash equivalents

(a) Term deposits

As at December 31, 2019 and 2020, the Group's term deposits were denominated in RMB.

As at December 31, 2019 and 2020, the carrying amounts of the term deposits with initial terms of over three months approximated their fair values.

TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 Term deposits and cash and cash equivalents (Continued)

(b) Cash and cash equivalents

	As at December 31,	
	2019	2020
	RMB'million	RMB'million
Cash at bank	8,892	11,108
Term deposits with initial terms within three months	6,534	20
	<u>15,426</u>	<u>11,128</u>

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

21 Share capital

	Number of issued shares*	Share capital RMB'million	Additional paid-in capital RMB'million	Shares held for share award schemes RMB'million	Treasury Shares RMB'million
Balance January 1, 2018					
(US\$0.000083 par value; 4,800,000,000 shares authorized)	2,970,573,050	2	23,915	—	—
Issuance of ordinary shares (note i)	97,381,238	—	2,433	—	—
Issuance of ordinary shares for acquiring the remaining interest in UEC	23,084,008	—	1,027	—	—
Issuance of puttable ordinary shares (note ii)	24,757,517	—	—	—	—
Issuance of ordinary shares to Music Label Partners (note iii)	68,131,015	—	2,905	—	—
Issuance of ordinary shares upon initial public offering (note iv)	<u>82,059,658</u>	<u>—</u>	<u>3,496</u>	<u>—</u>	<u>—</u>
Balance December 31, 2018					
(US\$0.000083 par value; 4,800,000,000 shares authorized)	<u>3,265,986,486</u>	<u>2</u>	<u>33,776</u>	<u>—</u>	<u>—</u>
Issuance of ordinary shares (note v)	280,512	—	12	—	—
Employee share award schemes					
—value of employee service	—	—	637	—	—
—Shares held for share award schemes (note vi)	—	—	—	(31)	—
—Shares allotted and issued for share award schemes (note vii)	<u>88,798,940</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance December 31, 2019					
(US\$0.000083 par value; 4,800,000,000 shares authorized)	<u>3,355,065,938</u>	<u>2</u>	<u>34,425</u>	<u>(31)</u>	<u>—</u>
Employee share award schemes					
—value of employee service	—	—	619	—	—
—Shares held for share award schemes (note vi)	—	—	—	(47)	—
—Shares allotted and issued for share award schemes (note vii)	30,077,800	—	—	—	—
Repurchase of ordinary shares (note viii)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(134)</u>
Balance December 31, 2020					
(US\$0.000083 par value; 4,800,000,000 shares authorized)	<u>3,385,143,738</u>	<u>2</u>	<u>35,044</u>	<u>(78)</u>	<u>(134)</u>

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

21 Share capital (Continued)

As at December 31, 2019 and 2020, analysis of the Company's issued shares is as follows:

	As at December 31, 2019		As at December 31, 2020	
	Number of issued shares	Share capital RMB'million	Number of issued shares	Share capital RMB'million
Class A ordinary shares	1,325,454,335	—	1,670,004,560	1
Class B ordinary shares	2,029,611,603	2	1,715,139,178	1
	<u>3,355,065,938</u>	<u>2</u>	<u>3,385,143,738</u>	<u>2</u>

* All issued shares are fully paid as at December 31, 2019 and 2020.

Notes:

(i) From January to March 2018, 97,318,238 ordinary shares of the Company were allotted and issued to certain existing shareholders and new financial investors for an aggregated consideration of US\$382 million (equivalents to approximately RMB2,493 million). These shares rank pari passu in all respects with the shares in issue. The excess over the par value was credited to the additional paid-in capital.

(ii) Issuance of puttable ordinary shares

From January to March 2018, the Company allotted and issued 24,757,517 ordinary shares of the Company to certain investors for an aggregate consideration of US\$123 million (equivalents to approximately RMB803 million). The consideration comprised cash proceeds of US\$67 million (equivalents to approximately RMB437 million) and business cooperation arrangements, in form of contents cooperation, valued at approximately US\$56 million (equivalents to approximately RMB365 million).

These shares rank pari passu in all respects with the shares in issue except that there is lock up period of 3 years on these shares and the holders have the right to sell their shares to the Company during the lock up period at a pre-determined price ("Put Right"). This arrangement is accounted for as compound instrument under share-based compensation arrangement with debt component, representing the holders' right to demand payment by exercise the Put Right, which is accounted for as cash-settled share-based compensation and the residual is equity component accounted for as equity-settled shared-based compensation.

The present value of the outflows of cash in relation to the Put Right of approximately US\$67 million (equivalents to approximately RMB437 million) is recognized as a liability (Note 25) and subsequently measured at fair value. The residual balance of approximately US\$56 million (equivalents to approximately RMB365 million) is accounted for as an equity-settled share-based compensation and recognized in equity. In January 2021, the Put Right was expired and the relevant liability was derecognized and reclassified to equity accordingly.

(iii) Share Issuances to Music Label Partners

On October 3, 2018, the Company issued a total of 68,131,015 ordinary shares to WMG China LLC ("Warner"), an affiliate of Warner Music Group, and Sony Music Entertainment ("Sony") for an aggregate cash consideration of approximately US\$200 million. Under the share subscription agreements, shares held by Warner and certain shares held by Sony are subject to a lock-up until the

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

21 Share capital (Continued)

Notes (Continued):

(iii) Share Issuances to Music Label Partners (Continued)

earlier of the third anniversary of the completion of the IPO of the Company or October 1, 2021, subject to limited exceptions. The remaining shares held by Sony are subject to a lock-up until the earlier of the end of 180 days after the Company's prospectus issued on December 12, 2018 or April 1, 2019, subject to limited exceptions. Warner and Sony can request the Company to repurchase the shares held by them at their subscription price if there is no qualified IPO by the end of 2019.

The Company expects this share issuance will help deepen its strategic cooperation with its major music label partners and better align the interests with them to create long-term value. The excess fair value of the shares issued, taking into account the related terms and conditions, over the consideration received of approximately US\$221 million (equivalents to approximately RMB1,519 million) was accounted for as share-based accounting charge expensed immediately upon the share issuances under IFRS 2 "Share-based Payment".

(iv) Dual-class ordinary share structure

The Company adopted a dual-class ordinary share structure effective immediately prior to the completion of the IPO.

Ordinary shares of the Company are divided into Class A ordinary shares and Class B ordinary shares. Holders of the Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to 15 votes and is convertible into one Class A ordinary share. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of any Class B ordinary shares by a holder thereof to any non-affiliate to such holder, each of such Class B ordinary share will be immediately converted into one Class A ordinary share.

All the Company's issued ordinary shares held by the Company's shareholders other than the then existing shareholders as at December 8, 2017 and its respective affiliates that holding any ordinary shares in the Company immediately prior to the completion of the IPO ("Pre-2018 Shareholders") have been re-designated as Class A ordinary shares, and all issued ordinary shares held by the Pre-2018 Shareholders have been re-designated as Class B ordinary shares immediately prior to the completion of the IPO.

On December 12, 2018, 41,029,829 ADSs were offered by the Company upon the listing of the ADSs on the New York Stock Exchange (the "Offering"), which represented 82,059,658 Class A ordinary shares of the Company.

- (v) On February 20, 2019, the Company completed a private placement, where the Company sold to Tencent 280,512 Class A ordinary shares with an aggregate value of US\$1.8 million at the offering price per share in our initial public offering for distribution to its eligible shareholders as required by the relevant listing rules of the Hong Kong Stock Exchange.
- (vi) During the years ended December 31, 2019 and 2020, the Share Scheme Trust withheld 617,634 and 1,046,852 Class A ordinary shares of the Company for an amount of approximately RMB31 million and RMB47 million which had been deducted from the equity

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

21 Share capital (Continued)

Notes (Continued):

(vii) As at December 31, 2019 and 2020, 31,310,524 and 35,763,090 Class A ordinary shares are held in the Share Scheme Trust for the purpose of granting awarded shares to the participants under the Share Award Schemes.

(viii) Repurchase of shares

In December 2019, the board of directors of the Company authorized a share repurchase program under which the Company may repurchase up to US\$400 million of its Class A ordinary shares in the form of ADSs during a twelve-month period commencing on December 15, 2019.

During the year ended December 31, 2020, the Company had repurchased 1,936,742 ADSs from the open market, at an aggregate consideration of approximately US\$19 million in cash under this share repurchase program. The Company accounts for the repurchased ordinary shares as treasury stock under the cost method, and records it as a component of the shareholders' equity.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

22 Other reserves

	Share-based compensation reserve	Contribution from ultimate holding company	PRC statutory reserve	Foreign currency translation reserve	Fair value reserve	Others	Total other reserves
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
At January 1, 2018	576	463	59	(101)	—	—	997
Currency translation differences	—	—	—	552	—	—	552
Fair value changes on financial assets at fair value through other comprehensive income	—	—	—	—	(675)	—	(675)
Acquisition of remaining interests in associates	—	—	—	—	—	(831)	(831)
Share based compensation	840	—	—	—	—	—	840
Profit appropriations to PRC statutory reserves	—	—	20	—	—	—	20
At December 31, 2018	1,416	463	79	451	(675)	(831)	903
Currency translation differences	—	—	—	261	—	—	261
Fair value changes on financial assets at fair value through other comprehensive income	—	—	—	—	1,031	—	1,031
Share of other comprehensive losses of an associate	—	—	—	—	—	(1)	(1)
Share based compensation	519	—	—	—	—	—	519
Exercise of share options/RSU	(465)	—	—	—	—	—	(465)
Additional investments in non- wholly owned subsidiaries	—	—	—	—	—	(76)	(76)
Profit appropriations to PRC statutory reserves	—	—	15	—	—	—	15
At December 31, 2019	1,470	463	94	712	356	(908)	2,187
Currency translation differences	—	—	—	(1,286)	—	—	(1,286)
Fair value changes on financial assets at fair value through other comprehensive income	—	—	—	—	5,219	—	5,219
Share of other comprehensive losses of an associate	—	—	—	—	—	(9)	(9)
Share based compensation	569	—	—	—	—	—	569
Exercise of share options/RSU	(429)	—	—	—	—	—	(429)
Additional investments in non- wholly owned subsidiaries	—	—	—	—	—	(2)	(2)
Profit appropriations to PRC statutory reserves	—	—	51	—	—	—	51
At December 31, 2020	1,610	463	145	(574)	5,575	(919)	6,300

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

23 Share based compensation

(a) Share-based compensation plans of the Company

The Group has adopted three share-based compensation plans, namely, the 2014 Share Incentive Plan, the 2017 Restricted Share Scheme and the 2017 Option Plan.

(i) 2014 Share Incentive Plan

2014 Share Incentive Plan was approved by the then board of directors of the Company in October 2014 prior to the Reverse Acquisition. According to the 2014 Share Incentive Plan, 96,704,847 ordinary shares have been reserved to be issued to any qualified employees, directors, non-employee directors, and consultants as determined by the board of directors of the Company. The options will be exercisable only if option holder continues employment or provide services through each vesting date. The maximum term of any issued stock option is ten years from the grant date.

Some granted options follow the first category vesting schedule, one-fourth (1/4) of which shall vest and become exercisable upon the first anniversary of the date of grant and one-eighth (1/8) of which shall vest and become exercisable on each half of a year anniversary thereafter. Some granted options follow the second category vesting schedule, one-fourth (1/4) of which shall vest upon the first anniversary of the grant date and one-sixteenth (1/16) of which shall vest on each three months thereafter. Under the second category vesting schedule, in the event of the Company's completion of an IPO or termination of the option holder's employment agreement by the Company without cause, the vesting schedule shall be accelerated by a one year period (which means that the whole vesting schedule shall be shortened from four years to three years). For the third category vesting schedule, all options shall vest upon the first anniversary of the grant date, and in the event of the Company's completion of an IPO.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

23 Share based compensation (Continued)

(a) Share-based compensation plans of the Company (Continued)

(i) 2014 Share Incentive Plan (Continued)

The option holders may elect at any time to exercise any part or all of the vested options before the expiry date.

	Number of options	Weighted- average exercise price (US\$)	Weighted- average grant date fair value (US\$)
Outstanding as at January 1, 2018	53,498,273	0.21	2.09
Anti-dilution adjustments	4,731,938	—	—
Forfeited	<u>(1,494,002)</u>	0.24	2.05
Outstanding as at December 31, 2018	<u>56,736,209</u>	0.19	1.94
Vested and expected to vest as at December 31, 2018	55,921,341	0.19	1.94
Exercisable as at December 31, 2018	50,155,161	0.18	1.94
Non vested as at December 31, 2018	6,581,048	0.25	1.91
Outstanding as at January 1, 2019	56,736,209	0.19	1.94
Exercised	(42,091,694)	0.18	1.97
Forfeited	<u>(747,211)</u>	0.20	2.04
Outstanding as at December 31, 2019	<u>13,897,304</u>	0.23	1.92
Vested and expected to vest as at December 31, 2019	13,670,469	0.23	1.92
Exercisable as at December 31, 2019	12,007,012	0.23	1.91
Non vested as at December 31, 2019	1,890,292	0.24	1.92
Outstanding as at January 1, 2020	13,897,304	0.23	1.92
Exercised	(7,866,422)	0.23	1.91
Forfeited	<u>(46,982)</u>	0.27	1.91
Outstanding as at December 31, 2020	<u>5,983,900</u>	0.23	1.93
Vested and expected to vest as at December 31, 2020	5,983,900	0.23	1.93
Exercisable as at December 31, 2020	5,983,900	0.23	1.93
Non vested as at December 31, 2020	—	—	—

The weighted average price of the shares at the time these options were exercised was US\$7.46 per share (equivalent to approximately RMB48.68) and US\$6.76 per share (equivalent to approximately RMB44.11) during the years ended December 31, 2019 and 2020 (December 31, 2018: Nil).

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

23 Share based compensation (Continued)

(a) Share-based compensation plans of the Company (Continued)

(i) 2014 Share Incentive Plan (Continued)

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry date	Exercise price	Share options December 31, 2019	Share options December 31, 2020
March 1, 2015	February 28, 2025	US\$0.000076	339,001	278,801
March 1, 2015	February 28, 2025	US\$ 0.27	394,470	50,000
March 1, 2015	February 28, 2025	US\$0.000076	1,407,820	460,220
March 1, 2015	February 28, 2025	US\$ 0.27	1,409,162	417,410
March 30, 2015	March 29, 2025	US\$ 0.27	1,953,472	700,882
July 1, 2015	June 30, 2025	US\$ 0.27	—	—
October 1, 2015	September 30, 2025	US\$ 0.27	245,826	125,100
December 31, 2015	December 30, 2025	US\$ 0.27	1,529,224	599,658
December 31, 2015	December 30, 2025	US\$0.000076	90,302	—
March 1, 2016	February 28, 2026	US\$ 0.27	255,377	107,889
March 31, 2016	March 30, 2026	US\$ 0.27	156,498	98,938
June 1, 2016	May 30, 2026	US\$ 0.27	—	—
June 30, 2016	June 29, 2026	US\$0.000076	163,272	81,638
June 30, 2016	June 29, 2026	US\$ 0.27	5,952,880	3,063,364
Total			13,897,304	5,983,900
Weighted average remaining contractual life of options outstanding at end of period:			<u>5.87</u>	<u>5.01</u>

(ii) 2017 Restricted Share Scheme and 2017 Option Plan

Followed the completion of the Reverse Acquisition, the Company has reserved certain ordinary shares to be issued to any qualified employees of Tencent Music Business transferred to the Group.

Pursuant to the RSUs agreements under 2017 Restricted Share Scheme, subject to grantee's continued services to the Group through the applicable vesting date, some RSUs follow the first category of vesting schedule, one-fourth (1/4) of which shall vest eighteen months after grant date, and one-fourth (1/4) every year after. Some granted RSUs shall follow the second vesting schedule, half (1/2) shall vest six months after grant date, and the other half shall vest six months thereafter. Other granted RSUs shall follow the third vesting schedule, which were divided into range of half, one to third and one to fourth tranches on an equal basis as at their grant dates, and the tranches will become exercisable in each subsequent year.

TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Share based compensation (Continued)

(a) Share-based compensation plans of the Company (Continued)

(ii) 2017 Restricted Share Scheme and 2017 Option Plan (Continued)

Movements in the number of RSUs for the years ended December 31, 2018, 2019 and 2020 are as follows:

	Number of awarded shares		
	2018	2019	2020
Outstanding as at January 1	8,141,664	13,724,100	26,659,516
Anti-dilution adjustments	719,968	—	—
Granted	5,335,010	19,567,514	24,156,236
Vested	—	(5,700,520)	(7,732,794)
Forfeited	(472,542)	(931,578)	(2,071,596)
Outstanding as at December 31	<u>13,724,100</u>	<u>26,659,516</u>	<u>41,011,362</u>
Expected to vest as at December 31	10,318,030	24,377,060	37,672,420

The fair value of the restricted shares was calculated based on the fair value of ordinary shares of the Company. The weighted average fair value of restricted shares granted during the years ended December 31, 2018, 2019 and 2020 was US\$6.12 per share (equivalent to approximately RMB39.93 per share), US\$7.07 per share (equivalent to approximately RMB46.13 per share) and US\$6.68 per share (equivalent to approximately RMB43.59 per share) respectively.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

23 Share based compensation (Continued)

(a) Share-based compensation plans of the Company (Continued)

(ii) 2017 Restricted Share Scheme and 2017 Option Plan (Continued)

Share options granted are generally subject to a four batches vesting schedule as determined by the board of directors of the grant. One-fourth (1/4) of which shall vest nine months or eighteen months after grant date, respectively, as provided in the grant agreement, and one-fourth (1/4) of which vest upon every year thereafter.

	Number of options	Weighted- average exercise price (US\$)	Weighted- average grant date fair value (US\$)
Non vested as at December 31, 2017	26,961,386	1.89	2.17
Outstanding as at January 1, 2018	26,961,386	1.89	2.17
Anti-dilution adjustments	2,384,714	—	—
Granted	7,777,224	6.76	3.27
Forfeited	<u>(1,037,021)</u>	1.35	1.85
Outstanding as at December 31, 2018	<u>36,086,303</u>	2.75	2.24
Vested and expected to vest as at December 31, 2018	28,604,121	2.58	2.38
Exercisable as at December 31, 2018	7,252,971	1.76	1.75
Non vested as at December 31, 2018	28,833,332	3.00	2.47
Outstanding as at January 1, 2019	36,086,303	2.75	2.24
Granted	1,993,780	7.05	3.00
Exercised	(9,696,202)	1.78	1.95
Forfeited	<u>(1,743,373)</u>	2.67	2.33
Outstanding as at December 31, 2019	<u>26,640,508</u>	3.43	2.39
Vested and expected to vest as at December 31, 2019	25,329,481	3.44	2.38
Exercisable as at December 31, 2019	6,065,968	2.45	2.04
Non vested as at December 31, 2019	20,574,540	3.71	2.50
Outstanding as at January 1, 2020	26,640,508	3.43	2.39
Granted	4,992,390	6.44	2.70
Exercised	(10,026,018)	2.64	1.92
Forfeited	<u>(455,694)</u>	6.27	3.01
Outstanding as at December 31, 2020	<u>21,151,186</u>	4.45	2.68
Vested and expected to vest as at December 31, 2020	20,097,190	4.44	2.68
Exercisable as at December 31, 2020	4,762,058	3.05	2.74
Non vested as at December 31, 2020	16,389,128	4.86	2.66

The weighted average price of the shares at the time these options were exercised was US\$6.79 per share (equivalent to approximately RMB44.30) and US\$7.66 per share (equivalent to approximately RMB49.98) during the years ended December 31, 2019 and 2020.

The fair value of share options were valued using the Binomial option-pricing model.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

23 Share based compensation (Continued)

(a) Share-based compensation plans of the Company (Continued)

(ii) 2017 Restricted Share Scheme and 2017 Option Plan (Continued)

Assumptions used in the Binomial option-pricing model are presented below:

	2018	Granted in 2019	2020
Risk free interest rate	2.97%-3.21%	2.08%	0.71%-0.91%
Expected dividend yield	0%	0%	0%
Expected volatility	50%-60%	40%	40%-42.5%
Exercise multiples	2.8	2.2-2.8	2.2-2.8
Contractual life	10 years	10 years	10 years

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry date	Exercise price	Share options as at December 31,	
			2019	2020
June 16, 2017	June 15, 2027	US\$ 2.32	7,889,968	2,738,756
August 31, 2017	August 30, 2027	US\$ 0.27	4,513,508	2,748,802
December 20, 2017	December 19, 2027	US\$ 2.32	5,551,752	3,973,756
April 16, 2018	April 15, 2028	US\$ 4.04	975,000	650,000
October 17, 2018	October 16, 2028	US\$ 7.14	5,716,500	4,667,500
June 14, 2019	June 13, 2029	US\$ 7.05	1,993,780	1,637,002
June 12, 2020	June 12, 2030	US\$ 6.20	—	4,285,570
August 15, 2020	August 15, 2030	US\$ 7.56	—	208,790
October 15, 2020	October 15, 2030	US\$ 7.17	—	71,930
December 15, 2020	December 15, 2030	US\$ 9.53	—	169,080
Total			26,640,508	21,151,186
Weighted average remaining contractual life of options outstanding at end of year:			<u>8.07</u>	<u>7.74</u>

(b) Share-based compensation plans of Tencent

Tencent operates a number of share-based compensation plans (including share option scheme and share award scheme) and granted certain share options and shares awards to the employees of the Group prior to the Merger in July 2016. No new grant to the employees of the Group by Tencent during the years ended December 31, 2018, 2019 and 2020.

Share options granted are generally subject to a four-year or five-year vesting schedule as determined by the board of directors of Tencent. Under the four-year vesting schedule, share options in general vest one-fourth (1/4) upon the first anniversary of the grant date, and one-fourth (1/4) every year after. Under the five-year vesting schedule, depending on the nature and purpose of the grant, share options in general vest one-fifth (1/5) upon the first or second anniversary of the grant date, respectively, as provided in the grant agreement, and one-fifth (1/5) every year after.

RSUs are subject to a three-year or four-year vesting schedule, and each year after the grant date, one-third (1/3) or one-fourth (1/4) shall vest accordingly. No outstanding share options or RSUs will be exercisable or

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

23 Share based compensation (Continued)

(b) Share-based compensation plans of Tencent (Continued)

subject to vesting after the expiry of a maximum of seven years from the date of grant. Movements in the number of share options of Tencent relevant to the Group outstanding is as follows:

	Number of shares	Average exercise price (HK\$)	Weighted- average grant date fair value (HK\$)
Outstanding as at January 1, 2018	85,335	208.93	64.43
Exercised	(10,235)	150.16	47.30
Outstanding as at December 31, 2018	<u>75,100</u>	216.94	66.76
Vested and expected to vest as at December 31, 2018	63,462	214.53	66.11
Exercisable as at December 31, 2018	24,212	207.49	64.21
Non vested as at December 31, 2018	50,888	221.43	67.97
Outstanding as at January 1, 2019	75,100	216.94	66.76
Exercised	(10,000)	174.86	55.42
Outstanding as at December 31, 2019	<u>65,100</u>	223.40	68.50
Vested and expected to vest as at December 31, 2019	63,626	223.28	68.47
Exercisable as at December 31, 2019	35,605	219.24	67.38
Non vested as at December 31, 2019	29,495	228.43	69.86
Outstanding as at January 1, 2020	65,100	223.40	68.50
Exercised	(18,060)	215.84	66.46
Outstanding as at December 31, 2020	<u>47,040</u>	226.30	69.29
Vested and expected to vest as at December 31, 2020	46,635	225.90	69.18
Exercisable as at December 31, 2020	38,937	216.72	66.70
Non vested as at December 31, 2020	8,103	272.36	81.70

The weighted average price of the shares at the time these options were exercised was HK\$322.79 (equivalent to approximately RMB271.65), HK\$330.2 (equivalent to approximately RMB277.89), and HK\$529.38 per share (equivalent to approximately RMB445.51), during the years ended December 31, 2018, 2019 and 2020.

The fair values of employee stock options were valued using the Binomial option-pricing model.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry date	Exercise price	Share options as at December 31,	
			2019	2020
July 6, 2016	July 5, 2023	HK\$ 174.86	32,690	22,220
July 10, 2017	July 9, 2024	HK\$ 272.36	32,410	24,820
Total			<u>65,100</u>	<u>47,040</u>

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

23 Share based compensation (Continued)

(b) Share-based compensation plans of Tencent (Continued)

Movements in the number of awarded shares for the years ended December 31, 2018, 2019 and 2020 are as follows:

	Number of awarded shares Year ended December 31,		
	2018	2019	2020
Outstanding as at January 1	430,418	187,948	54,575
Forfeited	(4,718)	(9,037)	(6,497)
Vested and transferred	(237,752)	(124,336)	(45,763)
Outstanding as at December 31	<u>187,948</u>	<u>54,575</u>	<u>2,315</u>
Expected to vest as at December 31	166,321	48,977	2,199

The fair value of the awarded shares was calculated based on the market price of the Tencent's shares at the respective grant date. The expected dividends during the vesting period have been taken into account when assessing the fair value of these awarded shares.

The outstanding awarded shares as at December 31, 2020 were divided into two to five tranches on an equal basis as at their grant dates. The first tranche can be exercised immediately or after a specified period ranging from four months to four years from the grant date, and the remaining tranches will become exercisable in each subsequent year. The optionee may elect at any time while remains an employee, to exercise any part or all of the vested options before the expiry date.

(c) Expected retention rate of grantees

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of the options and awarded shares (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to the consolidated income statement. As at December 31, 2019 and 2020, the Expected Retention Rate of the Group was assessed to be 88%-95%.

24 Notes payable

	As at December 31,	
	2019 RMB'million	2020 RMB'million
Included in non-current liabilities		
Notes payable	—	5,175
	<u>—</u>	<u>5,175</u>

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

24 Notes payable (Continued)

In September, the Company issued two tranches of senior unsecured notes with an aggregate principal amount of US\$800 million as set out below.

	Principal amount (USD'million)	Carrying amount at December 31, 2020 (RMB'million)	Interest Rate (per annum)	Due
2025 Notes	300	1,945	1.375%	2025
2030 Notes	500	3,230	2.000%	2030
	<u>800</u>	<u>5,175</u>		

Notes payable issued by the Company were recognized initially at fair value and subsequently carried at amortized cost, at a net proceed amounting to RMB5,400 million. Movement during the year ended December 31, 2020 since the inception date mainly represented the currency translation adjustments of RMB227 million.

As at December 31, 2020, the carrying amounts of notes payable approximated their fair values and all the notes payable are included in non-current liabilities. Interest is payable semi-annually in arrears on and of each year, beginning in March 2021.

25 Other payables and other liabilities

	As at December 31,	
	2019 RMB'million	2020 RMB'million
Included in non-current liabilities		
Government grants	2	2
Deferred income	66	66
	<u>68</u>	<u>68</u>
Included in current liabilities		
Dividend payable	12	12
Accrued expenses (note ii)	2,105	2,717
Advances from customers	83	68
Investment payables	611	74
Other tax liabilities	140	137
Present value of liability of puttable shares (Note 21(ii))	539	539
Deferred income	23	34
Other deposits	77	94
Others	80	206
Contingent consideration, <i>measured at fair value</i> (note i)	112	—
	<u>3,782</u>	<u>3,881</u>

Notes:

- (i) In October 2018, the Company acquired the entire equity interest of a music contents production company at a cash consideration comprising of a fixed amount and a variable amount, settlement in certain tranches. The variable amount is determined based on certain operating performance indicators of the acquiree and up to RMB400 million. As at December 31, 2019, contingent consideration in relation to the arrangement was recognized at fair value as determined by management taking into account the estimation of the performance indicators. The contingent consideration was fully settled during the year ended December 31, 2020.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

25 Other payables and other liabilities (Continued)

Notes (Continued):

(ii) Accrued expenses mainly comprise of payroll and welfare, advertising and marketing, short-term lease rental and other operating expenses.

26 Deferred revenue

	As at December 31,	
	2019	2020
	RMB'million	RMB'million
Non-current	67	78
Current	1,694	1,608
	<u>1,761</u>	<u>1,686</u>

Deferred revenue mainly represents contract liabilities in relation to the service fees prepaid by customers for time-based virtual gifts, membership subscriptions, content sublicensing, and digital music albums or single songs, for which the related services had not been rendered as at December 31, 2019 and 2020.

Revenue recognized for the years ended December 31, 2018, 2019 and 2020 related to carried-forward contract liabilities amounted to RMB978 million, RMB1,431 million and RMB1,694 million, respectively.

The transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, has not been disclosed, as substantially all of the Group's contracts have a duration of one year or less.

27 Business Combination

Acquisition of a music content company in 2020

In December 2020, the Company acquired additional equity interest of an existing associate at an aggregate consideration of RMB241 million. The consideration comprised cash of RMB140 million and a portion of equity interests of the Company's non-wholly owned subsidiaries to the extent of RMB101 million, measured at fair value. Upon completion of the acquisition, the associate became a non-wholly owned subsidiary.

As a result of the acquisition, the Group is expected to increase its presence in online music industry in China. Goodwill arising from the acquisition was attributable to an increase in coverage of the online music market of China. The goodwill recognized was not expected to be deductible for income tax purpose.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

27 Business Combination (Continued)

The following table summarizes the amount of identified assets acquired and liabilities assumed at the acquisition date.

	RMB'million
Aggregate Consideration	241
Fair value of existing interest as an associate of the Group	40
Fair value of non-controlling interest	266
	<u>547</u>
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	40
Accounts and other receivables	90
Intangible assets	146
Prepayments, deposits and other assets	104
Deferred revenue	(46)
Other payables and accruals	(73)
Account payable	(21)
Deferred tax liabilities	(35)
Goodwill	342
	<u>547</u>

The revenue and the results contributed by the acquiree to the Group for the period since the completion date were insignificant. The Group's revenue and results for the year would not be materially different should the acquisition occur on January 1, 2020.

Transaction costs were not significant and were charged to general and administrative expenses in the consolidated income statement during the year ended December 31, 2020.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

28 Cash flow information

(a) Cash generated from operations

	2018 RMB'million	2019 RMB'million	2020 RMB'million
Profit before income tax	2,003	4,540	4,632
Adjustments for:			
Depreciation and amortization	369	583	824
Impairment provision for investments in associates (Note 16)	2	43	4
Loss allowance for expected credit losses (Note 19)	3	18	8
Non-cash employee benefits expense—share based payments (Note 8)	487	519	569
Non-cash share-based payments arising from issues of ordinary shares to music label partners (Note 21(iii))	1,519	—	—
Fair value losses on investments	30	37	—
Net losses/(gains) in relation to equity investments	20	(1)	(32)
Gain of step-up acquisition arising from business combination (Note 27)	—	—	(19)
Share of loss/(profit) of associates and joint ventures (Note 16)	1	18	(19)
Interest income (Note 6)	(282)	(615)	(622)
Fair value change on puttable shares	35	37	37
Interest expense	—	31	62
Net exchange differences	31	(4)	(2)
Increase in accounts receivable	(182)	(733)	(520)
(Increase)/decrease in inventories	(4)	9	8
Increase in other operating assets	(789)	(175)	(887)
Increase in accounts payable	780	717	644
Increase in other operating liabilities	1,581	1,164	258
Cash generated from operations	<u>5,604</u>	<u>6,188</u>	<u>4,945</u>

(b) Non-cash investing and financing activities

	2018 RMB'million	2019 RMB'million	2020 RMB'million
Issuance of ordinary shares to music label partners	1,519	—	—
Issuance of ordinary shares for equity investments	1,027	—	—
Equity interests in certain subsidiaries as consideration for business combination (Note 27)	—	—	101

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

29 Financial instruments by category

The Group holds the following financial instruments:

	Financial assets at amortized cost RMB'million	Financial assets at fair value through profit and loss RMB'million	Financial assets at fair value through other comprehensive income RMB'million	Total RMB'million
Financial assets				
As at December 31, 2019				
Accounts receivable (Note 19)	2,198	—	—	2,198
Other receivables (Note 18)	213	—	—	213
Term deposits (Note 20(a))	7,500	—	—	7,500
Short-term investments	—	6	—	6
Cash and cash equivalents (Note 20(b))	15,426	—	—	15,426
Other investments (Note 17(b))	—	255	—	255
Financial assets at fair value through other comprehensive income (Note 17(a))	—	—	4,461	4,461
	<u>25,337</u>	<u>261</u>	<u>4,461</u>	<u>30,059</u>
As at December 31, 2020				
Accounts receivable (Note 19)	2,800	—	—	2,800
Other receivables (Note 18)	411	—	—	411
Term deposits (Note 20(a))	17,811	—	—	17,811
Cash and cash equivalents (Note 20(b))	11,128	—	—	11,128
Other investments (Note 17(b))	—	386	—	386
Financial assets at fair value through other comprehensive income (Note 17(a))	—	—	9,771	9,771
	<u>32,150</u>	<u>386</u>	<u>9,771</u>	<u>42,307</u>
Financial liabilities				
As at December 31, 2019				
Accounts payable				2,559
Other payables and other liabilities (note)				2,261
Lease liabilities				147
				<u>4,967</u>
As at December 31, 2020				
Notes payable (Note 24)				5,175
Accounts payable				3,701
Other payables and other liabilities (note)				2,136
Lease liabilities				321
				<u>11,333</u>

As at December 31, 2019 and 2020, financial liabilities measured at fair value comprised contingent consideration of RMB112 million and nil, were included in other payables and other liabilities.

Note: Other payables and other liabilities exclude prepayment received from customers and others, staff costs, welfare accruals, other tax liabilities, government grant and deferred revenue.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

30 Commitments

(a) Operating commitments

The following table summarizes future minimum commitments of the Group under non-cancelable operating arrangements, which are mainly related to rental of bandwidth:

	2019 RMB'million	2020 RMB'million
Within one year	233	462
Later than one year but not later than five years	2	23
	<u>235</u>	<u>485</u>

(b) Contents royalty

The Group is subject to the following minimum royalty payments associated with its license agreements:

	2019 RMB'million	2020 RMB'million
Within one year	4,513	3,356
Later than one year but not later than five years	2,704	1,271
	<u>7,217</u>	<u>4,627</u>

(c) Investment commitments

As at December 31, 2019 and 2020, the Group had commitments of approximately RMB198 million and RMB1,700 million to invest in the equity interest of certain entities.

31 Related party transactions

The table below sets forth the major related parties and their relationships with the Group as at December 31, 2020:

Name of related parties	Relationship with the Group
Tencent and its subsidiaries other than the entities controlled by the Group ("Tencent Group")	The Company's principal owner
China Literature Limited ("China Literature")	Tencent's subsidiary

TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 Related party transactions (Continued)

(a) Transactions

For the years ended December 31, 2018, 2019 and 2020, significant related party transactions were as follows:

	2018 RMB'million	2019 RMB'million	2020 RMB'million
Revenue			
Online music services to Tencent Group (note (i))	51	355	277
Online music services to the Company's associates and associates of Tencent Group	18	40	206
Social entertainment services and others to Tencent Group, the Company's associates and associates of Tencent Group	63	21	213
Expenses			
Operation expenses recharged by Tencent Group	589	752	1,082
Advertising agency cost to Tencent Group	207	231	440
Content royalties to Tencent Group, the Company's associates and associates of Tencent Group (note (ii))	88	132	306
Other costs to the Company's associates and associates of Tencent Group	14	25	48

Notes:

- (i) Including revenue from content sublicensing, online advertising and subscriptions provided to Tencent Group pursuant to the Business Cooperation Agreement.
- (ii) In March 2020 the Group signed a five-year strategic partnership with China Literature, a subsidiary of Tencent. Through this partnership arrangement, the Group was granted a global license to produce derivative content in the form of audiobooks of online literary works for which China Literature has the rights to or the license to adapt, and the rights to sublicense, as well as the ability to distribute existing audiobooks in China Literature's portfolio.

Aggregate total minimum guarantee profit sharing to China Literature for the five-year period amounted to RMB250 million, any excess portion will be shared based on a pre-determined percentage. As of December 31, 2020, the present value of the minimum guarantee of RMB227 million was recognized as intangible assets and the amortization expense for the year ended December 31, 2020 of RMB34 million was included in the content royalties to Tencent Group presented above.

These related party transactions were conducted at prices and terms as agreed by parties involved.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 Related party transactions (Continued)

(b) Balances with related parties

	As at December 31,	
	2019	2020
	RMB'million	RMB'million
Included in accounts receivable from related parties:		
Tencent Group (note)	1,653	1,993
The Company's associates and associates of Tencent Group	49	48
Included in prepayments, deposits and other assets from related parties:		
Tencent Group	50	39
The Company's associates and associates of Tencent Group	23	64
Included in accounts payable to related parties:		
Tencent Group	215	763
The Company's associates and associates of Tencent Group	15	37
Included in other payables and accruals to related parties:		
Tencent Group	382	237
The Company's associates and associates of Tencent Group	19	46

Outstanding balances are unsecured and are repayable on demand.

Note: The balance is mainly arising from user payments collected through various payment channels of Tencent Group pursuant to the Business Cooperation Agreement signed upon the Merger.

(c) Key management personnel compensation

	2018	2019	2020
	RMB'million	RMB'million	RMB'million
Short-term employee benefits	64	65	62
Share-based compensation	223	233	205
	<u>287</u>	<u>298</u>	<u>267</u>

32 Contingent liabilities

The Group is involved in a number of claims pending in various courts, in arbitration, or otherwise unresolved as at December 31, 2020. These claims are mainly related to alleged copyright infringement with an aggregate amount of damages sought of approximately RMB47 million. Adverse results in these claims may include awards of damages and may also result in, or even compel, a change in the Company's business practices, which could impact the Company's future financial results.

In addition, in September 2019 and October 2019, respectively, the Company, certain of its current and former directors and officers, and Tencent, based on its status as the Company's controlling shareholder, were named as defendants in two putative securities class actions filed in the U.S. District Court for the Eastern District of New York. Both actions, purportedly brought on behalf of a class of persons who allegedly suffered damages as a result of their trading in the ADSs, allege that the Company's public filings contained material misstatements and omissions in violation of the U.S. federal securities laws. These actions remain in their preliminary stages. Additional complaints related to these claims may be filed in the coming months. The Company is currently unable to estimate the potential loss, if any, associated with the resolution of such lawsuits, if they proceed. Nevertheless, with the legal advice, the Company believes these cases are without merit and intends to defend actions vigorously.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

32 Contingent liabilities (Continued)

The Company is unable to estimate the reasonably possible loss or a range of reasonably possible losses for proceedings in the early stages or where there is a lack of clear or consistent interpretation of laws specific to the industry-specific complaints among different jurisdictions. Although the results of unsettled litigations and claims cannot be predicted with certainty, the Company does not believe that, as at December 31, 2020, there was at least a reasonable possibility that the Company may have incurred a material loss, or a material loss in excess of the accrued expenses, with respect to such loss contingencies. The Group has made certain accruals in “Accounts payable” in the consolidated balance sheet as at December 31, 2020 and recognized related cost expenses for the year ended December 31, 2020. The losses accrued include judgments handed down by the court and out-of-court settlements after December 31, 2020, but related to cases arising on or before December 31, 2020. The Company is in the process of appealing certain judgments for which losses have been accrued. However, the ultimate timing and outcome of pending litigation is inherently uncertain. Therefore, although management considers the likelihood of a material loss for all pending claims, both asserted and unasserted, to be remote, if one or more of these legal matters were resolved against the Company in the same reporting period for amounts in excess of management’s expectations, the Company’s consolidated financial statements of a particular reporting period could be materially adversely affected.

33 Events occurring after the reporting period

(a) Acquisition of Shenzhen Lanren Online Technology Co. Ltd (“Lazy Audio”)

On January 15, 2021, The Company entered into a definitive agreement to acquire 100% equity interest of Lazy Audio, a well-established audio platform in China, for a total consideration of RMB2.7 billion, primarily payable in cash, plus certain post-acquisition awards to Lazy Audio’s management team. The transaction has been completed in March 2021.

(b) Consortium complete the acquisition of additional equity interests in UMG

On January 29, 2021, a consortium (the “Consortium”), which is led by Tencent Holdings Limited and comprising the Company and other co-investors, completed the acquisition of an additional 10% equity stake in UMG through exercising the call option as announced in December 2020. The Transaction was based on the same enterprise value of EUR30 billion for 100% of UMG’s share capital as in the initial acquisition that closed in March 2020.

Upon the closing of the Transaction, the Consortium’s equity ownership in UMG increased to 20% and TME will continue to have a 9.94% equity interest in the Consortium.

(c) Strategic licensing agreement with Warner Record Music (“WRM”)

In March 2021, The Company extended their multi-year strategic licensing agreement with WRM upon its expiration. As part of the extension, the Company also agreed to establish a new joint venture record label in China as well as expand the partnership to a wider range, including the usage of WRM’s content across all music and entertainment platforms.

(d) Repurchase of shares

On March 28, 2021, the Company announced that its board of directors has authorized a share repurchase program under which the Company may repurchase up to US\$1 billion of its Class A ordinary shares in the form of American depositary shares (“ADSs”) during a twelve-month period commencing on March 29, 2021.

**TENCENT MUSIC ENTERTAINMENT GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

33 Events occurring after the reporting period (Continued)

Up to the date of this report, the Company repurchased ADSs from the open market for an aggregate consideration of approximately US\$50 million in cash pursuant to the share repurchase program.

34 Approval of these consolidated financial statements

These consolidated financial statements were approved for issue by the board of directors of the Company on April 9, 2021.

Equity Interest Pledge Agreement

This Equity Interest Pledge Agreement (the “**Agreement**”) is entered into by and among the following Parties on March 10, 2021 in Beijing, People’s Republic of China (the “**PRC**”):

Party A: Tencent Music (Beijing) Co., Ltd. (the “**Pledgee**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No. 7 Building, East Tianchen Road, Chaoyang District, Beijing;

Party B: Beijing Zhizheng Music Culture Co., Ltd. (the “**Pledgor**”), a limited liability company incorporated and existing under the laws of the PRC, with its registered address at Room 0118, 4th Floor, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing; and

Party C: Xizang Qiming Culture Co., Ltd., a limited liability company incorporated and existing under the laws of the PRC, with its registered address at No.3-504 Industrial Park Management Committee, Duilong Deqing District, Lhasa, Tibet.

In this Agreement, each of the Pledgee, the Pledgor and Party C shall be referred to as a “**Party**” respectively or as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Pledgor, Beijing Zhizheng Music Culture Co., Ltd., holds 100% of the equity interests of Party C, representing RMB 10,000,000 in the registered capital thereof. Party C is a limited liability company registered in Tibet, China, and is engaged in the business of “investment in music and internet projects (excluding financial, securities, insurance and futures business); corporate management and planning (projects which shall be approved according to the laws and regulations are subject to approval by relevant departments before business operation)”. Party C hereby acknowledges the rights and obligations of the Pledgor and the Pledgee under this Agreement and intends to provide any necessary assistance in registering the Pledge.
2. The Pledgee is a wholly foreign-owned enterprise registered in China. The Pledgee and Party C which is wholly owned by the Pledgor have executed an Exclusive Business Cooperation Agreement in Beijing (as defined below). The Pledgee, the Pledgor and Party C have executed an Exclusive Option Agreement (as defined below). The Pledgee and the Pledgor have executed a Loan Agreement (as defined below). The Pledgor has executed a Power of Attorney in favor of the Pledgee (as defined below).

3. To ensure that Party C and the Pledgor fully perform its obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney, the Pledgor pledges to the Pledgee all the equity interests they hold in Party C as security for the performance of Party C's and the Pledgor's obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney.

To perform the terms of the Transaction Documents, the Parties have mutually agreed to execute this Agreement upon the following terms.

1. Definitions

Unless otherwise provided in this Agreement, the terms below shall have the following meanings:

- 1.1. **Pledge:** means the security interest granted by the Pledgor to the Pledgee pursuant to Section 2 of this Agreement, i.e., the right of the Pledgee to be compensated on a preferential basis with any proceeds received from conversion, auction or sale of the Pledged Equity Interest.
- 1.2. **Pledged Equity Interest:** means 100% of the equity interests in Party C collectively held by the Pledgor now, representing RMB 10,000,000 of Party C's registered capital, and all the future equity rights and interests in Party C held by the Pledgor.
- 1.3. **Term of Pledge:** from March 10, 2021 to December 31, 2041.
- 1.4. **Transaction Documents:** means the Exclusive Business Cooperation Agreement entered into by and between Party C and the Pledgee on February 8, 2018 in Beijing (the "**Exclusive Business Cooperation Agreement**"); the Exclusive Option Agreement entered into by and among the Pledgor, Party C and the Pledgee on March 10, 2021 in Beijing (the "**Exclusive Option Agreement**"); the Loan Agreement entered into by and between the Pledgee and Pledgor on March 10, 2021 in Beijing (the "**Loan Agreement**"); the Power of Attorney executed by the Pledgor on March 10 2021 in Beijing (the "**Power of Attorney**"), and any amendments, revisions and/or restatements to the aforesaid documents.
- 1.5. **Contractual Obligations:** means all the obligations of the Pledgor under the Exclusive Option Agreement, the Power of Attorney and this Agreement, and all the obligations of Party C under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and this Agreement.

- 1.6. **Secured Indebtedness:** means all direct, indirect, consequential losses and losses of anticipated profits suffered by the Pledgee as a result of any Event of Default of the Pledgor and/or Party C, of which the basis for the amount of such losses includes without limitation reasonable business plans and profit forecasts of the Pledgee, the service fees that Party C is obliged to pay under Exclusive Business Cooperation Agreement, as well as all expenses as incurred by the Pledgee in connection with its enforcement for the performance of Contractual Obligations against the Pledgor and/or Party C.
- 1.7. **Event of Default:** means any circumstances as set forth in Section 7 of this Agreement.
- 1.8. **Notice of Default:** means the notice issued by the Pledgee in accordance with this Agreement declaring an Event of Default.

2. The Pledge

- 2.1. The Pledgor hereby agrees to pledge to the Pledgee the Pledged Equity Interest in accordance with this Agreement as security for the performance of the Contractual Obligations and the repayment of the Secured Indebtedness. Party C hereby agrees for the Pledgor to pledge the Pledged Equity Interest to the Pledgee in accordance with this Agreement.
- 2.2. During the Term of Pledge, the Pledgee is entitled to receive any dividends or distributions in respect of the Pledged Equity Interest. With the prior written consent of the Pledgee, the Pledgor may collect such dividends or distributions in respect of the Pledged Equity Interest. Any dividends or distributions received by the Pledgee in respect of the Pledged Equity Interest after deduction of income tax paid by the Pledgor shall, upon the Pledgee's request, (1) be deposited into a bank account designated by the Pledgee, be placed under the custody of the Pledgee, be used as security for the Contractual Obligations and be first applied towards full satisfaction of the Secured Indebtedness; or (2) to the extent permitted by the PRC laws, be unconditionally donated to the Pledgee or any person designated by the Pledgee.
- 2.3. With the prior written consent of the Pledgee, the Pledgor may subscribe for increased capital in Party C. Any increase in the capital contributed by the Pledgor to the registered capital of Party C as a result of any capital increase shall also be deemed as the Pledged Equity Interest.
- 2.4. In the event that Party C is to be dissolved or liquidated as required by any mandatory rules of the PRC laws, upon the lawful completion of such dissolution or liquidation procedure, any proceeds distributed by Party C to the Pledgor shall, upon the Pledgee's request, (1) be deposited into a bank account designated by the Pledgee, be placed under the custody of the Pledgee, and be used as security for the Contractual Obligations and be first applied towards full satisfaction of the Secured Indebtedness; or (2) to the extent permitted by the PRC laws, be unconditionally donated to the Pledgee or any person designated by the Pledgee.

3. Term of Pledge

- 3.1. The Pledge shall become effective on such date when the pledge of the Pledged Equity Interest contemplated herein has been registered with the relevant administration for industry and commerce. The Pledge shall be continuously valid until full performance of the Contractual Obligations and full satisfaction of the Secured Indebtedness. The Pledgor and Party C shall, (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the relevant administration for industry and commerce for the registration of the Pledge contemplated herein within 30 business days following the execution of this Agreement. The Parties covenant that for the purpose of registration of the Pledged Equity Interest, the Parties and other shareholders of Party C shall submit to the administration of industry and commerce this Agreement or an equity interest pledge agreement in the form required by the administration of industry and commerce of where Party C locates, which shall truly reflect the information of the Pledge hereunder (the "**AIC Pledge Agreement**"). For matters not specified in the AIC Pledge Agreement, the parties shall be bound by the provisions of this Agreement. The Pledgor and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant administration of industry and commerce, to ensure that the Pledge shall be registered as soon as possible after filing.
- 3.2. For the avoidance of doubt, if any contractual obligations have not been fulfilled or any guaranteed debts have not been paid on the expiration date of the term of pledge registered by the administrative department for industry and commerce, the term of pledge under this agreement shall be automatically extended for 20 years. The pledgor and Party C shall apply for the registration of pledge rights to the corresponding industrial and commercial administrative authorities in a timely manner.
- 3.3. During the Term of Pledge, in the event the Pledgor and/or Party C fail to fulfill the Contractual Obligations or pay the Secured Indebtedness, the Pledgee shall be entitled to, but not be obliged to, exercise the Pledge in accordance with this Agreement.

4. Custody for Certificates of the Pledge

- 4.1. During the Term of Pledge, the Pledgor shall deliver to the Pledgee within one (1) week following the execution of this Agreement the certificate of capital contributions to Party C and the register of shareholders which records the Pledge. The Pledgee will place such documents in custody throughout the entire Term of Pledge specified in this Agreement.

5. Representations and Warranties of the Pledgor and Party C

The Pledgor and Party C hereby severally and jointly represent and warrant to the Pledgee as of the date hereof as follows:

- 5.1. The Pledgor is the legal and beneficial owner of the Pledged Equity Interest.
- 5.2. The Pledgee is entitled to dispose of and transfer the Pledged Equity Interest in accordance with this Agreement.
- 5.3. Except for the Pledge, the Pledgor has not created any other pledges or other security interest on the Pledged Equity Interest.
- 5.4. The Pledgor and Party C have obtained all necessary approvals and consents from government authorities and third parties (if any) in connection with the execution, delivery and performance of this Agreement.
- 5.5. The execution, delivery and performance of this Agreement do not (i) result in any violation of any relevant PRC laws; (ii) result in any conflict with the articles of association or other constitutional documents of Party C; (iii) result in any breach of any agreement to which it is a party or by which it is bound, or constitute any default under any agreement to which it is a party or by which it is bound; (iv) result in any breach of any permit or license issued or granted to it and/or any condition of the validity thereof; or (v) result in the revocation or suspension of, or imposition of conditions on, any permit or license issued to it.

6. Undertakings by the Pledgor and Party C

- 6.1. During the Term of Pledge, the Pledgor and Party C severally and jointly undertake to the Pledgee that:
 - 6.1.1. Without the prior written consent of the Pledgee, the Pledgor shall not transfer the Pledged Equity Interest, create or permit to be created any security interest or other encumbrances on the Pledged Equity Interest, except for the performance of the Transaction Documents.
 - 6.1.2. The Pledgor and Party C shall comply with the provisions of all the laws and regulations relating to the pledge of rights, and shall, within five (5) days upon receipt of any notice, order or recommendation issued or promulgated by the relevant competent authorities regarding the Pledge, present such notice, order or recommendation to the Pledgee, and concurrently comply with such notice, order or recommendation, or object thereto upon the reasonable request or consent of the Pledgee.

- 6.1.3. The Pledgor and Party C shall promptly notify the Pledgee of any event or notice received by the Pledgor that may have an impact on the Pledged Equity Interest or any portion thereof, and that may change any undertakings and obligations of the Pledgor hereunder or may have an impact on the fulfillment of any obligations by the Pledgor hereunder.
- 6.1.4. Party C shall complete its business term extension registration formalities three (3) months prior to the expiry of its business term such that the validity of this Agreement shall be maintained.
- 6.2. The Pledgor agrees that the rights granted to the Pledgee in respect of the Pledge hereunder shall not be interrupted or harmed by any legal procedure initiated by the Pledgor, any successors of the Pledgor or its entrusting party or any other persons.
- 6.3. The Pledgor undertakes to the Pledgee that in order to protect or perfect the security for the Contractual Obligations and the Secured Indebtedness under this Agreement, the Pledgor shall execute in good faith and cause other parties who have interests in the Pledge to execute all the certificates of rights, agreements, and/or perform and procure other parties who have interests in the Pledge to perform acts as required by the Pledgee, facilitate the exercise of the Pledgee's rights granted hereunder and enter into all relevant documents regarding ownership of the Pledged Equity Interest with the Pledgee or any person (individuals or legal persons) designated by the Pledgee, as well as provide the Pledgee with all notices, orders and decisions regarding the Pledge as required by the Pledgee within a reasonable period of time.
- 6.4. The Pledgor hereby undertakes to the Pledgee to comply with and perform all the undertakings, representations and warranties and terms hereunder. In the event that the Pledgor fails to perform or fail to fully perform such undertakings, representations and warranties and terms hereunder, the Pledgor shall indemnify the Pledgee against all the losses resulting therefrom.

7. Event of Default

- 7.1. Each of the following circumstances shall constitute an Event of Default:
 - 7.1.1. The Pledgor breaches any of its obligations under the Transaction Documents and/or this Agreement.

- 7.1.2. Party C breaches any of its obligations under the Transaction Documents and/or this Agreement.
- 7.2. Should there arises any event set forth in Section 7.1 or any circumstance that may result in the foregoing events, the Pledgor and Party C shall immediately notify the Pledgee in writing.
- 7.3. Unless an Event of Default set forth in this Section 7.1 has been remedied at the request of the Pledgee within twenty (20) days upon receipt of the notice of the Pledgee to the Pledgor and/or Party C requesting the rectification of such Event of Default, the Pledgee may issue a Notice of Default to the Pledgor in writing at any time thereafter, requesting the exercise of the Pledge in accordance with Section 8 hereof.

8. Exercise of the Pledge

- 8.1. The Pledgee shall issue a Notice of Default to the Pledgor for the exercise of the Pledge.
- 8.2. Subject to the provisions of Section 7.3, the Pledgee may exercise its right to dispose of the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Upon the Pledgee's exercise of its right to dispose of the Pledge, the Pledgor shall no longer own any right and interest in respect of the Pledged Equity Interest.
- 8.3. Upon the issuance of the Notice of Default in accordance with Section 8.1, the Pledgee is entitled to exercise all the remedies, rights and powers available to it under the PRC laws, the Transaction Documents and this Agreement, including without limitation to converse, auction or sell the Pledged Equity Interests for prior satisfaction of indebtedness. The Pledgee shall not be held liable for any losses arising from its reasonable exercise of such rights and powers.
- 8.4. The proceeds received by the Pledgee as a result of the exercise of the Pledge shall be first applied towards payment of the taxes and expenses payable in connection with the disposal of the Pledged Equity Interest and the performance of the Contractual Obligations and the repayment of the Secured Indebtedness to the Pledgee. Any remaining balance after the deduction of the foregoing payments, if any, shall be returned to the Pledgor or any other person who is entitled to such balance under applicable laws and regulations, or be deposited with the notary public at the place where the Pledgee is located, any costs incurred arising out of such deposit shall be borne by the Pledgor; and to the extent permitted by the PRC laws, the Pledgor shall unconditionally donate such balance to the Pledgee or any person designated by the Pledgee.

- 8.5. The Pledgee shall be entitled to elect to exercise, simultaneously or successively, any of its breach of contract remedies; the Pledgee shall not be required to first exercise other breach of contract remedies prior to exercising its right to converse, auction or sell the Pledged Equity Interest hereunder.
- 8.6. The Pledgee shall be entitled to designate in writing its legal counsel or other agents to exercise on its behalf the Pledge, and neither the Pledgor nor Party C shall object thereto.
- 8.7. When the Pledgee disposes of the Pledge in accordance with this Agreement, the Pledgor and Party C shall provide necessary assistance to the Pledgee for its exercise of the Pledge.

9. Default Liabilities

- 9.1. In the event that the Pledgor or Party C materially breach any provision under this Agreement, the Pledgee is entitled to terminate this Agreement and/or claim damages from the Pledgor or Party C; this Section 9 shall not preclude any other rights entitled to the Pledgee as provided under this Agreement.
- 9.2. The Pledgor or Party C may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.

10. Assignment

- 10.1. The Pledgor and Party C shall not donate, transfer or dispose of their rights and obligations under this Agreement without prior written consent of the Pledgee.
- 10.2. This Agreement shall be binding upon the Pledgor and its successors and any permitted assignees, and effective upon the Pledgee and each of its successors and assignees.
- 10.3. The Pledgee may assign any or all of its rights and obligations under the Transaction Documents and this Agreement to any person designated by it at any time. In this case, the assignee shall enjoy and assume the rights and obligations of the Pledgee under the Transaction Documents and this Agreement as if the assignee were a party hereto or thereto, as applicable.
- 10.4. In the event of a change of Pledgee due to assignment, the Pledgor shall, at the request of the Pledgee, execute a new pledge agreement with the new pledgee with the same terms and conditions as this Agreement, and register such new pledge with the relevant administration for industry and commerce.

10.5. The Pledgor and Party C shall strictly comply with the provisions of this Agreement and other relevant agreements to which any Party is a party, including the Transaction Documents, and perform the obligations thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Unless with the written instructions of the Pledgee, the Pledgor shall not exercise their remaining rights in respect of the Pledged Equity Interest.

11. Termination

11.1. Upon the full and complete performance by the Pledgor and Party C of all of their Contractual Obligations and full satisfaction of the Secured Indebtedness, the Pledgee shall, upon the Pledgor's request, release the Pledge of the Pledged Equity Interest hereunder and cooperate with the Pledgor in relation to both the deregistration of the Pledge of the Pledged Equity Interest in the shareholders' register of Party C and the deregistration of the Pledge of the Pledged Equity Interest with the relevant administration of industry and commerce.

11.2. The provisions under Section 9, Section 13, Section 14 and this Section 11.2 shall survive the termination of this Agreement.

12. Costs and Other Expenses

All costs and actual expenses arising in connection with this Agreement, including without limitation the legal fees, processing fees, stamp duty, any other taxes and expenses, shall be borne by Party C.

13. Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

14. Governing Law and Disputes Resolution

- 14.1. The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the laws of the PRC.
- 14.2. Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Parties for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 14.3. The Parties agree that the arbitral tribunal or the arbitrator shall have the right to award any remedies in accordance with the terms hereunder and applicable PRC laws, including without limitation temporary and permanent injunctive remedies (as required by the business operation of Party C or compulsory transfer of the assets), the specific performance of the Contractual Obligations, the remedies in respect of Party C's equity interests or real estates, and the liquidation orders against Party C.
- 14.4. To the extent permitted by PRC laws, pending the formation of an arbitral tribunal or under the appropriate circumstances, the Parties are entitled to resort to a court of competent jurisdiction for temporary injunctive remedies or other temporary remedies to support the arbitration. In this regard, the Parties reached a consensus that to the extent as permitted by applicable laws, the courts in Hong Kong, the Cayman Islands, the PRC and the place where Party C's major assets are located shall be deemed to have jurisdiction.
- 14.5. Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

15. Notices

- 15.1. All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:

- 15.2. Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered on the date of receipt or refusal at the address specified for notices.
- 15.3. Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 15.4. For the purpose of notification, the addresses of the Parties are as follows:
- Party A: Tencent Music (Beijing) Co., Ltd.**
Address: 5th Floor, South District, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing
Attention: TME Legal Management Department-Investment and M&A
E-mail: []
- Party B: Beijing Zhizheng Music Culture Co., Ltd.**
Address: 5th Floor, South District, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing
Attention: TME Legal Management Department-Investment and M&A
E-mail: []
- Party C: Xizang Qiming Music Co., Ltd.**
Address: 5th Floor, South District, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing
Attention: TME Legal Management Department-Investment and M&A
E-mail: []
- 15.5. Each Party may at any time change its address for notices by delivering a notice to the other Parties in accordance with this Section.

16. Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

17. Effectiveness

- 17.1. This Agreement comes into effect upon duly execution by all the Parties.
- 17.2. Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon signing or stamping by the Parties and completion of the governmental registration procedures (if applicable) in accordance with the regulations.

18. Language and Counterparts

This Agreement is written in Chinese in four (4) originals, with each of the Pledgee, the Pledgor and Party C holding one original, and the other one original will be submitted for registration.

[The remainder of this page is intentionally left blank]

IN WITNESS HEREOF, the Parties have caused this Equity Interest Pledge Agreement to be executed by their respective authorized representative on the date first above written.

Party A: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu
Name: Yang Qihu
Title: Legal Representative

Party B: Beijing Zhizheng Music Culture Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Chen Xing
Name: Chen Xing
Title: Legal Representative

Party C: Xizang Qiming Music Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu
Name: Yang Qihu
Title: Legal Representative

Signature Page of Equity Interest Pledge Agreement among Tencent Music (Beijing) Co., Ltd., Beijing Zhizheng Music Culture Co., Ltd. and Xizang Qiming Music Co., Ltd.

Exclusive Option Agreement

This Exclusive Option Agreement (this “Agreement”) is executed by and among the following Parties as of March 10, 2021 in Beijing, the People’s Republic of China (“China” or the “PRC”):

- Party A:** **Tencent Music (Beijing) Co., Ltd.**, a wholly foreign-owned enterprise, organized and existing under the laws of the PRC, with its address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No. 7 Building, East Tianchen Road, Chaoyang District, Beijing;
- Party B:** **Beijing Zhizheng Music Culture Co., Ltd.**, a limited liability company, organized and existing under the laws of the PRC, with its address at Room 0118, 4th Floor, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing; and
- Party C:** **Xizang Qiming Music Co., Ltd.**, a limited liability company, organized and existing under the laws of the PRC, with its address at No.3-504 Industrial Park Management Committee, Duilong Deqing District, Lhasa, Tibet.

In this Agreement, Party A, Party B, and Party C shall each be referred to as a “Party” respectively, and shall be collectively referred to as the “Parties”.

Whereas:

1. Party B, Beijing Zhizheng Music Culture Co., Ltd., is the shareholder of Party C, holding 100 % of the equity interests of Party C which represents RMB 10,000,000 in the registered capital of Party C.
2. Party B intends to irrevocably grant Party A an exclusive option to purchase the entire equity interest in Party C without prejudice of PRC laws, and Party A intends to accept such equity interest purchase option (defined as below).
3. Party C intends to irrevocably grant Party A an exclusive option to purchase its entire assets without prejudice to PRC laws, and Party A intends to accept such asset purchase option (defined as below).

After mutual discussions and negotiations, the Parties have now reached the following agreement:

1. Sale and Purchase of Equity Interest and Assets

1.1 Option Granted

- 1.1.1 Whereas Party A paid Party B RMB 10 as consideration, and Party B confirmed the receipt and the sufficiency of such consideration, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a “Designee”) to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A’s sole and absolute discretion to the extent permitted by PRC laws and at the price described in Section 1.3 herein (“Equity Interest Purchase Option”). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term “person” as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts, or non-corporate organizations.

- 1.1.2 Party C hereby exclusively, irrevocably and unconditionally grants Party A an irrevocable and exclusive right to require Party C to transfer part or all of company assets (the assets may be transferred in whole or in part at Party A's sole discretion and commercial consideration, "Purchased Asset ") to Party A or its Designee to the extent permitted by PRC laws and under the terms and conditions herein ("Asset Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Asset Purchase Option or any other right with respect to Party C's assets. Party A agrees to accept such Asset Purchase Option.
- 1.1.3 Party B hereby jointly and severally agrees that Party C grants such Asset Purchase Option to Party A in accordance with Section 1.1.2 above and other terms herein, and the Purchased Asset may be transferred to Party A or Designee(s) by Party A when the Asset Purchase Option is exercised.

1.2 Steps for Exercise

- 1.2.1 The exercise of the Equity Interest Purchase Option and the Asset Purchase Option by Party A shall be subject to the provisions of the laws and regulations of China.
- 1.2.2 When Party A exercises the Equity Interest Purchase Option, a written notice shall be issued to Party B (the "Equity Interest Purchase Option Notice"), specifying:(a) Party A's or the Designee's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests or the date for the transfer of the Optioned Interests.
- 1.2.3 When Party A exercises the Asset Purchase Option, a written notice shall be issued to Party B (the "Asset Purchase Option Notice"), specifying:(a) Party A's or the Designee's decision to exercise the Asset Purchase Option; (b) the list of assets to be purchased by Party A or the Designee from Party B (the "Optioned Asset"); and (c) the date for purchasing the Optioned Asset or the date for the transfer of the Optioned Asset.

1.3 Purchase Price

- 1.3.1 The purchase price (“Benchmark Purchase Price”) of all equity interests shall be RMB 10. If PRC law requires a minimum price higher than the Benchmark Purchase Price when Party A exercises the Equity Interest Purchase Option, the minimum price regulated by PRC law shall be the purchase price (collectively, the “Equity Interest Purchase Price”).
- 1.3.2 Party B undertakes that it shall transfer the full amount of Equity Interest Purchase Price obtained by Party B to Party A’s designated bank account.
- 1.3.3 In terms of Asset Purchase Option, Party A or its Designee shall pay RMB 1 as the purchase price for each exercise of the Asset Purchase Option. If PRC law requires a minimum price higher than the aforementioned net book value of the assets, the minimum price regulated by PRC law shall be the purchase price (collectively, the “Asset Purchase Price”).
- 1.3.4 Party C undertakes that it shall transfer the full amount of Asset Interest Purchase Price obtained by Party C to Party A’s designated bank account.

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders’ meeting, at which a resolution shall be adopted approving Party B’s transfer of the Optioned Interests to Party A and/or the Designee(s).
- 1.4.2 Party B shall obtain written statements from the other shareholders (if any) of Party C giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto.
- 1.4.3 Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests.

1.4.4 The relevant Parties shall execute all other necessary contracts, agreements, or documents, obtain all necessary government licenses and permits, and take all necessary actions to transfer the valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, “security interests” shall include securities, mortgages, third party’s rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention, or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B’s Equity Interest Pledge Agreement, and Party B’s Power of Attorney. “Party B’s Equity Interest Pledge Agreement” as used in this Agreement shall refer to the Equity Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modifications, amendments, and restatements thereto. “Party B’s Power of Attorney” as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with a power of attorney and any modifications, amendments, and restatements thereto.

1.5 Transfer of Purchased Assets

For each exercise of the Equity Interest Purchase Option:

1.5.1 Party C shall obtain all necessary internal authorizations in accordance with Party B’s then effective articles of association.

1.5.2 Party C shall enter into an asset transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Asset Purchase Option Notice regarding the Purchased Assets.

1.5.3 The relevant Parties shall execute all other necessary contracts, agreements, or documents, obtain all necessary government licenses and permits, and take all necessary actions to transfer the valid ownership of the Purchased Assets to Party A and/or the Designee(s), unencumbered by any security interests.

2. Covenants

2.1 Covenants regarding Party C

Party B (as shareholders of Party C) and Party C hereby covenant on the following:

2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change, or amend the articles of association of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners.

- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards and practices, as well as obtain and maintain all necessary government licenses and permits by prudently and effectively operating its business and handling its affairs.
- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage, or dispose of in any manner any material assets of Party C or legal or beneficial interest in the material business or revenues of Party C of more than RMB 100,000, or allow the encumbrance thereon of any security interests.
- 2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee, or suffer the existence of any debt, except for (i) payables incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A which Party A's written consent has been obtained.
- 2.1.5 They shall always operate all of Party C's businesses within the normal business scope to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value.
- 2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any material contract, except the contracts in the ordinary course of business (for the purpose of this subsection, a contract with a price exceeding RMB 100,000 shall be deemed a material contract).
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with a loan or credit.
- 2.1.8 They shall provide Party A with information on Party C's business operations and financial condition upon Party A's request.
- 2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses and own similar assets in the same area.
- 2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire, or invest in any person.
- 2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to Party C's assets, business, or revenue.

- 2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims.
- 2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders.
- 2.1.14 At the request of Party A, they shall appoint any person designated by Party A as the director or executive director of Party C.
- 2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates.
- 2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquidated without prior written consent by Party A.

2.2 Covenants of Party B

Party B hereby covenants to the following:

- 2.2.1 Without the prior written consent of Party A, at any time from the date of execution of this Agreement, Party B shall not sell, transfer, mortgage, or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney.
- 2.2.2 Party B shall cause the shareholders' meeting and/or the directors (or the executive director) of Party C not to approve any sale, transfer, mortgage, or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any other security interest without the prior written consent of Party A, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney.
- 2.2.3 Without the prior written consent of Party A, Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person.
- 2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to the equity interests in Party C held by Party B.

- 2.2.5 Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A.
- 2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims.
- 2.2.7 Party B shall appoint any designee of Party A as the director or the executive director of Party C, at the request of Party A.
- 2.2.8 Party B hereby waives its right of first refusal with respect to the transfer of equity interest by any other shareholder of Party C to Party A (if any), and gives consent to the execution by each other shareholder of Party C with Party A and Party C the exclusive option agreement, the equity interest pledge agreement and the power of attorney similar to this Agreement, Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, and accepts not to take any actions in conflict with such documents executed by the other shareholders.
- 2.2.9 Party B shall promptly donate any profits, interests, dividends, or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under the applicable PRC laws. And
- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C, and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under Party B's Equity Interest Pledge Agreement or under Party B's Power of Attorney, Party B shall not exercise such rights excluding in such manner in accordance with the written instructions of Party A.

3. Representations and Warranties

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer, that:

- 3.1 They have the power, capacity, and authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning each transfer of the Optioned Interests as described thereunder (each, a "Transfer Contract"), and to perform their obligations under this Agreement and any Transfer Contract. Party B and Party C agree to enter into Transfer Contracts substantially consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid, and binding obligations, and shall be enforceable against them in accordance with the provisions thereof.

- 3.2 Party B and Party C have obtained any and all approvals and consents from the relevant government authorities and third parties (if required) for the execution, delivery, and performance of this Agreement.
- 3.3 The execution and delivery of this Agreement or any Transfer Contract and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violations of any applicable PRC laws; (ii) be inconsistent with the articles of association, bylaws, or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them.
- 3.4 Party B has a good and merchantable title to the equity interests held by Party B in Party C. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests.
- 3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets.
- 3.6 Party C does not have any outstanding debts, except for (i) debt incurred within its normal business scope; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions. And
- 3.8 There is no pending or threatened litigation, arbitration, or administrative proceedings relating to the equity interests in Party C, assets of Party C, or Party C itself.

4. Effective Date and Term

This Agreement shall become effective upon execution by the Parties, and remain in effect until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

5. Governing Law and Disputes Resolution

5.1 Governing Law

The execution, effectiveness, interpretation, performance, amendment, and termination of this Agreement as well as any dispute resolution hereunder shall be governed by the laws of the PRC.

5.2 Methods of Disputes Resolution

In the event of any dispute arising with respect to the construction and performance of this Agreement, the Parties shall first attempt to resolve the dispute through friendly negotiations. In the event that the Parties fail to reach an agreement on the dispute within 30 days after either Party's written request to the other Parties for dispute resolution through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the arbitration award shall be final and binding to all Parties.

Each Party agrees that the arbitral tribunal or arbitrator shall have the right to give any remedies, including preliminary and permanent injunctive relief (such as injunction against carrying out business activities, or mandating the transfer of assets), specific performance of contractual obligations, remedies concerning the equity interest or assets of Party C and awards directing Party C to conduct liquidation.

To the extent permitted by PRC laws, when awaiting the formation of the arbitration tribunal or otherwise under appropriate conditions, either Party may seek preliminary injunctive relief or other interlocutory remedies from a court with competent jurisdiction to facilitate the arbitration. Without violating the applicable governing laws, the Parties agree that the courts of Hong Kong SAR, Cayman Islands, China and the place where the main assets of Party C are located shall all be deemed to have competent jurisdiction.

Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

6. Taxes and Fees

Each Party shall pay any and all transfer and registration taxes, expenses, and fees incurred thereby or levied thereon in accordance with the laws of the PRC in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

7. Notices

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, prepaid postage, commercial courier services, or facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, courier services, registered mail, or prepaid postage shall be deemed effectively given on the date of receipt or refusal at the address specified for such notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of the transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attn: TME Legal Management Department - Investment and M&A

Email: []

Party B: Beijing Zhizheng Music Culture Co., Ltd.

Address: 5th Floor, South District, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attn: TME Legal Management Department - Investment and M&A

Email: []

Party C: Xizang Qiming Music Co., Ltd.

Address: 5th Floor, South District, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attn: TME Legal Management Department - Investment and M&A

Email: []

7.3 Any Party may at any time change its address for notices by having a notice delivered to the other Parties in accordance with the terms hereof.

8. Confidentiality

The Parties acknowledge that the existence and the terms of this Agreement, and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain the confidentiality of all such confidential information, and without obtaining the written consent of other Parties, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be featured in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels, or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels, or financial advisors shall be bound by the confidential obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of, or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and that Party shall be held liable for breach of this Agreement.

9. Further Warranties

The Parties agree to promptly execute the documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and to take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

10. Breach of Agreement

10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B or Party C to compensate all damages This Section 10 shall not prejudice any other rights of Party A herein.

10.2 Party B or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by the applicable laws.

11. Force Majeure Event

11.1 "**Force Majeure Event**" means any event that is beyond one Party's scope of reasonable control, and is unavoidable under the affected Party's reasonable care, including but not limited to, natural disasters, wars, riots, etc. However, lack of credit, funding or financing may not be considered as beyond one Party's reasonable control. When the implementation of this Agreement is delayed or hindered due to any Force Majeure Event, the affected Party shall not bear any liability for such delayed and hindered performance under this Agreement. The Party affected by Force Majeure Event seeking to waive any liability under this Agreement shall notify the other Party as soon as possible of the exemption and the steps to be taken to complete the performance.

11.2 The Party affected by Force Majeure Event shall not bear any liability under this Agreement. The Party seeking to waive liability can only be exempted when he affected Party has made reasonable and feasible efforts to perform this Agreement and such exemption shall be limited to such delayed and hindered performance. Once the reasons for such exemption are corrected and remedied, the Parties agree to use their best efforts to perform this Agreement.

12. Miscellaneous

12.1 Amendments, changes, and supplements

Any amendments, changes, and supplements to this Agreement shall require the execution of a written agreement by all of the Parties.

12.2 Entire agreement

Except for the amendments, supplements, or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supersede all prior oral and written consultations, representations, and contracts reached with respect to the subject matter of this Agreement.

12.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain, or otherwise affect the meanings of the provisions of this Agreement.

12.4 Language

This Agreement is written in Chinese in three (3) originals, with each Party having one copy.

12.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal, or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality, or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal, or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by the relevant laws and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal, or unenforceable provisions.

12.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

12.7 Survival

12.7.1 Any obligations that occur or are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

12.7.2 The provisions of Sections 5, 8, 10 and this Section 12.7 shall survive the termination of this Agreement.

12.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall be deemed as a waiver by such Party with respect to any similar breach in other circumstances.

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IN WITNESS WHEREOF, the authorized representatives of the Parties have executed this Exclusive Option Agreement as of the date first above written.

Party A: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

/s/ Tencent Music (Beijing) Co., Ltd.

Party B: Beijing Zhizheng Music Culture Co., Ltd.

[Company Chop is affixed]

/s/ Beijing Zhizheng Music Culture Co., Ltd.

Party C: Xizang Qiming Music Co., Ltd.

[Company Chop is affixed]

/s/ Xizang Qiming Music Co., Ltd.

Signature Page of Exclusive Option Agreement among Tencent Music (Beijing) Co., Ltd., Beijing Zhizheng Music Culture Co., Ltd. and Xizang Qiming Music Co., Ltd.

**Power of Attorney Re Shareholder's Rights of
Xizang Qiming Music Co., Ltd.**

Beijing Zhizheng Music Culture Co., Ltd. (the "**Company**"), with the uniform social credit code No. 91110108MA01TUGH9H, holding 100% of the equity interest in Xizang Qiming Music Co., Ltd. (the "**Xizang Qiming**") as of the date of this Power of Attorney (representing RMB 10,000,000 registered capital of Xizang Qiming), hereby irrevocably authorizes Tencent Music (Beijing) Co., Ltd. (the "**WFOE**") to exercise the following rights with respect to the existing and future equity interests held by the Company in Xizang Qiming (the "**Owned Equity Interest**") during the effective term of this Power of Attorney:

Authorizing WFOE as the sole and exclusive proxy of the Company, to exercise, including without limitation, the following rights on the Company's behalf with full authority with respect to the Owned Equity Interest: 1) to attend the shareholders' meetings of Xizang Qiming; 2) to exercise all shareholder's rights and shareholder's voting rights which the Company is entitled with under the laws and the articles of association of Xizang Qiming, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Equity Interest; and 3) as the Company's authorized representative, to appoint and elect the legal representative, directors, supervisors, managers and other senior management of Xizang Qiming.

WFOE shall be authorized to execute, on the Company's behalf, any and all agreements to which the company shall be a party as specified in the Exclusive Option Agreement entered into as of March 10, 2021 by and among the Company, WFOE and Xizang Qiming, the Equity Interest Pledge Agreement entered into as of March 10, 2021 by and among the Company, WFOE and Xizang Qiming, and the Loan Agreement entered into as of March 10, 2021 by and between the Company and WFOE (together with any amendments, revisions or restatements, the "**Transaction Documents**"), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Equity Interest shall be deemed conducted or executed by the Company which the Company shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform the Company or obtain the Company's prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as the Company is a shareholder of Xizang Qiming, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, the Company hereby waive all rights in connection with the Owned Equity Interest that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on its own.

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Beijing Zhizheng Music Culture Co., Ltd.

[Company Chop is affixed]

/s/ Beijing Zhizheng Music Culture Co., Ltd.

March 10, 2021

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

/s/ Tencent Music (Beijing) Co., Ltd.

Acknowledged by:

Xizang Qiming Music Co., Ltd.

[Company Chop is affixed]

/s/ Xizang Qiming Music Co., Ltd.

Signature Page of Power of Attorney Re Shareholder's Rights of Xizang Qiming Music Co., Ltd between Tencent Music (Beijing) Co., Ltd. and Beijing Zhizheng Music Culture Co., Ltd.

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on March 10, 2021 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No. 7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Beijing Zhizheng Music Culture Co., Ltd.** (the “**Borrower**”), a limited liability company incorporated and existing under the laws of the PRC, with its registered address at No.3-504 Industrial Park Management Committee, Duilong Deqing District, Lhasa, Tibet.

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 100% equity interests in Xizang Qiming Music Co., Ltd. (the “**Borrower’s Company**”). All the existing and future equity rights and interests the Borrower holds in the Borrower’s Company are referred to as the “**Borrower’s Equity Interest**”;
2. The Lender agrees to provide a loan in the amount of RMB 10,000,000 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 Loan

- 1.1 The Lender agrees to provide a loan in the amount of RMB 10,000,000 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:

- 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;

- 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;
 - 1.1.3 the Borrower is no longer the shareholder of the Borrower's Company or its affiliates regardless of the reasons thereof;
 - 1.1.4 the Borrower commits a crime or is involved in a crime;
 - 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Borrower's Company in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the "**Exclusive Option Agreement**") to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
 - 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Borrower's Company or the working capital of the Borrower's Company. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
 - 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender's right to purchase the Borrower's Equity Interest under the Exclusive Option Agreement, transfer the Borrower's Equity Interest to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of the Borrower's Equity Interest (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
 - 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower's Equity Interest at any time, at a price as specified in the Exclusive Option Agreement.
 - 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the "**Power of Attorney**"), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a shareholder in the Borrower's Company.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Equity Interest from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the shareholder of the Borrower's Company that during the term of this Agreement he will procure the Borrower's Company:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the "**Exclusive Business Cooperation Agreement**") to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Borrower's Company to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement between the Borrower and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement (together with its amendments from time to time, the "**Equity Interest Pledge Agreement**") and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Equity Interest Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower's Equity Interest, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the shareholders and/or the board of directors of the Borrower's Company not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Equity Interest, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the shareholders and/or the board of the directors of the Borrower's Company not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Equity Interest;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Equity Interest;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Borrower's Company without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Borrower's Company upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Equity Interest to the Lender or any person as designated by it, and procure any other shareholder of the Borrower's Company to waive the right of first refusal regarding such transfer of equity interest under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other shareholder of the Borrower's Company to transfer unconditionally and immediately all the equity interests owned by such shareholder to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of equity interest under this Section;

- 3.2.12 if the Lender purchases the Borrower's Equity Interest from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and
- 3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 10/000 until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
- 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
- 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment and M&A

Email: []

The Borrower: Beijing Zhizheng Music Culture Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment and M&A

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

- 7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachment to this Agreement (if any) is an integral part of and has the same effect with this Agreement.

8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

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IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

/s/ Tencent Music (Beijing) Co., Ltd.

The Borrower: Beijing Zhizheng Music Culture Co., Ltd.

[Company Chop is affixed]

/s/ Beijing Zhizheng Music Culture Co., Ltd.

Signature Page of Loan Agreement regarding Xizang Qiming Co., Ltd.
between Tencent Music (Beijing) Co., Ltd. and Beijing Zhizheng Music Culture Co., Ltd.

Debt Assignment and Offset Agreement

This Debt Assignment and Offset Agreement (the “**Agreement**”) is entered into on March 10, 2021 by and among Yang Qihu (PRC Identification number: [], the “**Transferor**”), Beijing Zhizheng Music Culture Co., Ltd. (Uniform Social Credit Code No.: 91110108MA01TUGH9H, the “**Transferee**”), and Tencent Music (Beijing) Co., Ltd. (the “**Tencent Music**”),

Whereas, Yang Qihu and Beijing Zhizheng Music Culture Co., Ltd. entered into a share transfer agreement on March 1, 2021, (the “**Share Transfer Agreement**”), pursuant to which the Transferor should transfer 50% equity interest held by him of Xizang Qiming Music Co., Ltd. (the “**VIE Company**”, which equals to RMB 5,000,000 of the registered capital of the VIE Company) to the Transferee. According the Share Transfer Agreement, the consideration of the Target Equity is RMB 1 (the “**Transfer Price**”).

Whereas, the Transferor and Tencent Music entered into a Loan Agreement on February 8, 2018 (the “**Loan Agreement**”), pursuant to which Tencent Music collectively lent RMB 5,000,000 (the “**Loan**”) to the Transferor but the Loan was not actually issued, pursuant to which the Transferee inherited all rights and obligations of the Transferor under the Loan Agreement.

In view of above, the parties agree as follows:

1. The Transferor agrees to transfer all of its obligations under the Loan Agreement (including the obligation to repay the loan, if any) to the Transferee and the Transferee agrees to inherit all of the obligations. As the consideration that the Transferee agrees to inherit the relevant obligations, the portion of the Transfer Price equal to the Loan that the Transferee shall pay to the Transferor, shall be deemed paid. When this Agreement comes into effect, the Transferee shall replace the Transferor as the borrower under the Loan Agreement. From the date of execution this agreement, the specific rights and obligations of the Transferee and Tencent Music regarding the Loan shall be subject to the “Loan Agreement” re-signed by the Transferee and Tencent Music on March 10, 2021.
2. Tencent Music, as the creditor of the Loan, agrees the assignment of the debt under Article 1 hereof.
3. This agreement shall come into force automatically upon the effective date of the Share Transfer Agreement.

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This page is the Debt Assignment and Offset Agreement signed by and among Yang Qihu, Beijing Zhizheng Music Culture Co., Ltd. and Tencent Music (Beijing) Co., Ltd. This is page is left blank.

Yang Qihu

Signature: /s/ Yang Qihu

Beijing Zhizheng Music Culture Co., Ltd.

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/s/ Beijing Zhizheng Music Culture Co., Ltd.

Tencent Music (Beijing) Co., Ltd.

[COMPANY CHOP IS AFFIXED]

/s/ Tencent Music (Beijing) Co., Ltd.

Signature Page to the Debt Assignment and Offset Agreement re Xizang Qiming Music Co., Ltd.

Debt Assignment and Offset Agreement

This Debt Assignment and Offset Agreement (the “**Agreement**”) is entered into on March 10, 2021 by and among Gu Dejun (PRC Identification number: [], the “**Transferor**”), Beijing Zhizheng Music Culture Co., Ltd. (Uniform Social Credit Code No.: 91110108MA01TUGH9H, the “**Transferee**”), and Tencent Music (Beijing) Co., Ltd. (the “**Tencent Music**”),

Whereas, Gu Dejun and Beijing Zhizheng Music Culture Co., Ltd. entered into a share transfer agreement on March 1, 2021 (the “**Share Transfer Agreement**”), pursuant to which the Transferor should transfer 50% equity interest held by him of Xizang Qiming Music Co., Ltd. (the “**VIE Company**”, which equals to RMB 5,000,000 of the registered capital of the VIE Company) to the Transferee. According to the Share Transfer Agreement, the consideration of the Target Equity is RMB 1 (the “**Transfer Price**”).

Whereas, Hu Min (PRC Identification number: []) and Tencent Music entered into a Loan Agreement on February 8, 2018 (the “**Loan Agreement**”), pursuant to which Tencent Music collectively lent RMB 5,000,000 (the “**Loan**”) to Hu Min but the Loan was not actually issued. Later, the Transferor, Hu Min and Tencent Music entered into a Debt Assignment and Offset Agreement on September 12, 2019 (collectively known as the “**Previous Agreements**”) with the Loan Agreement, pursuant to which the Transferor inherited all rights and obligations of the Hu Min under the Previous Agreements.

In view of above, the parties agree as follows:

1. The Transferor agrees to transfer all of its obligations under the Previous Agreements (including the obligation to repay the loan, if any) to the Transferee and the Transferee agrees to inherit all of the obligations. As the consideration that the Transferee agrees to inherit the relevant obligations, the portion of the Transfer Price equal to the Loan that the Transferee shall pay to the Transferor, shall be deemed paid. When this Agreement comes into effect, the Transferee shall replace the Transferor as the borrower under the Previous Agreements. From the date of execution of this agreement, the specific rights and obligations of the Transferee and Tencent Music regarding the Loan shall be subject to the “**Loan Agreement**” re-signed by the Transferee and Tencent Music on March 10, 2021.
2. Tencent Music, as the creditor of the Loan, agrees the assignment of the debt under Article 1 hereof.
3. This agreement shall come into force automatically upon the effective date of the Share Transfer Agreement.

This page is the Debt Assignment and Offset Agreement signed by and among Gu Dejun, Beijing Zhizheng Music Culture Co., Ltd. and Tencent Music (Beijing) Co., Ltd. This is page is left blank.

Gu Dejun

Signature: /s/ Gu Dejun

Beijing Zhizheng Music Culture Co., Ltd.

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/s/ Beijing Zhizheng Music Culture Co., Ltd.

Tencent Music (Beijing) Co., Ltd.

[COMPANY CHOP IS AFFIXED]

/s/ Tencent Music (Beijing) Co., Ltd.

Signature Page to the Debt Assignment and Offset Agreement re Xizang Qiming Music Co., Ltd.

Equity Interest Pledge Agreement

Of

Guangzhou Kugou Computer Technology Co., Ltd.

By and among

Shareholders Listed in Schedule A

Tencent Music (Beijing) Co., Ltd.

And

Guangzhou Kugou Computer Technology Co., Ltd.

August 5, 2020

EQUITY INTEREST PLEDGE AGREEMENT

This Equity Interest Pledge Agreement (this “**Agreement**”) is entered into on August 5, 2020 by and among:

1. **All shareholders listed in Schedule A.** Please refer to Schedule A for detailed information of each shareholder.
(Each shareholder listed in Schedule A shall be hereinafter referred to as a “**Pledgor**” respectively, and as the “**Pledgors**” collectively.)
2. **Tencent Music (Beijing) Co., Ltd.** (hereinafter referred to as the “**Pledgee**”)
Registered Address: Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing.
Legal Representative: Hu Min
3. **Guangzhou Kugou Computer Technology Co., Ltd.** (hereinafter referred to as the “**Company**”)
Registered Address: 1-17, No. 315 Huangpu Avenue Middle, Tianhe District, Guangzhou.
Legal Representative: Hu Min

(In this Agreement, each of the Pledgors, the Pledgee and the Company shall be referred to as a “**Party**” respectively, and as the “**Parties**” collectively.)

WHEREAS:

- (1) The Pledgors are registered shareholders on record of the Company as of the execution date of this Agreement, collectively holding 100% of the equity interests in the Company (hereinafter the “**Company Equities**”). Upon the execution date of this Agreement, the Pledgors’ capital contributions to the registered capital of the Company and proportions of shareholding are set out in Schedule A hereto.
- (2) The Parties herein have entered into an Exclusive Option Agreement on August 5, 2020 (hereinafter the “**Exclusive Option Agreement**”), pursuant to which the Pledgors shall, to the extent permitted by the PRC Laws, transfer all or partial Company Equities held by the Pledgors to the Pledgee and/or any other entity or individual designated by the Pledgee in accordance with the Pledgee’s request.
- (3) The Parties herein have entered into a Voting Trust Agreement on August 5, 2020 (hereinafter the “**Voting Trust Agreement**”), pursuant to which the Pledgors shall irrevocably entrust its full rights and authorities to the person designated by the Pledgee on the occasion to exercise all the shareholder voting power granted to the Pledgors in the Company.

- (4) The Company and the Pledgee entered into an Exclusive Technology Service Agreement on March 26, 2018 (hereinafter the “**Service Agreement**”), pursuant to which the Company exclusively employs the Pledgee to provide relevant technical services, and agrees to pay the corresponding service fees to the Pledgee for such technical services.
- (5) Mr. Xie Guomin, Mr. Chen Xiaotao and the Pledgee entered into a Loan Agreement (hereinafter the “**Loan Agreement**”) on April 21, 2014, pursuant to which the Pledgee has provided a loan of RMB128,800,000 to Mr. Xie Guomin and Mr. Chen Xiaotao; Mr. Chen Xiaotao, Mr. Qiu Zhongwei and the Pledgee entered into a Transfer and Offset of Creditor’s Rights Agreement on March 20, 2017, pursuant to which Mr. Qiu Zhongwei inherits all of Mr. Chen Xiaotao’s rights and obligations under the Loan Agreement; Mr. Xie Guomin, Ms. Wang Meiqi and the Pledgee entered into a debt assignment and offset agreement on May 11, 2020, pursuant to which Ms. Wang Meiqi inherits all of Mr. Xie Guomin’s rights and obligations under the Loan Agreement. (Mr. Qiu Zhongwei and Ms. Wang Meiqi, hereinafter the “**Borrowers**” collectively).
- (6) As security for the performance of the Contractual Obligations (as defined hereunder) and for the full payment of the Secured Indebtedness, the Pledgors agree to pledge all their equity interests held by them in the Company in favor of the Pledgee, and grant the Pledgee the most prioritized pledge right, with the Company’s consent on such equity pledge arrangement.

THEREFORE, upon mutual discussion, the Parties agree as follows:

1 Definitions

1.1 Unless otherwise defined by the context, the following terms shall have the following meanings in this Agreement:

Contractual Obligations shall refer to (i) for the Pledgors excluding the Borrowers, all the contractual obligations under the Exclusive Option Agreement, the Voting Trust Agreement and this Agreement; (ii) for the Borrowers, all the contractual obligations under the Exclusive Option Agreement, Voting Trust Agreement, Loan Agreement and this Agreement; (iii) for the Company, all the contractual obligations under the Exclusive Option Agreement, Voting Trust Agreement, Service Agreement and this Agreement.

Secured Indebtedness	shall refer to the Company's obligation to pay the service fees under the Service Agreement and other obligations, the Borrowers' obligations of repayment, and all the direct, indirect and derivative losses and losses of anticipated profits, suffered by the Pledgee, incurred as a result of any Event of Default (as defined hereunder) by the Pledgors and/or the Company. The amount of such loss shall be calculated in accordance with, without limitation, the reasonable business plan and profit forecast of the Pledgee, the service fees payable by the Company to the Pledgee under the Service Agreement, the principal payable by the Borrowers under the Loan Agreement, and all expenses occurred in connection with enforcement by the Pledgee of the Pledgor's and/or the Company's Contract Obligations.
Transaction Agreements	shall refer to the Exclusive Option Agreement, the Voting Trust Agreement, the Service Agreement and the Loan Agreement.
Event of Default	shall refer to any breach to any contractual obligations under the Exclusive Option Agreement by the Pledgors excluding the Borrowers, any Borrower's breach to any contractual obligations under the Exclusive Option Agreement, the Voting Trust Agreement, the Loan Agreement and/or this Agreement, and the Company's breach to any contractual obligations under the Exclusive Option Agreement, the Voting Trust Agreement, the Service Agreement and/or this Agreement.
Pledged Equity	shall refer to all Company Equities legally held by the Pledgors upon the effective date of this Agreement (the specific equity interest pledged by each Pledgor is set out in Schedule A in this Agreement), the increased capital contribution and dividend under Clauses 2.6 and 2.7 herein, and other equity interest in the Company held by the Pledgors by any others means.
PRC Laws	shall refer to the then effective laws, administrative regulations, administrative rules, local regulations, judicial interpretations and other binding regulatory documents of the People's Republic of China (for the purpose of this Agreement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan).

1.2 In this Agreement, any reference to any PRC Laws shall be deemed to include (1) a reference to such PRC Laws as modified, amended, supplemented or reenacted, effective before or after the date of this Agreement; and (2) a reference to any other decision, circular or rule made pursuant to such PRC Laws or effective as a result of such PRC Laws.

- 1.3 Unless otherwise stated in the context of this Agreement, a reference to a provision, clause, section or paragraph shall refer to a corresponding provision, clause, section or paragraph of this Agreement.

2 Equity Pledge

- 2.1 The Pledgors hereby agree to pledge, in accordance with the terms of this Agreement, their lawfully owned and disposable equity interests in favor of the Pledgee as the security for the repayment of the Secured Indebtedness. The Company hereby agrees that Pledgors pledge the Pledged Equities in favor of the Pledgee in accordance with the terms of this Agreement.
- 2.2 The Pledgors undertake to record the share pledge arrangements (“**Share Pledge**”) in the register of shareholders on the effective date of this Agreement. The Pledgors further undertake to make the best efforts and take all necessary actions to apply with the competent industrial and commercial authority for the registration of the Pledged Equity under this Agreement within ten (10) business days after the execution date of this Agreement. The Pledgors and the Pledgee shall, pursuant to PRC Laws and all requirements of relevant industrial and commercial authorities, submit all necessary documents and deal with all necessary procedures, ensuring that the pledge right can be registered as soon as possible after the application submission, and deliver the original copy of the registration certificate (including without limitation the pledge registration notification) to the Pledgee; the relevant fees shall be borne by the Company.
- 2.3 During the term of this Agreement, the Pledgee shall not be liable in whatsoever manner for any decrease in the value of the Pledged Equities and the Pledgors are not entitled to seek any form of recourse or make any request, unless such decrease is caused by the Pledgors’ intention or gross negligence having direct causation to the result.
- 2.4 Subject to Section 2.3 above, if the Pledged Equities could experience material impairment which is capable to prejudice the rights of the Pledgee, the Pledgee may at any time auction or sell the Pledged Equities on behalf of the Pledgors and may, as agreed with the Pledgors, apply the proceeds from such auction or sale towards accelerated repayment of the Secured Indebtedness, or deposit such proceeds with a notary public at the place where the Pledgee is located (any costs thereby incurred shall be entirely borne by the Pledgee).
- 2.5 Upon occurrence of any Event of Default, the Pledgee shall be entitled to dispose of the Pledged Equities in such manner as prescribed in Article 4 of this Agreement.

- 2.6 The Pledgors shall be entitled to increase the capital of the Company with prior written consent of the Pledgee. The amount of capital added to the Company's registered capital because of the Pledgors' contribution shall be deemed as the Pledged Equities. The Pledgors undertake to record the equity pledge for the increased amount of registered capital under this Clause 2.6 in the register of shareholders within ten (10) business days after the capital increase, to apply with the competent industrial and commercial authority for the registration, and to deliver the original copy of the registration certificate (including without limitation to the pledge registration notification) to the Pledgee; the relevant fees shall be borne by the Company.
- 2.7 During the term of pledge, the Pledgors are entitled to receive proceeds (including without limitation any dividend, profit and other income) generated by the Pledged Equities. The Pledgors shall not receive any dividend or bonus in respect of the Pledged Equities without prior consent of the Pledgee. The Pledgors' dividend or bonus obtained from the Pledged Equities shall be deposited in the bank account designated by the Pledgee, being administrated by the Pledgee, and shall be used for the repayment for the Secured Indebtedness.
- 2.8 Upon occurrence of any Event of Default, the Pledgee shall be entitled to dispose of any Pledgor's any pledged Equities in the manner as prescribed in this Agreement.

3 Release of Pledge

- 3.1 After full and complete performance of all the Contractual Obligations and full repayment of all the Secured Indebtedness by the Pledgors and the Company, the Pledgee shall, at the request of the Pledgors, release the equity pledge under this Agreement and cooperate with the Pledgors to deregister the equity pledge recorded in the register of shareholders and to deregister the pledge with the competent industrial and commercial authority. Reasonable costs thereby incurred shall be borne by the Pledgee.

4 Disposal of Pledged Equities

- 4.1 The Parties hereby agree that upon occurrence of any Event of Default, the Pledgee shall be entitled to exercise all rights and power to claim remedies available under the PRC Laws, the Transaction Agreements and this Agreement with written notice to the Pledgors, including without limitation the right to auction or sell the Pledged Equities and to be indemnified in priority with the proceeds thereof. The Pledgee shall not be held liable for any losses from its lawful and reasonable exercise of such rights and power.

- 4.2 The Pledgee shall be entitled to appoint in writing its legal advisor or any other agent to exercise any and all of its foregoing rights and power, to which the Pledgors shall not raise any objection and shall provide necessary assistance.
- 4.3 The Pledgee shall be entitled to deduct all reasonable costs actually incurred in connection with its exercise of any or all of its aforesaid rights and power from the proceeds obtained from such exercise of rights and power.
- 4.4 The proceeds obtained from the exercise by the Pledgee of its rights and power shall be applied in the following order of precedence:
- (i) payment of all costs arising out of the disposal of the Pledged Equities and the exercise by the Pledgee of its rights and power (including fees paid to its legal advisor and agent);
 - (ii) payment of the taxes payable in connection with the disposal of the Pledged Equities; and
 - (iii) repayment of the Secured Indebtedness to the Pledgee;
- Any balance after the deduction of the aforesaid payments shall either be returned by the Pledgee to the Pledgors or any other person who is entitled to such balance under relevant laws and regulations, or be deposited with a notary public at the place where the Pledgee is located (any costs thereby incurred shall be entirely borne by the Pledgee).
- 4.5 The Pledgee shall have the option to exercise concurrently or successively any of the remedies available to it; the Pledgee shall not be required to exhaust all other remedies available to it prior to auction or sale of the Pledged Equities under this Agreement.

5 Fees and Expenses

- 5.1 All costs and expenses actually incurred in connection with the creation of the equity pledge under this Agreement, including without limitation the stamp duty, any other taxes and all legal fees, shall be borne by the Company.

6 Continuity and No Waiver

- 6.1 The Pledged Equities shall be continuous security and shall remain valid until full performance of the Contractual Obligations or full repayment of the Secured Indebtedness. No waiver or grace period granted by the Pledgee to the Pledgors in respect of any breach or any delay by the Pledgee in exercising any of its rights under the Transaction Agreements and this Agreement shall affect the rights available to the Pledgee under this Agreement, applicable PRC Laws and the Transaction Agreements to demand at any time thereafter strict performance by the Pledgors of the Transaction Agreements and this Agreement, or any of the rights available to the Pledgee arising from any subsequent breach by the Pledgors of the Transaction Agreements and/or this Agreement.

7 Representations and Warranties of the Pledgors

Excluding the circumstances as disclosed in Schedule A, each Pledgor hereby respectively and not jointly represent and warrant to the Pledgee that:

- 7.1 If the Pledgor is a natural person, he is a Chinese citizen with full civil capacity, and has legal rights and capacity to execute this Agreement and bears legal obligations under this Agreement. If the Pledgor is not a natural person, it is a legal entity duly incorporated under PRC Laws with legal rights and capacity to execute this Agreement and bears legal obligations under this Agreement.
- 7.2 As of the effective date of this Agreement, the Pledgor is the only lawful owner of the Pledged Equities free from any existing dispute in relation to the ownership thereof. Other than the security interests created on the Pledged Equities under this Agreement and the rights created under the Transaction Agreements, the Pledgor has the right to dispose of the Pledged Equities or any part thereof.
- 7.3 Other than the security interests created on the Pledged Equities under this Agreement and the rights created under the Transaction Agreements, the Pledged Equities are free from any other security interests or third party rights and interests and any other restriction.
- 7.4 The Pledged Equities can be lawfully pledged and transferred, and the Pledgor has full rights and power to pledge the Pledged Equities to the Pledgee in accordance with the terms of this Agreement.
- 7.5 This agreement, once duly executed by the Pledgor, constitutes legal, valid and binding obligations to the Pledgor.
- 7.6 As necessary to the execution and performance of this Agreement and the equity pledge under this Agreement, any consent, permission, waiver or authorization by any third party or any approval, license or exemption by any governmental body or registration or filing formalities (if required by law)with any governmental body have been obtained or handled and will remain in full force during the term of this Agreement.

- 7.7 The execution and performance of this Agreement by the Pledgor do not violate or conflict with any law applicable to the Pledgor in effect, any agreement to which the Pledgor is a party or by which its assets are bound, any court judgment, any arbitral award, or any decision of any administrative authority.
- 7.8 The pledge under this Agreement constitutes a first ranking security interest on the Pledged Equities held by the Pledgor.
- 7.9 All taxes and fees payable in connection with obtaining the Pledged Equities have been paid in full in accordance with the laws by the Pledgor.
- 7.10 There are no pending or, to the knowledge of the Pledgor, threatened suits, arbitrations, or other legal proceedings or claims before any court or arbitral tribunal, or administrative proceedings, or other legal proceedings or claims before any governmental body or administrative authority against the Pledged Equities, the Pledgor or their properties, which will have a material or adverse effect on the economic conditions of the Pledgor or the Pledgor's ability to perform its obligations and security liability under this Agreement.
- 7.11 The Pledgor hereby warrants to the Pledgee that the representations and warranties made above will remain true and correct and will be fully complied with under all circumstances until full performance of the Contractual Obligations or the full repayment of the Secured Indebtedness.

8 Representations and Warranties of the Company

The Company hereby represents and warrants to the Pledgee that:

- 8.1 The Company is a limited liability company duly registered and lawfully existing under PRC Laws with independent legal personality, and has full and independent legal status and capacity to execute and deliver this Agreement and may sue or be sued as an independent party.
- 8.2 All reports, documents and information provided by it to the Pledgee prior to or upon the effectiveness of this Agreement with respect to matters pertaining to the Pledged Equity or required by this Agreement are true and correct in all material respects as of the effectiveness of this Agreement.
- 8.3 All reports, documents and information provided by it to the Pledgee after the effectiveness of this Agreement with respect to matters pertaining to the Pledged Equity or required by this Agreement are true and valid in all material respects as of the effectiveness of this Agreement.

- 8.4 This agreement, once properly signed by the Company, constitutes legal, valid and binding obligations to the Company.
- 8.5 It has full internal corporate power and authority to execute and deliver this Agreement and all other documents to be executed by it in connection with the transactions contemplated hereunder as well as full power and authority to consummate the transactions contemplated hereunder.
- 8.6 There are no pending or, to the knowledge of the Company, threatened suits, arbitrations, or other legal proceedings or claims before any court or arbitral tribunal, or administrative proceedings, or other legal proceedings or claims before any governmental body or administrative authority against the Pledged Equities, the Company or its assets, which will have a material or adverse effect on the economic conditions of the Company or the Pledgor's ability to perform its obligations and security liability under this Agreement.
- 8.7 The Company hereby agrees to be jointly liable to the Pledgee for the representations and warranties made by each Pledgor under Article 7 hereunder.
- 8.8 The Company hereby warrants to the Pledgee that the foregoing representations and warranties will remain true and correct and fully complied with under all circumstances at any time prior to full performance of the Contractual Obligations or full repayment of the Secured Indebtedness.

9 Undertakings by the Pledgors

The Pledgors each respectively and not jointly undertake to the Pledgee that:

- 9.1 Without prior written consent of the Pledgee, the Pledgors will not create or permit to be created any new pledge or any other security interest on the Pledged Equity and any pledge or other security interest created on all or any part of the Pledged Equity without prior written consent of the Pledgee shall be null and void.
- 9.2 Without prior written notice to and prior written consent from the Pledgee, the Pledgors will not assign the Pledged Equity and all purported assignment of the Pledged Equity by the Pledgors shall be null and void. The proceeds received by the Pledgors from the assignment of the Pledged Equity shall be first applied towards full repayment to the Pledgee of the Secured Indebtedness or shall be deposited with a third party as agreed with the Pledgee.

- 9.3 Should there arise any suit, arbitration or other claims which are likely to have an adverse effect on the Pledgors' or the Pledgee's interest under the Transaction Agreements and this Agreement or on the Pledged Equity, the Pledgors undertake that they will notify the Pledgee in writing of the same as promptly as possible without delay and will, in accordance with the reasonable request of the Pledgee, take all necessary measures to ensure the Pledgee's rights and interests of pledge in and to the Pledged Equity.
- 9.4 The Pledgors undertake to complete the registration procedure to extend the Company's business period in three (3) months before the expiry of the Company's business period, in order to maintain the validity of this Agreement.
- 9.5 The Pledgors will not do or permit to be done any act or action likely to have an adverse effect on the interest of the Pledgee under the Transaction Agreements and this Agreement or on the Pledged Equity. The Pledgors waive their preferential right of purchase if and when the Pledgee realizes its rights of pledge.
- 9.6 The Pledgors will, in accordance with the reasonable request of the Pledgee, take all steps and execute all documents (including without limitation any supplement hereto) necessary to ensure the Pledgee's rights and interests of pledge in and to the Pledged Equity as well as the exercise and realization by the Pledgee of such rights and interests.
- 9.7 Should the exercise of the rights of pledge hereunder result in an assignment of any Pledged Equity, the Pledgors undertake that they will take all measures to enable the realization of such assignment.

10 Undertakings by the Company

- 10.1 The Company will use every effort to assist with the obtaining of any consents, permissions, waivers, authorizations of any third party or any approval, license or exemption from any governmental body or the completion of any registration or filing formalities with any governmental body (if required by law), requisite in each case for the execution and performance of this Agreement and the creation of the Equity Pledge hereunder, and will maintain the same in full force and effect during the term hereof.
- 10.2 Without prior written consent of the Pledgee, the Company will not assist or permit the Pledgors to create any new pledge or any other security interest on the Pledged Equity.

- 10.3 Without prior written consent of the Pledgee, the Company will not assist or permit the Pledgors to assign the Pledged Equity.
- 10.4 Should there arise any suit, arbitration or other claims which are likely to have an adverse effect on the Company, the Pledged Equities or the Pledgee's interest under the Transaction Agreements and this Agreement, the Company undertakes that it will notify the Pledgee in writing of the same as promptly as possible without delay and will, in accordance with the reasonable request of the Pledgee, take all necessary measures to ensure the Pledgee's pledge rights and interests in and to the Pledged Equity.
- 10.5 The Company undertakes to complete the registration procedure to extend its business period in three (3) months before the expiry of its business period, in order to maintain the validity of this Agreement.
- 10.6 The Company will not do or permit to be done any act or action likely to have an adverse effect on the interest of the Pledgee under the Transaction Agreements and this Agreement or on the Pledged Equity.
- 10.7 The Pledgors will during the first month of each calendar quarter submit to the Pledgee the financial statements of the Company for the preceding calendar quarter, including without limitation the balance sheet, the income statement and the cash flow statement.
- 10.8 The Company will, in accordance with the reasonable request of the Pledgee, take all steps and execute all documents (including without limitation any supplement hereto) necessary to ensure the Pledgee's rights and interests of pledge in and to the Pledged Equity as well as the exercise and realization by the Pledgee of such rights and interests.
- 10.9 Should the exercise of the rights of pledge hereunder result in an assignment of any Pledged Equity, the Company undertakes that it will take all measures to enable the realization of such assignment.

11 Fundamental Changes of Circumstances

- 11.1 As a supplementary agreement and without contravening other provisions of the Transaction Agreements and this Agreement, if, at any time, in the opinion of the Pledgee, as a result of any promulgation of or amendment to any PRC Laws, regulations or rules, or of any change in the interpretation or application of such laws, regulations or rules, or of any change in relevant registration procedures, the maintaining of the validity of this Agreement and/or the disposal of the Pledged Equity in the manner prescribed hereunder becomes illegal or contravenes such laws, regulations or rules, the Pledgors and the Company shall, on the Pledgee's written instruction and in accordance with its reasonable request, immediately take any actions and/or execute any agreements or other documents so as to:
 - (i) maintain the validity of this Agreement;

- (ii) facilitate the disposal of the Pledged Equity in the manner prescribed hereunder; and/or
- (iii) maintain or realize the security created or purported to be created hereunder.

12 Effectiveness and Term of Agreement

12.1 This Agreement is valid once duly executed by all Parties. This Agreement is the final version agreement which the Parties have reached upon in respect of the equity pledge and relevant issues; this Agreement shall fully replace any and all of previous consultation, negotiation or discussion which all Parties have reached upon, and any and all of letters of intent, memorandums, agreements or other documents (including without limitation the Equity Interest Pledge Agreement executed by and among the Company, the Pledgee and some Pledgors on March 26, 2018) which all Parties have reached upon and agreed. If there is any conflict, contravention or inconsistency in such consultation, negotiation, discussion results, such letters of intent, memorandum, agreements or other documents against this Agreement, this Agreement shall prevail. All Parties shall, bearing the principle of good faith, make all efforts to assist in having such equity pledge registered in the competent industrial and commercial authority in a short period. For this purpose, the Company shall apply for the registration with the competent industrial and commercial authority in reasonable time.

The Pledgors shall deliver to the Pledgee for custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge on the effective date of this Agreement. Upon the effectiveness of this Agreement, the Pledgors shall, at the Pledgee's request, provide the pledge registration certificate issued by the competent industrial and commercial authority to the Pledgee in a form satisfactory to the Pledgee. The Pledgee will keep these documents in its custody during the whole pledge period prescribed in this Agreement.

12.2 The term of this Agreement shall end when the Contractual Obligations is performed in full or when the Secured Indebtedness is repaid in full.

12.3 To avoid ambiguity, each Pledgor is not jointly liable to any obligation or liability of other Pledgor or the Company.

13 Notice

- 13.1 Any notice, request, demand and other correspondences required by or made pursuant to this Agreement shall be made in writing and delivered to the relevant Party.
- 13.2 Aforesaid notice or other correspondences shall be deemed delivered when it is transmitted if transmitted by fax or telex; or upon delivery, if delivered in person; or five (5) days after posting, if delivered by mail; or upon the signature of the recipient, if delivered by courier service. However, if the notice is returned due to the recipient's fault or the recipient's refusal to sign, the notice is deemed delivered on the date when the notice is returned. In case of simultaneous delivery in any of the above forms, the earliest deemed time of delivery shall prevail.

14 Miscellaneous

- 14.1 The Pledgors and the Company agree that the Pledgee may, immediately upon notice to the Pledgors and the Company, assign its rights and/or obligations hereunder to any third party; and that without prior written consent of the Pledgee, neither the Pledgors nor the Company may assign their respective rights, obligations or liabilities hereunder to any third party. The successors or permitted assignees (if any) of the Pledgors and the Company shall be obligated to continue to perform the Pledgors' and the Company's respective obligations hereunder.
- 14.2 The sum of the Secured Indebtedness determined by the Pledgee in its discretion in connection with its exercise of its rights of pledge with respect to the Pledged Equity in accordance with the terms hereof shall constitute the conclusive evidence for the Secured Indebtedness hereunder.
- 14.3 This Agreement is made in Chinese in fifteen (15) originals, with each Party hereof retaining one (1) copy. The Parties specifically agree that the Agreement restored in PDF format sent by emails from the Parties is regarded as original and can be used separately as evidence for the establishment and validation of this Agreement.
- 14.4 The entry into, effectiveness, performance, modification, interpretation and termination of this Agreement shall be governed by PRC Laws.

14.5 Dispute Resolution

- (1) Any dispute, argument or claim (hereinafter the “**disputes**”) arising out of or in connection with of this Agreement or breach, termination or invalidity of this Agreement shall be settled by both Parties of the disputes through consultations. The Party raising the claim shall promptly inform the other Party that disputes have arisen and illustrate the nature of the dispute via a notice with date. In the absence of an agreement being reached by the Parties within thirty (30) days after the dispute notice, the dispute may be brought by any Party the dispute before the China International Economic and Trade Arbitration Commission (hereinafter “**CIETAC**”) to be arbitrated in Beijing pursuant to CIETAC’s effective arbitration rules upon the submission of the dispute and this Clause 14.5. The arbitration award shall be final and binding on the Parties to the dispute.
- (2) The arbitral tribunal shall consist of three (3) arbitrators. Each Party to the dispute has the right to respectively appoint one (1) arbitrator, and the third (3rd) arbitrator shall be jointly appointed by both Parties to the dispute. If the Parties to the dispute cannot reach agreement on the appointment of the third (3rd) arbitrator, such arbitrator shall be appointed by the director of the Arbitration Commission. The third arbitrator shall be the chief arbitrator of the arbitral tribunal.
- (3) When making an arbitral award, the arbitrator shall take into account the intention of hereto determined by this agreement the Parties.
- (4) The arbitral award made by the arbitral tribunal pursuant to this Clause 14.5 shall be made in writing and shall be final and binding upon both Parties to the dispute. Both Parties to the dispute should do their best to enable any of such arbitral awards to be implemented in time and provide any necessary assistance to the implementation.
- (5) The aforesaid provisions of this Clause 14.5 shall not prevent the concerned Parties from applying for any prior protection or injunction for any reason, including without limitation the subsequent enforcement of the arbitral award.

14.6 No right, power or remedy empowered to any Party by any provision of this Agreement shall preclude any other right, power or remedy enjoyed by such Party in accordance with law or any other provisions hereof and no exercise by a Party of any of its rights, powers and remedies shall preclude its exercise of its other rights, powers and remedies.

- 14.7 No failure or delay by a Party in exercising any right, power or remedy under this Agreement or laws (hereinafter the “Party’s Rights”) shall result in a waiver of such right, and no single or partial waiver by a Party of the Party’s Rights shall preclude such Party from exercising such rights in any other way or exercising the remaining part of the Party’s Rights. The Parties shall, via negotiation in good faith, endeavor to replace those invalid, illegal or unenforceable provisions with provisions that permitted by laws and effective to the most extent that the Parties expect, while such effective provisions and those invalid, illegal or unenforceable provisions shall be alike as much as possible in the economic effects.
- 14.8 The section headings herein are inserted for convenience of reference only and shall in no event be used in or affect the interpretation of the provisions hereof.
- 14.9 Each provision contained herein shall be severable and independent of any other provisions hereof, and if at any time any one or more provisions hereof become invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not be affected thereby.
- 14.10 Any amendments or supplements to this Agreement shall be made in writing and except where the Pledgee assigns its rights hereunder in accordance with Clause 14.1, such amendments or supplements shall take effect only when properly signed by the Parties hereto.
- 14.11 This Agreement shall be binding upon the legal successors of the Parties.
- 14.12 Concurrently with the execution of this Agreement, the Pledgors shall each execute a power of attorney (hereinafter the “POA”), entrusting the nominee or any person designated by the Pledgee to execute on its behalf in accordance with this Agreement any and all of legal documents as may be required in order for the Pledgee to exercise its rights hereunder. Such POA shall be submitted to the Pledgee for custody and may be presented by the Pledgee to relevant governmental authorities whenever necessary.

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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Xie Zhenyu (谢振宇)

Signature: /s/ Xie Zhenyu

*Signature Page to Equity Interest Pledge Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Hu Huan (胡欢)

Signature: /s/ Hu Huan

*Signature Page to Equity Interest Pledge Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Xu Hanjie (徐汉杰)

Signature: /s/ Xu Hanjie

*Signature Page to Equity Interest Pledge Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

**Hangzhou Yong Xuan Yong Ming Capital Investment
Partnership (Limited Partnership)**

(Limited Partnership Chop)

[LIMITED PARTNERSHIP CHOP IS AFFIXED]

/s/ Hangzhou Yong Xuan Yong Ming Capital Investment
Partnership (Limited Partnership)

*Signature Page to Equity Interest Pledge Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

**Zhuhai Hengqin Red Land Red Sea Venture Capital Co.,
Ltd.**

(Company Chop)

[COMPANY CHOP IS AFFIXED]

/s/ Zhuhai Hengqin Red Land Red Sea Venture Capital Co.,
Ltd.

*Signature Page to Equity Interest Pledge Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Shenzhen Litong Industry Investment Fund Co., Ltd.

(Company Chop)

[COMPANY CHOP IS AFFIXED]

/s/ Shenzhen Litong Industry Investment Fund Co., Ltd.

*Signature Page to Equity Interest Pledge Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Dong Jianming (董建明)

Signature: /s/ Dong Jianming

*Signature Page to Equity Interest Pledge Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Gao Yaping (高雅萍)

Signature: /s/ Gao Yaping

*Signature Page to Equity Interest Pledge Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Wang Meiqi (王玫琦)

Signature: /s/ Wang Meiqi

*Signature Page to Equity Interest Pledge Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Qiu Zhongwei (邱中伟)

Signature: /s/ Qiu Zhongwei

*Signature Page to Equity Interest Pledge Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Tang Liang (唐亮)

Signature: /s/ Tang Liang

*Signature Page to Equity Interest Pledge Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Linzi Lichuang Information Technology Co., Ltd.

(Company Chop)

[COMPANY CHOP IS AFFIXED]

/s/ Linzi Lichuang Information Technology Co., Ltd.

*Signature Page to Equity Interest Pledge Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Tencent Music (Beijing) Co., Ltd.
(Company Chop)
[COMPANY CHOP IS AFFIXED]
/s/ Tencent Music (Beijing) Co., Ltd.

*Signature Page to Equity Interest Pledge Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Guangzhou Kugou Computer Technology Co., Ltd

(Company Chop)

[COMPANY CHOP IS AFFIXED]

/s/ Guangzhou Kugou Computer Technology Co., Ltd

*Signature Page to Equity Interest Pledge Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Guangzhou Lekong Investment Partnership (Limited Partnership)

(Limited Partnership Chop)

[LIMITED PARTNERSHIP CHOP IS AFFIXED]

/s/ Guangzhou Lekong Investment Partnership

(Limited Partnership)

*Signature Page to Equity Interest Pledge Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

Schedule A**Basic information of the Company**

Company Name: Guangzhou Kugou Computer Technology Co., Ltd.
Registered Address: 1-17, No. 315 Huangpu Avenue Middle, Tianhe District, Guangzhou
Registered Capital: RMB 68,000,892 Yuan
Legal Representative: Hu Min
Shareholding Structure:

#	Shareholder's Name	Identification No./ Registration No.	Registered Capital	Shareholding Percentage
1	Xie Zhenyu	[]	4,480,350	6.59%
2	Hu Huan	[]	800,000	1.18%
3	Xu Hanjie	[]	375,000	0.55%
4	Hangzhou Yong Xuan Yong Ming Capital Investment Partnership (Limited Partnership)	913301005832240649	500,000	0.74%
5	Zhuhai Hengqin Red Land Red Sea Venture Capital Co., Ltd.	91653100MA7755T28L	2,000,000	2.94%
6	Shenzhen Litong Industry Investment Fund Co., Ltd.	91440300075839388T	4,603,261	6.77%
7	Dong Jianming	[]	1,004,950	1.48%
8	Gao Yaping	[]	750,000	1.10%
9	Guangzhou Lekong Investment Partnership (Limited Partnership)	91440101591540905J	735,880	1.08%
10	Wang Meiqi	[]	6,792,571	9.99%
11	Qiu Zhongwei	[]	6,792,571	9.99%
12	Tang Liang	[]	1,853,820	2.73%
13	Linzhi Lichuang Information Technology Co., Ltd.	91540400MA6T10ME4F	37,312,489	54.87%
Total		/	68,000,892	100.00%

*Schedule A to Equity Interest Pledge Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

Exclusive Option Agreement
Of
Guangzhou Kugou Computer Technology Co., Ltd.
By and Among
All the shareholders listed in Schedule A
and
Tencent Music (Beijing) Co., Ltd.
and
Guangzhou Kugou Computer Technology Co., Ltd.
August 5, 2020

Exclusive Option Agreement

This Exclusive Option Agreement (the “**Agreement**”) is entered into on August 5, 2020, by and among the following Parties:

1. **All the shareholders listed in Schedule A**, of which the information see Schedule A.
(All the shareholders listed in Schedule A separately and collectively referred to as the “**Existing Shareholders**”);
2. **Tencent Music (Beijing) Co., Ltd.** (the “**WFOE**”)
Registered address: Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing.
Legal Representative: Hu Min
3. **Guangzhou Kugou Computer Technology Co., Ltd.** (the “**Company**”)
Registered address: 1-17, No. 315 Huangpu Avenue Middle, Tianhe District, Guangzhou.
Legal Representative: Hu Min

(In this Agreement, each Party shall be referred to as a “**Party**” respectively or as the “**Parties**” collectively.)

Whereas:

- (1) Mr. Xie Guomin and Mr. Chen Xiaotao entered into a Capital Subscription Agreement on November 20, 2013.
- (2) Mr. Xie Guomin, Mr. Chen Xiaotao and the WFOE entered into a Loan Agreement on April 21, 2014 (the “**Loan Agreement**”), pursuant to which the WFOE provided a loan to Mr. Xie Guomin, Mr. Chen Xiaotao with an amount of RMB 128,800,000 to pay the consideration under the Capital Subscription Agreement under item (1).
- (3) Mr. Chen Xiaotao, Mr Qiu Zhongwei and the WFOE entered into an Equity Transfer Agreement and Debt Assignment and Offset Agreement on March 20, 2017 respectively, according to which Mr. Chen Xiaotao transferred the contribution in the Company to Mr. Qiu Zhongwei, and all parties agreed that the loan that the WFOE lent to Mr. Chen Xiaotao as above-mentioned in item (2) shall offset the equity transfer price that Mr, Qiu Zhongwei should pay to Mr. Chen Xiaotao . Mr. Qiu Zhongwei shall inherit all rights and obligations of Mr. Chen Xiaotao in the Loan Agreement.

- (4) Mr. Xie Guomin, Ms. Wang Meiqi and the WFOE entered into a Share Transfer Agreement and the Debt Assignment and Offset Agreement on May 11, 2020, pursuant to which Mr. Xie Guomin transferred the equity interest held by him in the Company to Ms. Wang Meiqi, and all parties agreed that the loan that the WFOE lend to Mr. Xie Guomin as above-mentioned in item (2) shall offset he share transfer payment that Ms. Wang Meiqi should pay to Mr. Xie Guomin. Ms. Wang Meiqi shall inherit all rights and obligations of Mr. Xie Guomin in the Loan Agreement.
- (5) Linzhi Lichuang Information Technology Co., Ltd. entered into a subscription agreement to subscribe the Company's new registered capital on July 12, 2016.
- (6) The Existing Shareholders currently are registered shareholders of the Company, lawfully and legally holding all the equity of the Company. As of the date of this Agreement, the amount of contribution of each Existing Shareholder in the registered capital is shown in Schedule A.
- (7) The Existing Shareholders intends to transfer all the equity to the WFOE and/or any other entity or individual designated by the WFOE without prejudice to the PRC law, and the WFOE intends to accept such transfer.
- (8) The Company intends to transfer its assets to the WFOE and/or any other entity or individual designated by the WFOE without prejudice to the PRC law, and the WFOE intends to accept such assets.
- (9) The Existing Shareholders and the Company agree to irrevocably grant the exclusive Equity Call Option and Assets Call Option to the WFOE in order to complete the equity and assets transfer mentioned above. Without prejudice to the PRC law and according to the Equity Call Option and Assets Call Option, the Existing Shareholders or the Company shall transfer the Option Equity Interest and the Company Assets (defined as follows) to the WFOE and/or any other entity or individual designated by the WFOE according to this Agreement at the request of the WFOE.
- (10) The Company agrees that the Existing Shareholders grant the Equity Call Option to the WFOE pursuant to this Agreement.
- (11) The Existing Shareholders agree that the Company grants Assets Call Option to the WFOE pursuant to this Agreement.

Therefore, the Parties hereby agree as follows upon mutual negotiations:

Article 1 Definition

1.1 Unless otherwise required in the context, the following terms in this Agreement shall have the following meanings:

- “PRC Law”** means the then effective laws, administrative regulations, administrative rules, local regulations, judicial interpretations and other binding regulatory documents of the PRC (excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Region).
- “Equity Call Option”** means the option to purchase the equity interests in the Company granted by the Existing Shareholders to the WFOE pursuant to the terms and conditions of this Agreement.
- “Assets Call Option”** means the option to purchase any assets of the Company granted by the Company to the WFOE pursuant to the terms and conditions of this Agreement.
- “Option Equity Interest”** means, in respect of each Existing Shareholder, the equity interest owned by him or her (including the additional equity interest obtained by him or her due to capital increase, share transfer or any other reasons) in the Registered Capital (defined as follows) of the Company, and in respect of all the Existing Shareholders, the 100% equity interests in the Registered Capital of the Company.
- “Registered Capital of the Company”** means the registered capital of the Company as of the signing date of this Agreement, i.e., RMB68,000,892, and includes any increased registered capital within the term of this Agreement.
- “Transfer Equity Interests”** means the equity interests which the WFOE or its designated entity or individual is entitled to purchase from all Existing Shareholders or any Existing Shareholder at the request of the WFOE upon its exercise of the Equity Call Option in accordance with Section 3 hereof, the amount of which may be all or part of the Option Equity Interest and shall be determined by the WFOE at its sole discretion in accordance with the then effective PRC Law and its commercial needs.

“Transfer Assets”	means the assets of the Company which the WFOE or its designated entity or individual is entitled to purchase from the Company at the request of the WFOE upon its exercise of the Assets Call Option in accordance with Section 3 hereof, the amount of which may be all or part of the assets of the Company and shall be determined by the WFOE at its sole discretion in accordance with the then effective PRC Law and its commercial needs.
“Exercise”	means the exercise of the Equity Call Option or Assets Call Option by the WFOE.
“Transfer Price”	means the aggregate consideration payable to the Existing Shareholders or the Company by the WFOE or its designated entity or individual for the Transfer Equity Interests or the Transfer Assets in each Exercise.
“Operating Licenses”	means any approvals, permits, filings or registrations which are necessary for the lawful and effective operation by the Company of all its businesses, including but not limited to the Business License, the Audio & Video Service Permission, the Value-added Telecommunication Service Business License, and other relevant licenses and permits as required by the then effective PRC Law.
“Company Assets”	means all the tangible and intangible assets which the Company owns or is entitled to use within the term of this Agreement, including but not limited to any fixed assets, moveable assets and intellectual property, including trademarks, copyrights, patents, proprietary technology, domain names and software use rights, etc.
“Material Agreement”	means any agreement to which the Company is a party and which has material impact on the businesses or the assets of the Company, including but not limited to the Exclusive Consulting and Services Agreement entered into by and between the Company on March 26, 2018 and the WFOE and other material agreements relating to the business of the Company.

1.2 Any PRC Law referred to herein shall:

- (1) include the amendments, changes, supplements and reenactments thereto, irrespective of whether they take effect before or after the execution of this Agreement; and

- (2) include the references to other decisions, notices or regulations enacted in accordance therewith or which become effective as a result thereof.
- 1.3 Unless otherwise specified herein, all references to article, clause, item or paragraph shall refer to the relevant part hereof.

Article 2 Grant of Equity Call Option and Assets Call Option

- 2.1. The Existing Shareholders hereby severally and jointly agree to irrevocably and unconditionally grant an exclusive Equity Call Option to the WFOE, according to which the WFOE may, to the extent permitted under the PRC Law and subject to the terms and conditions of this Agreement, request the Existing Shareholders to transfer the Option Equity Interest to the WFOE or its designated entity or individual. The WFOE agrees to accept such Equity Call Option.
- 2.2. The Company hereby agrees to the grant of the Equity Call Option to the WFOE by the Existing Shareholders under Section 2.1 and other provisions of this Agreement.
- 2.3. The Company hereby agrees to irrevocably and unconditionally grant an exclusive Assets Call Option to the WFOE, according to which the WFOE may, to the extent permitted under the PRC Law and subject to the terms and conditions of this Agreement, request the Company to transfer all or any of the Company Assets to the WFOE or its designated entity or individual. The WFOE agrees to accept such Assets Call Option.
- 2.4. The Existing Shareholders hereby severally and jointly agree to the grant of the Assets Call Option to the WFOE by the Company under Section 2.3 and other provisions of this Agreement.

Article 3 Manner of Exercise of Options

- 3.1. Subject to the terms and conditions of this Agreement and to the extent permitted under the PRC Law, the WFOE shall have the sole discretion in deciding the schedule, manner and times of its Exercise.
- 3.2. Subject to the terms and conditions of this Agreement and to the extent permitted by the then effective PRC Law, the WFOE is entitled to request the Existing Shareholders to transfer all or part of the equity interests in the Company to the WFOE or its designated entity or individual at any time.
- 3.3. Subject to the terms and conditions of this Agreement and to the extent permitted by the then effective PRC Law, the WFOE is entitled to request the Company to transfer all or part of its assets to the WFOE or its designated entity or individual at any time.

- 3.4. In respect of the Equity Call Option, the WFOE has discretion to determine the amount of the Transfer Equity Interests to be transferred to the WFOE and/or its designated entity or individual from the Existing Shareholders in each Exercise, and the Existing Shareholders shall transfer the Transfer Equity Interests to the WFOE and/or its designated entity or individual respectively according to the amount as requested by the WFOE. The WFOE and/or its designated entity or individual shall pay the Transfer Price to the Existing Shareholders for transfer of the Transfer Equity Interests in each Exercise.
- 3.5. In respect of the Assets Call Option, the WFOE has discretion to determine the specific Transfer Assets to be transferred to the WFOE and/or its designated entity or individual from the Company, and the Company shall transfer the Transfer Assets to the WFOE and/or its designated entity or individual at the request of the WFOE. The WFOE and/or its designated entity or individual shall pay the Transfer Price to the Company for transfer of the Transfer Assets in each Exercise.
- 3.6. Upon each Exercise, the WFOE may request transfer of all or any part of the Transfer Equity Interests or the Transfer Assets to itself or any third party designated by it.
- 3.7. Upon its decision of each Exercise, the WFOE shall issue a notice to the Existing Shareholders or the Company, as case may be, on the exercise of the Equity Call Option or the Assets Call Option (the **"Exercise Notice"**, the form of which is attached in Schedule B and Schedule C hereto). The Existing Shareholders or the Company shall, upon receipt of the Exercise Notice, promptly transfer all the Transfer Equity Interests or the Transfer Assets to the WFOE and/or its designated entity or individual according to the Exercise Notice and in such manner as provided under Section 3.4 or Section 3.5 of this Agreement.

Article 4 Transfer Price

- 4.1 In respect of the Equity Call Option, in each Exercise, the Transfer Price that WFOE or its designated entity or individual shall pay to the respective Existing Shareholders shall be the amount in proportion to their respective contributions to the Registered Capital of the Company. For the avoidance of doubt, WFOE may, in accordance with Article 4.3 of the Loan Agreement, pay to Ms. Wang Meiqi and/or Mr. Shi Lixue relevant Transfer Price. Under this circumstance, without prejudice to the applicable law, WFOE shall purchase or designate a third party to purchase the equity held by the respective Existing Shareholders at the Transfer Price equal to the required repayment amount. The proportion of the equity purchased by WFOE accounting for the equity then held by the respective Existing Shareholders shall be the same as the proportion of the required repayment amount accounting for the total outstanding amount of the respective Existing Shareholders under the Loan Agreement.

- 4.2 In respect of the Assets Call Option, in each Exercise, WFOE or its designated entity or individual shall pay the Company the net book value of the relevant assets. Under this circumstance, without prejudice to the applicable law, all the purchase price obtained by the Company shall be used as the directional dividends paid to Ms. Wang Meiqi and Mr. Qiu Zhongwei. Then Ms. Wang Meiqi and Mr. Qiu Zhongwei shall use all these dividends to repay the loan under the Loan Agreement. The proportion of the purchased assets accounting for the total assets of the Company shall be the same as the proportion of the required repayment amount accounting for the total outstanding amount of the respective Existing Shareholders under the Loan Agreement.
- 4.3 If relevant PRC Law then applicable to the WFOE's Exercise of Equity Call Option or Assets Call Option requires to make assess evaluation of the equity or assets to be transferred or makes restrictions on the transfer price of the equity or assets to be transferred, WFOE, the Existing Shareholders and the Company agree that the Transfer Price shall be the lowest price permitted by the PRC Law. If the lowest price permitted by the PRC Law is higher than the corresponding capital contribution of the transfer equity and/or the net book value of the purchased assets, the Existing Shareholders and/or the Company shall pay all the remaining of the excess amount to WFOE after deducting all the taxes and fees required by the applicable PRC Law.

Article 5 Representations and Warranties

- 5.1. The Existing Shareholders hereby severally and not jointly represent and warrant as follows, except for the disclosure of Schedule A:
- 5.1.1 If the Existing Shareholder is a natural person, he/she is a PRC citizen with full capacity, having full and independent legal status and legal capacity to execute, deliver and perform this Agreement, and may act as an independent legal subject of litigation. If the Existing Shareholder is not a natural person, it is a legal entity validly established and lawfully existing under the laws of the PRC, having full and independent legal status and legal capacity to execute, deliver and perform this Agreement, and may act as an independent legal subject of litigation.
- 5.1.2 Each of the Existing Shareholders has full power and authority to execute, deliver and perform this Agreement and all the other documents to be entered into by them which are related to the transaction contemplated hereunder, as well as to consummate the transaction hereunder.

- 5.1.3 This Agreement is duly and lawfully executed and delivered by the Existing Shareholders and shall constitute legal, valid and binding obligations to them, which shall be enforceable against them in accordance with the terms herein.
- 5.1.4 The Existing Shareholders are the registered legal owners of the Option Equity Interest as of the date hereof, and the Option Equity Interest is free and clear of any liens, pledges, claims, other encumbrances or third party interests, except for the pledge rights created by the Equity Interest Pledge Agreements dated [], 20 , and the proxy rights created by the Voting Trust Agreement dated [], 20 , among the Company, the WFOE and the respective Existing Shareholders. Pursuant to this Agreement, the WFOE and/or its designated entity or individual can, upon the Exercise, obtain ownership of the Transfer Equity Interests free and clear of any liens, pledges, claims, other encumbrances or third party right.
- 5.2. The Company hereby represents and warrants as follows:
- 5.2.1 The Company is a limited liability company duly registered and validly existing under PRC Law with an independent corporate legal person status. The Company has full and independent legal status and legal capacity to execute, deliver and perform this Agreement and can act as an independent party in any lawsuits.
- 5.2.2 The Company has full power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated herein which are to be executed by it, and it has full power and authority to consummate the transaction contemplated herein.
- 5.2.3 This Agreement is duly and lawfully executed and delivered by the Company and shall constitute legal, valid and binding obligations to it.
- 5.2.4 The Company Assets are free and clear of any liens, mortgages, claims, other encumbrances or third party rights. Pursuant to this Agreement, upon the Exercise, the WFOE and/or any of its designated entity or individual is/are entitled to the good ownership of the Company Assets free from any liens, mortgages, claims, any other security interests and third party rights.
- 5.2.5 The Existing Shareholders are the registered legal owners of the Option Equity Interest as of the date hereof, aggregately holding 100% equity of the Company. The Option Equity Interest is free and clear of any liens, pledges, claims, other encumbrances or third party interests, except for the pledge rights created by the Equity Interest Pledge Agreements dated [], 20 , and the proxy rights created by the Voting Trust Agreement dated [], 20 , among the Company, the WFOE and the respective Existing Shareholders. Pursuant to this Agreement, the WFOE and/or its designated entity or individual can, upon the Exercise, obtain ownership of the Transfer Equity Interests free and clear of any liens, pledges, claims, other encumbrances or third party right.

- 5.3. The WFOE hereby represents and warrants as follows:
- 5.3.1 It is a wholly foreign-owned enterprise duly incorporated and validly existing under PRC Law with an independent legal person status, and has full and independent legal status and legal capacity to execute, deliver and perform this Agreement and can act as an independent party in any lawsuits.
 - 5.3.2 It has full power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated herein which are to be executed to it, and it has full power and authority to consummate the transaction contemplated herein.
 - 5.3.3 This Agreement is duly and lawfully executed and delivered by WFOE and shall constitute legal, valid and binding obligations to it.

Article 6 Undertakings by the Existing Shareholders

Each of Existing Shareholders hereby severally and not jointly undertakes as follows:

- 6.1 During the term of this Agreement, without prior written consent of the WFOE, each of Existing Shareholders:
- 6.1.1 Shall not transfer or otherwise dispose of any Option Equity Interest or create any encumbrances or third party interests upon any Option Equity Interest.
 - 6.1.2 Shall not increase or reduce the Registered Capital of the Company, or cause or agree to the merger of the Company with any other entities;
 - 6.1.3 Shall not dispose of, or procure the management of the Company to dispose of, any material Company Assets or create any encumbrances or third party interests upon any Company Assets;
 - 6.1.4 Shall not, and shall procure the management of the Company not to, terminate any Material Agreement to which the Company is a party, or enter into any other agreements which are in conflict with the existing Material Agreements;

- 6.1.5 Shall not appoint or dismiss any director, supervisor or any other management of the Company whom shall be appointed or dismissed by the Existing Shareholders;
- 6.1.6 Shall not procure the Company to declare or distribute any distributable profits, dividends or other distributions;
- 6.1.7 Shall not vote in favor of the Company's termination, liquidation or dissolution;
- 6.1.8 Shall not vote in favor of amending the association of the Company.
- 6.1.9 Shall not vote in favor of the Company to lend or borrow any loan, or provide guarantee or other forms of security arrangements, or assume any material obligations except for those occur during the ordinary course of business.
- 6.2 During the term of this Agreement, each of the Existing Shareholders shall not engage in any actions or omissions which may affect the validity of the Operating Licenses.
- 6.3 Upon issuance of the Exercise Notice by the WFOE, each of Existing Shareholders:
 - 6.3.1 Shall immediately convene shareholders' meeting to adopt a resolution and take any other necessary actions, to approve the transfer of all of the Transfer Equity Interests or Transfer Assets at the Transfer Price by the Existing Shareholders or the Company to the WFOE and/or its designated entity or individual, as well as waive his or her right of first refusal, if any;
 - 6.3.2 Shall transfer all of the Transfer Equity Interests at the Transfer Price under the Article 4 to the WFOE and/or its designated entity or individual by entering into an equity transfer agreement with the WFOE and/or its designated entity or individual immediately, and at the request of the WFOE and subject to relevant laws and regulations, provide necessary support to the WFOE (including provide and execute all relevant legal documents, process all procedure for governmental approvals and registrations and assume all relevant obligations) for acquisition of all the Transfer Equity Interests by the WFOE and/or its designated entity or individual, free and clear of any legal defects, any encumbrances, third party interests, or any other restrictions on the Transfer Equity Interests.

- 6.4 If the aggregated Transfer Price received by any of the Existing Shareholders from transfer of his or her Transfer Equity Interests exceeds his or her contribution to the Registered Capital of the Company, or such Existing Shareholder receives any profits, dividends or other distributions distributed by the Company, such Existing Shareholder agrees to waive the excessive portion of the Transfer Price and any such profits, dividends or distributions (with tax and fees being deducted) to the extent permitted by PRC Law, and the WFOE is entitled to such excessive portion of the Transfer Price and such profits, dividends or distributions. The Existing Shareholders shall instruct relevant transferee or the Company to wire the above gains to a bank account designated by the WFOE.

Article 7 Undertakings by the Company

- 7.1 The Company undertakes as follows:

- 7.1.1 In the event the execution and performance of this Agreement and the grant of the Equity Call Option or the Assets Call Option hereunder is subject to any third party's consents, approvals, waivers, licenses, or any approvals, permits, waivers, registrations or filings from or with governmental authorities (as required by the laws), the Company shall make efforts to assist in the above procedure.
- 7.1.2 Without prior written consent of the WFOE, the Company shall not assist or permit the Existing Shareholders to transfer or dispose of any Option Equity Interest or create any encumbrances or other third party interest upon the Option Equity Interest.
- 7.1.3 Without prior written consent of the WFOE, the Company shall not transfer or otherwise dispose of any material Company Assets or create any encumbrances or other third party interest upon any Company Assets.
- 7.1.4 It shall not take or allow any acts or actions which could have adverse effect upon the interests of the WFOE under this Agreement, including but not limited to any acts or actions as restricted under Section 6.1 hereof.

- 7.2 The Company undertakes that upon issuance of the Exercise Notice by the WFOE:

- 7.2.1 It shall immediately procure the Existing Shareholders to convene shareholders' meeting to adopt a resolution and take any other necessary actions, to approve the transfer of all of the Transfer Assets at the Transfer Price by the Company to the WFOE and/or its designated entity or individual;

- 7.2.2 It shall transfer all of the Transfer Assets at the Transfer Price to the WFOE and/or its designated entity or individual by entering into an assets transfer agreement with the WFOE and/or its designated entity or individual immediately, and at the request of the WFOE and subject to relevant laws and regulations, procure the Existing Shareholders to provide necessary support to the WFOE (including provide and execute all relevant legal documents, process all procedure for governmental approvals and registrations and assume all relevant obligations) for acquisition of all the Transfer Assets by the WFOE and/or its designated entity or individual, free and clear of any legal defects, any encumbrances, third party interests, or any other restrictions on the Company Assets.

Article 8 Confidentiality

- 8.1 Notwithstanding the termination of this Agreement, each Party shall keep confidential all of the business secrets, proprietary information, customer information as well as any other information of confidential nature it receives from the other Parties in connection with the execution and performance of this Agreement (collectively referred to as the “**Confidential Information**”). Without prior written consent of the disclosing party of the Confidential Information or unless required by relevant laws and regulations or requirements of the stock exchange on which a Party’s affiliate is listed, any Party receiving the Confidential Information shall not disclose any such Confidential Information to any other third party, or use any such Confidential Information directly or indirectly for any purpose other than for the performance of this Agreement.
- 8.2 The following information shall not constitute the Confidential Information:
- (a) Any information which, as shown by written evidence, has previously been known to the receiving Party by way of legal means;
 - (b) Any information which enters the public domain other than as a result of a fault of the receiving Party; or
 - (c) Any information lawfully acquired by the receiving Party from another source subsequent to the receipt of relevant information.
- 8.3 The receiving party may disclose Confidential Information to its relevant employees, agents or professionals engaged by it, provided that such receiving party shall ensure that the aforesaid persons are subject to the terms and conditions of this Agreement and the receiving party shall be liable for any liabilities arising from breach of the terms and conditions hereof by the aforesaid persons.
- 8.4 Notwithstanding any other provisions herein, the validity of this Section 8 shall survive the termination of this Agreement.

Article 9 Term of This Agreement

This Agreement shall become effective as of the date of the execution by the Parties. This Agreement is the final agreement reached between the Parties on the exclusive option and relevant issues which shall supersede any and all prior consultations, negotiations or discussions, representations, memorandums, agreements or other documents (including but not limited to the Exclusive Option Agreement entered into by and among the Company, the WFOE and the existing shareholders (excluding Wang Meiqi) on March 26, 2018). In case of any conflict, contradiction or inconsistency, this Agreement shall prevail. This Agreement shall remain valid until all of the Option Equity Interest and the Company Assets have been lawfully transferred to the WFOE and/or its designated entity or individual in accordance with the provisions hereof.

Article 10 Notice

- 10.1 Any notice, request, demand and other correspondences as required by or made in accordance with this Agreement shall be delivered to the relevant Party in writing.
- 10.2 The above notice or other correspondences shall be deemed to have been delivered upon delivery when it is transmitted by facsimile or telex, or upon handed over to the receiver when it is delivered in person, or on the fifth (5) day after posting when it is delivered by mail, or on the date of receipt by the recipient if by express delivery. However, if the notice is returned due to the recipient's fault or the recipient's refusal to sign, the notice is deemed delivered on the date when the notice is returned. In case of simultaneous delivery in any of the above forms, the earliest deemed time of delivery shall prevail.

Article 11 Default Liabilities

- 11.1 The Parties agree and acknowledge that if any Party (the "**Defaulting Party**") breaches any provision hereunder, or fails to perform or delays in performing any obligations hereunder, such breach, failure or delay shall constitute a default hereunder (the "**Default**") and that in such event, the non-defaulting Party/Parties (the "**Non-Defaulting Party**") shall have the right to demand the Defaulting Party to cure such Default or take remedial measures within a reasonable time. If the Defaulting Party fails to cure such Default or take remedial measures with such reasonable time or within ten (10) days of the Non-Defaulting Party notifying the Defaulting Party in writing and requesting it to cure such Default, the Non-Defaulting Party may elect, in its (their) discretion, to do the following:
 - 11.1.1 if the Defaulting Party is any of the Existing Shareholders or the Company, the WFOE shall have the right to terminate this Agreement and claim the Defaulting Party to indemnify the damages. For the avoidance of doubt, the responsibility of the Existing shareholders or the responsibility between the Existing shareholders and the Company is independent, and the any Existing shareholders do not bear any joint liability for any obligation or responsibility of the other Existing shareholders or Company;

- 11.1.2 if the Defaulting Party is the WFOE, the Non-defaulting Party has right to claim the Defaulting Party to indemnify the damages, provided that in no event shall the Non-defaulting Party have the right to terminate or rescind this Agreement, except that the contrary is provided by the law.
- 11.2 Notwithstanding any other provisions herein, the effectiveness of this Article shall survive the suspension or termination of this Agreement.

Article 12 Miscellaneous Provisions

- 12.1 This Agreement is made in Chinese in fifteen (15) originals with each Party hereof retaining one (1) copy.
- 12.2 The execution, effectiveness, performance, amendment, interpretation and termination of this Agreement shall be governed by PRC laws.
- 12.3 Dispute Resolutions
- (a) Any dispute arising out of or in relation to this Agreement, the Parties shall first resolve the dispute through friendly negotiation. The requesting party shall notify the other party of the dispute and explain the nature of the dispute by overloading the date notice. If the Parties fail to reach an agreement regarding such a dispute within thirty (30) days of its occurrence, any Party is entitled to submit such dispute to the China International Economic and Trade Arbitration Commission (the “CIETAC”) for arbitration in Beijing in accordance with the then effective arbitration rules thereof and the arbitration award shall be final and binding.
- (b) The arbitration tribunal shall consist of three (3) arbitrators, of whom the two parties have the right to appoint one (1) each. The third arbitrator (3rd) should be appointed jointly by the two sides. If the party shall not be able to reach an agreement on the joint designation of the third arbitrator, he/she should be appointed by the director of the Arbitration Committee. The third arbitrator shall be the chief arbitrator of the arbitration tribunal.

- (c) In making an arbitration award, the arbitrator shall take into account the intention of the Parties which may be determined in accordance with this Agreement.
 - (d) The arbitration award made according to the Article 12.3 in writing should be final and binding. The parties shall do their utmost to ensure that any such arbitration award is duly executed and to provide any necessary assistance thereto.
 - (e) The aforesaid provisions of the Article 12.3 shall not prevent the party concerned from applying for any pre suit protection or prohibition remedy available for any reason, including but not limited to the enforcement of subsequent enforcement of the arbitration tribunal.
- 12.4 Any rights, powers and remedies entitled to any Party by any provision herein shall not preclude any other rights, powers and remedies entitled to such Party in accordance with laws and other provisions under this Agreement, and a Party's exercise of any of its rights, powers and remedies shall not preclude its exercise of other rights, powers and remedies.
- 12.5 No failure or delay by a Party to exercise any of its rights, powers and remedies hereunder or in accordance with laws (the "**Rights**") shall be construed as a waiver of such Rights, and the waiver of any single or partial exercise of the Rights shall not preclude its exercise of such Rights in any other way or its exercise of other Rights.
- 12.6 The headings of the sections herein are for reference only, and in no circumstances shall such headings be used in or affect the interpretation of the provisions hereof.
- 12.7 Each provision contained herein shall be severable and independent from other provisions. If at any time one or several provisions herein shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of other provisions herein shall not be affected thereby.
- 12.8 This Agreement, upon its execution, supersedes any other legal documents executed by the Parties with respect to the same subject hereof. Any amendments or supplements to this Agreement shall be in writing and shall become effective upon duly execution by the Parties hereto.
- 12.9 No Party shall assign any of its rights and/or obligations hereunder to any third parties without prior written consent from other Parties.
- 12.10 This Agreement shall be binding on the legal transferees or successors of the Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Xie Zhenyu

Signed: /s/ Xie Zhenyu

*Signature page to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Hu Huan

Signed: /s/ Hu Huan

*Signature page to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Xu Hanjie

Signed: /s/ Xu Hanjie

*Signature page to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

**Hangzhou Yong Xuan Yong Ming Capital Investment
Partnership (Limited Partnership)**

(Limited Partnership Chop)

[LIMITED PARTNERSHIP CHOP IS AFFIXED]

*/s/ Hangzhou Yong Xuan Yong Ming Capital Investment
Partnership (Limited Partnership)*

*Signature page to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

**Zhuhai Hengqin Red Land Red Sea Venture Capital Co.,
Ltd.**

(Company Chop)

[COMPANY CHOP IS AFFIXED]

/s/ Zhuhai Hengqin Red Land Red Sea Venture Capital Co.,
Ltd.

*Signature page to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Shenzhen Litong Industry Investment Fund Co., Ltd.

(Company Chop)

[COMPANY CHOP IS AFFIXED]

/s/ Shenzhen Litong Industry Investment Fund Co., Ltd.

*Signature page to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Dong Jianming

Signed: /s/ Dong Jianming

*Signature page to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Gao Yaping

Signed: /s/ Gao Yaping

*Signature page to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Guangzhou Lekong Investment Partnership (Limited Partnership)

(Limited Partnership Chop)

[LIMITED PARTNERSHIP CHOP IS AFFIXED]

/s/ Guangzhou Lekong Investment Partnership (Limited Partnership)

*Signature page to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Wang Meiqi

Signed: /s/ Wang Meiqi

*Signature page to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Qiu Zhongwei
Signed: /s/ Qiu Zhongwei

*Signature page to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Tang Liang

Signed: /s/ Tang Liang

*Signature page to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Linzi Lichuang Information Technology Co., Ltd.

(Company Chop)

[COMPANY CHOP IS AFFIXED]

/s/ Linzi Lichuang Information Technology Co., Ltd.

*Signature page to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Tencent Music (Beijing) Co., Ltd.
(Company Chop)
[COMPANY CHOP IS AFFIXED]
/s/ Tencent Music (Beijing) Co., Ltd.

*Signature page to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Guangzhou Kugou Computer Technology Co., Ltd.

(Company Chop)

[COMPANY CHOP IS AFFIXED]

/s/ Guangzhou Kugou Computer Technology Co., Ltd.

*Signature page to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

Schedule A**Basic information of the Company**

Company Name: Guangzhou Kugou Computer Technology Co., Ltd.
Registered Address: 1-17, No. 315 Huangpu Avenue Middle, Tianhe District, Guangzhou.
Registered Capital: RMB 68,000,892 Yuan
Legal Representative: Hu Min
Shareholding Structure:

#	Shareholder's Name	Identification No./ Registration No.	Registered Capital	Shareholding Percentage
1	Xie Zhenyu	[]	4,480,350	6.59%
2	Hu Huan	[]	800,000	1.18%
3	Xu Hanjie	[]	375,000	0.55%
4	Hangzhou Yong Xuan Yong Ming Capital Investment Partnership (Limited Partnership)	913301005832240649	500,000	0.74%
5	Zhuhai Hengqin Red Land Red Sea Venture Capital Co., Ltd.	91653100MA7755T28L	2,000,000	2.94%
6	Shenzhen Litong Industry Investment Fund Co., Ltd.	91440300075839388T	4,603,261	6.77%
7	Dong Jianming	[]	1,004,950	1.48%
8	Gao Yaping	[]	750,000	1.10%
9	Guangzhou Lekong Investment Partnership (Limited Partnership)	91440101591540905J	735,880	1.08%
10	Wang Meiqi	[]	6,792,571	9.99%
11	Qiu Zhongwei	[]	6,792,571	9.99%
12	Tang Liang	[]	1,853,820	2.73%
13	Linzhi Lichuang Information Technology Co., Ltd.	91540400MA6T10ME4F	37,312,489	54.87%
Total		—	68,000,892	100.0%

*Schedule A to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

Schedule B

Form of the Exercise Notice

To: [name of the Existing Shareholders]

In view of the Exclusive Option Agreement dated as of [],20 (the “**Option Agreement**”) entered into by and among the undersigned, the Company and [name of the Existing Shareholders], pursuant to which you shall, upon request by us and to the extent permitted by the PRC laws and regulations, transfer the equity shares of the Company held by you to us or any third party designated by us.

Therefore, we hereby issue this notice to you as follows:

We hereby request the exercise of the Equity Call Option under the Option Agreement and that the []% equity interests of the Company held by you (the “**Proposed Transferred Assets**”) be transferred to us/ [name of designated entity/individual]. You are required to promptly transfer all the Proposed Transferred Equity to us/ [name of the designated entity/individual] upon receipt of this notice in accordance with the terms of the Option Agreement.

Yours faithfully,

Tencent Music (Beijing) Co., Ltd.
(Company Chop)

Authorized Representative:
Date:

*Schedule B to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

Form of the Exercise Notice

To: Guangzhou Kugou Computer Technology Co., Ltd. (the “**Company**”)

In view of the Exclusive Option Agreement dated as of [], 20 (the “**Option Agreement**”) entered into by and among the undersigned, the Company and all the shareholders of the Company at that time, pursuant to which the Company shall, upon request by us and to the extent permitted by the PRC laws and regulations, transfer the assets of the Company to us or any third party designated by us.

Therefore, we hereby issue this notice to the Company as follows:

We hereby request the exercise of the Assets Call Option under the Option Agreement and that the assets of the Company as listed in the schedule attached hereto (the “**Proposed Transferred Assets**”) be transferred to us/ [name of the designated entity/individual]. You are required to promptly transfer all the Proposed Transferred Assets to us/ [name of the designated entity/individual] upon receipt of this notice in accordance with the terms of the Option Agreement.

Yours faithfully,

Tencent Music (Beijing) Co., Ltd.
(Company seal)

Authorized Representative:

Date:

*Schedule C to Exclusive Option Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

Voting Trust Agreement

Of

Guangzhou Kugou Computer Technology Co., Ltd.

By and Among

All the shareholders listed in Schedule A

and

Tencent Music (Beijing) Co., Ltd.

and

Guangzhou Kugou Computer Technology Co., Ltd.

August 5, 2020

Voting Trust Agreement

This Voting Trust Agreement (the “**Agreement**”) is entered into on August 5, 2020 by and among the following Parties:

1. **All the Shareholders Listed in Schedule A**, of which the information please see Schedule A.
(All the shareholders listed in Schedule A separately and collectively referred to as the “**Each of Shareholders**”);
2. **Tencent Music (Beijing) Co., Ltd.** (the “**WFOE**”)
Registered address: Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing.
Legal Representative: Hu Min
3. **Guangzhou Kugou Computer Technology Co., Ltd.** (the “**Company**”)
Registered address: 1-17, No. 315 Huangpu Avenue Middle, Tianhe District, Guangzhou.
Legal Representative: Hu Min

(In this Agreement, each Party shall be referred to as a “**Party**” respectively or as the “**Parties**” collectively.)

Whereas:

1. Each of Shareholders is the shareholder of the Company and hold 100% equity interests of the Company.
2. Each of Shareholders intend to respectively entrust the persons designated by the WFOE to exercise the voting rights they hold in the Company and the WFOE wishes to accept such entrustment through its designated persons.

The Parties agree as follows through friendly negotiation:

Article 1 Voting Rights Entrustment

- 1.1 Each of Shareholders hereby irrevocably undertake to, after execution of this Agreement, respectively sign the power of attorney according to the substance and form set forth in Schedule B hereof, under which the person (the “**Trustee**”) then designated by the WFOE shall have the power and authority to exercise the following rights respectively granted to Each of Shareholders as the shareholders of the Company according to the Article of Association of the Company (the “**Entrusted Rights**”):
 - (1) proposing to convene or attending shareholder meetings of the Company as the proxy of the Each of Shareholders, according to the Article of Association;

- (2) exercising the voting rights on behalf of the Each of Shareholder in respect of all matters subject to discussion and resolution at the shareholder meetings, including but not limited to the appointment and election of directors and other senior management members who should be appointed by the shareholders;
- (3) other voting rights (including any other voting rights of shareholders conferred after the amendment of the Article of Association) vested in shareholders under the Articles of Association of the Company.

The precondition of the above authorization and entrustment is that the Trustee is a PRC citizen and the WFOE consents to such authorization and entrustment. When and only when a written notice is issued by the WFOE to Each of Shareholders with respect to the removal of the Trustee, Each of Shareholders shall immediately revoke the entrustment to the existing Trustee hereunder, and entrust any other PRC citizen then designated by the WFOE to exercise the Entrusted Rights in accordance with this Agreement, and the new power of attorney shall supersede the previous one once it is executed. Except for the above circumstances, Each of Shareholders shall not revoke the authorization and entrustment to the Trustee.

- 1.2 The Trustee shall perform the entrusted obligation lawfully with diligence and duty of care within the authorization scope provided in this Agreement. Each of Shareholders shall accept and assume relevant liabilities for any legal consequences arising out of the exercise of the aforementioned Entrusted Rights.
- 1.3 Each of Shareholders hereby acknowledge that the Trustee is not required to solicit the opinions of Each of Shareholders before exercising the Entrusted Rights. Nevertheless, the Trustee shall immediately notify Each of Shareholders after any resolution or proposal for convening an interim shareholder meeting is made.

Article 2 Right of Information

- 2.1 For the purpose of exercising the Entrusted Rights under this Agreement, the Trustee shall have the right to understand the operation, businesses, clients, financial affairs, employees of the Company and have access to relevant materials, while Each of Shareholders and the Company shall provide sufficient cooperation in this regard.

Article 3 Exercise of Entrusted Rights

- 3.1 Each of Shareholders shall provide sufficient assistance to the Trustee for his or her exercise of the Entrusted Rights, including prompt execution of the resolutions of the shareholders' meeting made by the Trustee or other relevant legal documents when necessary (e.g., to satisfy the document submission requirements for the approval of, registration or filing with governmental authorities).

- 3.2 If at any time within the term of this Agreement, the entrustment or exercise of the Entrusted Rights hereunder is unenforceable for any reason (except for the default by Each of Shareholders or the Company), the Parties shall immediately seek the alternative plan which is most similar to the unenforceable provision and, if necessary, enter into supplementary agreement to amend or adjust the provisions herein, so as to ensure the fulfilment of the purposes hereof.

Article 4 Exemption and Indemnification

- 4.1 The Parties acknowledge that in no event shall the WFOE be liable to or be required to compensate financially or in any other aspect, any other party or any third party for any exercise of the Entrusted Rights by the person designated by the WFOE.
- 4.2 Each of Shareholders and the Company agree to hold the WFOE harmless and compensate the WFOE for all losses suffered or likely to suffered in connection with designating the Trustee to exercise the Entrusted Rights, including but not limited to, any loss resulting from any litigation, demand, arbitration or claim initiated by any third party, and any loss resulting from administrative investigation or penalty by governmental authorities. Nevertheless, losses suffered as a result of the intentional misconduct or gross negligence of the Trustee shall not be indemnified.

Article 5 Representations and Warranties

- 5.1 Each of Shareholders severally and not jointly represents and warrants as follow, except for the disclosure of Schedule A:
- 5.1.1 If the shareholder is a natural person, he/she is a PRC citizen with full capacity, have full and independent legal status and legal capacity to execute, deliver and perform this Agreement, and may act as an independent party in any lawsuit. If the shareholder is not a natural person, the shareholder shall promise and undertake that it is a limited liability company legally established and validly existing under the laws of the PRC and has an independent legal personality; each of them has complete and independent legal status and legal capacity to execute, deliver and perform this Agreement, and is independently a legal subject of litigation.
- 5.1.2 Each of them has full power and authority to execute and deliver this Agreement and all the other documents to be entered into by them which are related to the transaction contemplated hereunder, as well as to consummate the transaction hereunder. This Agreement shall be duly and lawfully executed and delivered by Each of Shareholders and shall constitute their legal, valid and obligations, enforceable against them in accordance with the provisions hereof.

- 5.1.3 Each of them is a legitimate shareholder of the Company recorded in the register of members at the time when this Agreement came into effect and the authorized Rights are not subject to any third party encumbrance, other than the encumbrance created under this Agreement as well as the Equity Interest Pledge Agreement and the Exclusive Option Agreement concluded by and among Each of Shareholders, the Company and the WFOE. In accordance with this Agreement, the Trustee may completely and fully exercise the Entrusted Rights according to the Articles of Association of the Company then in effect.
- 5.2 The WFOE and the Company severally represents and warrants as follows:
- 5.2.1 Each of them is a limited liability company duly registered and legally existing under the laws of PRC where it is registered and has independent legal personality; each of them has complete and independent legal status and legal capacity to execute, deliver and perform this Agreement, and is independently a legal subject of litigation.
- 5.2.2 Each of them has complete power and authorization to execute and deliver this Agreement and all other documents that it will execute in relation to the transaction contemplated hereunder, and each of them has full power and authorization to complete the transaction contemplated hereunder
- 5.3 The Company further represents and warrants as follows:
- 5.3.1 Each of Shareholders is legitimate shareholders of the Company recorded in the register of members at the time when this Agreement came into effect and collectively hold 100% equity interests of the Company. The authorized Rights are not subject to any third party encumbrance, other than the encumbrance created under this Agreement as well as the Equity Interest Pledge Agreement and the Exclusive Option Agreement concluded by and among each of Shareholders, the Company and the WFOE. In accordance with this Agreement, the Trustee may completely and fully exercise the Entrusted Rights according to the Articles of Association of the Company then in effect.

Article 6 Term of Agreement

- 6.1 Subject to Articles 6.3 and 6.4 of this Agreement, this Agreement shall take effect as of the date upon execution. The term of this Agreement is twenty (20) years after becoming effective, unless all the Parties agree in writing to early termination or this Agreement is terminated pursuant to Article 9.1 hereunder. This Agreement shall be automatically renewed for one (1) year after the expiration of the term of this Agreement unless the WFOE informs all the other Parties not to renew thirty (30) days in advance of the expiration of this Agreement, and so forth.
- 6.2 This Agreement is the final agreement reached between the Parties on the entrustment of voting rights and relevant issues which shall supersede any and all prior consultations, negotiations or discussions, representations, memorandum, agreements or other documents, including but not limited to the Voting Trust Agreement entered into by and among the Company, the WFOE and part of existing shareholders on March 26, 2018. In case of any conflict, contradiction or inconsistency, this Agreement shall prevail.
- 6.3 The Company or the WFOE shall, if necessary, within three (3) months prior to the expiration of their respective business licenses, complete the approval and registration procedures for extending the business licenses to ensure the effectiveness of this Agreement.
- 6.4 If any of Each of Shareholders transfers all equity interests it holds in the Company upon prior consent of the WFOE, such Party shall cease to act as a party of this Agreement, but the rights and undertakings of the other Parties shall not be adversely affected hereby.
- 6.5 If any of Each of Shareholders transfers all or part of the equity of the equity interests it holds in the Company upon prior consent of the WFOE, unless otherwise informed by the WFOE in a written notice, the transferee or transferees agree to inherit and fulfill such current shareholder or shareholders' full responsibility, obligation and commitment under this Agreement. The other shareholders shall ensure the transferred equity interests to satisfy the above conditions and refuse to take any actions (including but not limit to pass relevant company resolutions, update the register of members and manage the governmental approval and registration changing procedures) to facilitate or incorporate the equity transfer otherwise.

Article 7 Notices

- 7.1 Any notice, request, demand and other correspondences required by or made in accordance with this Agreement shall be in writing and delivered to the relevant Party.
- 7.2 The above notice or other correspondences shall be deemed as delivered (i) when it is transmitted by facsimile or telex, or (ii) upon handed over to the receiver when it is delivered in person, or (iii) upon the fifth (5) day after posting when it is delivered by mail, or (iv) on the date of receipt by the recipient if by express delivery. However, if the notice is returned due to the recipient's fault or the recipient's refusal to sign t, the notice is deemed delivered on the date when the notice is returned. In case of simultaneous delivery in any of the above forms, the earliest deemed time of delivery shall prevail.

Article 8 Confidentiality

- 8.1 Regardless of whether this Agreement is terminated, each Party shall maintain strictly confidential all business secrets, proprietary information, client information and all the other information of confidential nature, in relation to other Parties and obtained during the formulation and performance of this Agreement (the “**Confidential Information**”). Each receiving Party shall not disclose to any third party any Confidential Information, except with prior written consent of the Party providing such information or in circumstances where such information must be disclosed to third parties according to relevant laws, regulations or listing requirements. Each receiving Party shall not use or indirectly use any Confidential Information except for the purpose of performing this Agreement.
- 8.2 Confidential Information does not include the following:
- (a) information that the receiving Party has previously known by lawful means, as supported by written evidence;
 - (b) information that enters public domain without the receiving Party’s fault; or
 - (c) information received by other lawful means after the receiving Party receive Confidential Information.
- 8.3 The receiving Party may disclose Confidential Information to its relevant employees, agents or professionals it employs, but the receiving Party shall ensure that all such persons comply with relevant terms and conditions of this Agreement and the receiving Party shall be responsible for any damages or consequences caused by the aforementioned persons in violation of the relevant terms and conditions of this Agreement.
- 8.4 Notwithstanding other provisions of this Agreement, the effectiveness of this Article shall survive the termination of this Agreement.

Article 9 Default Liability

- 9.1 The Parties agree and acknowledge that if any Party (the “**Defaulting Party**”) breaches any provision hereunder, or fails to perform or delays in performing any obligations hereunder, such breach, failure or delay shall constitute a default hereunder (the “**Default**”) and that in such event, the non-defaulting Party/Parties (the “**Non-Defaulting Party**”) shall have the right to demand the Defaulting Party to cure such Default or take remedial measures within a reasonable time. If the Defaulting Party fails to cure such Default or take remedial measures with such reasonable time or within ten (10) days of the Non-Defaulting Party notifying the Defaulting Party in writing and requesting it to cure such Default, the Non-Defaulting Party may elect, in its (their) discretion, to do the following:
- 9.1.1 If the Defaulting Party is any of Each of Shareholders or the Company, the WFOE shall have the right to terminate this Agreement and claim the Defaulting Party to indemnify the damages. In order to avoid doubt, the responsibility of shareholders or the responsibility between the shareholders and the Company is independent, and the shareholders do not bear any joint liability for any obligation or responsibility of the other existing shareholders or the Company.
- 9.1.2 If the Defaulting Party is the WFOE, the Non-defaulting Party has right to claim the Defaulting Party to indemnify the damages, provided that in no event shall the Non-defaulting Party have the right to terminate or rescind this Agreement, except that the contrary is provided by the law.
- 9.2 Notwithstanding any other provisions herein, the effectiveness of this Article shall survive the suspension or termination of this Agreement.

Article 10 Miscellaneous Provisions

- 10.1 This Agreement is made in Chinese in fifteen (15) originals with each Party hereof retaining one (1) copy. The Parties specifically agree that the Agreement restored in PDF format sent by emails from the Parties is regarded as original and can be used separately as evidence for the establishment and validation of this Agreement.
- 10.2 The execution, effectiveness, performance, amendment, interpretation and termination of this Agreement shall be governed by PRC laws.
- 10.3 Dispute Resolutions
- (a) Any dispute arising out of or in relation to this Agreement, the Parties shall first resolve the dispute through friendly negotiation. The requesting party shall notify the other party of the dispute and explain the nature of the dispute by overloading the date notice. If the Parties fail to reach an agreement regarding such a dispute within thirty (30) days of its occurrence, any Party is entitled to submit such dispute to the China International Economic and Trade Arbitration Commission (the “**CIETAC**”) for arbitration in Beijing in accordance with the then effective arbitration rules thereof and the arbitration award shall be final and binding.

- (b) The arbitration tribunal shall consist of three (3) arbitrators, of whom the two parties have the right to appoint one (1) each. The third arbitrator (3rd) should be appointed jointly by the two sides. If the party shall not be able to reach an agreement on the joint designation of the third arbitrator, he/she should be appointed by the director of the Arbitration Committee. The third arbitrator shall be the chief arbitrator of the arbitration tribunal.
 - (c) In making an arbitration award, the arbitrator shall take into account the intention of the Parties which may be determined in accordance with this Agreement.
 - (d) The arbitration award made according to the Article 10.3 in writing should be final and binding. The parties shall do their utmost to ensure that any such arbitration award is duly executed and to provide any necessary assistance thereto.
 - (e) The aforesaid provisions of the Article 10.3 shall not prevent the party concerned from applying for any pre suit protection or prohibition remedy available for any reason, including but not limited to the enforcement of subsequent enforcement of the arbitration tribunal.
- 10.4 Any rights, powers and remedies entitled to any Party by any provision herein shall not preclude any other rights, powers and remedies entitled to such Party in accordance with laws and other provisions under this Agreement, and a Party's exercise of any of its rights, powers and remedies shall not preclude its exercise of other rights, powers and remedies.
- 10.5 No failure or delay by a Party to exercise any of its rights, powers and remedies hereunder or in accordance with laws (the "**Rights**") shall be construed as a waiver of such Rights, and the waiver of any single or partial exercise of the Rights shall not preclude its exercise of such Rights in any other way or its exercise of other Rights.
- 10.6 The headings of the sections herein are for reference only, and in no circumstances shall such headings be used in or affect the interpretation of the provisions hereof.
- 10.7 Each provision contained herein shall be severable and independent from other provisions. If at any time one or several provisions herein shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of other provisions herein shall not be affected thereby.

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- 10.8 Any amendments or supplements to this Agreement shall be in writing and shall become effective upon duly execution by the Parties hereto.
- 10.9 No Party shall assign any of its rights and/or obligations hereunder to any third parties without prior written consent from other Parties.
- 10.10 This Agreement shall be binding on the legal successors of the Parties.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Tencent Music (Beijing) Co., Ltd.
(Company Chop)
[COMPANY CHOP IS AFFIXED]
/s/ Tencent Music (Beijing) Co., Ltd.

*Signature Page to Voting Trust Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Guangzhou Kugou Computer Technology Co., Ltd.

(Company Chop)

[COMPANY CHOP IS AFFIXED]

/s/ Guangzhou Kugou Computer Technology Co., Ltd.

*Signature Page to Voting Trust Agreement
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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Xie Zhenyu

Signature: /s/ Xie Zhenyu

*Signature Page to Voting Trust Agreement
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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Hu Huan

Signature: /s/ Hu Huan

*Signature Page to Voting Trust Agreement
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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Xu Hanjie

Signature: /s/ Xu Hanjie

*Signature Page to Voting Trust Agreement
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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

**Hangzhou Yong Xuan Yong Ming Capital Investment
Partnership (Limited Partnership)**

(Limited Partnership Chop)

[LIMITED PARTNERSHIP CHOP IS AFFIXED]

*/s/ Hangzhou Yong Xuan Yong Ming Capital Investment
Partnership (Limited Partnership)*

*Signature Page to Voting Trust Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

**Zhuhai Hengqing Red Land Red Sea Venture Capital
Co., Ltd.**

(Company Chop)

[COMPANY CHOP IS AFFIXED]

/s/ Zhuhai Hengqing Red Land Red Sea Venture Capital Co.,
Ltd.

*Signature Page to Voting Trust Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Shenzhen Litong Industry Investment Fund Co., Ltd.

(Company Chop)

[COMPANY CHOP IS AFFIXED]

/s/ Shenzhen Litong Industry Investment Fund Co., Ltd.

*Signature Page to Voting Trust Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Gao Yaping

Signature: /s/ Gao Yaping

*Signature Page to Voting Trust Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Guangzhou Lekong Investment Partnership (Limited Partnership)

(Limited Partnership Chop)

[LIMITED PARTNERSHIP CHOP IS AFFIXED]

/s/ Guangzhou Lekong Investment Partnership (Limited Partnership)

*Signature Page to Voting Trust Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Wang Meiqi

Signature: /s/ Wang Meiqi

*Signature Page to Voting Trust Agreement
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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Qiu Zhongwei

Signature: /s/ Qiu Zhongwei

*Signature Page to Voting Trust Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Dong Jianming

Signature: /s/ Dong Jianming

*Signature Page to Voting Trust Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Tang Liang

Signature: /s/ Tang Liang

*Signature Page to Voting Trust Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Linzi Lichuang Information Technology Co., Ltd.

(Company Chop)

[COMPANY CHOP IS AFFIXED]

/s/ Linzi Lichuang Information Technology Co., Ltd.

*Signature Page to Voting Trust Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

Schedule A: List of Shareholders

#	Shareholder's Name	Identification No./ Registration No.	Registered Capital	Shareholding Percentage
1	Xie Zhenyu	[]	4,480,350	6.59%
2	Hu Huan	[]	800,000	1.18%
3	Xu Hanjie	[]	375,000	0.55%
4	Hangzhou Yong Xuan Yong Ming Capital Investment Partnership (Limited Partnership)	913301005832240649	500,000	0.74%
5	Zhuhai Hengqin Red Land Red Sea Venture Capital Co., Ltd.	91653100MA7755T28L	2,000,000	2.94%
6	Shenzhen Litong Industry Investment Fund Co., Ltd.	91440300075839388T	4,603,261	6.77%
7	Dong Jianming	[]	1,004,950	1.48%
8	Gao Yaping	[]	750,000	1.10%
9	Guangzhou Lekong Investment Partnership (Limited Partnership)	91440101591540905J	735,880	1.08%
10	Wang Meiqi	[]	6,792,571	9.99%
11	Qiu Zhognwei	[]	6,792,571	9.99%
12	Tang Liang	[]	1,853,820	2.73%
13	Linzhi Lichuang Information Technology Co., Ltd.	91540400MA6T10ME4F	37,312,489	54.87%
Total		—	68,000,892	100.0%

*Schedule A to Voting Trust Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

Schedule B

Power of Attorney

This Power of Attorney (the “**Power of Attorney**”) is signed by [] (PRC Identification No.: []/Address: []/Registration No.: [] on [], [], to authorize [] (PRC Identification No.: []/Address: []) (the “**Trustee**”).

The undersigned/ The company/ The partnership, [name], grants to the Trustee a general trust authorizing the Trustee to exercise, as my trustee and on my behalf, the following rights enjoyed by me in the capacity as a shareholder of Guangzhou Kugou Computer Technology Co., Ltd. (the “**Company**”):

- (1) proposing to convene or attending shareholder meetings of the Company pursuant to its article of association as my proxy;
- (2) exercising the voting rights on behalf of myself in respect of all matters subject to discussion and resolution at the shareholder meetings, including but not limited to the appointment and election of directors and other senior management members who should be appointed by the shareholders;
- (3) other voting rights, including any other voting rights of shareholders conferred under the articles of association of the Company after it has been amended.

I hereby irrevocably confirm that, unless Tencent Music (Beijing) Co., Ltd.(the “**WFOE**”) serves me a written notice to replace the Trustee, this Power of Attorney will be valid until the expiry or early termination of the Shareholders’ Voting Trust Agreement dated [], 20 by and among the WFOE, the Company and Each of Shareholders.

It is hereby authorized.

Name
By:
Date:

*Schedule B to Voting Trust Agreement
of Guangzhou Kugou Computer Technology Co., Ltd. Controlling Agreements*

Debt Assignment and Offset Agreement

This Debt Assignment and Offset Agreement (the “**Agreement**”) is entered into on May 11, 2020 by and among Xie Guomin (Passport No.: [], the “**Transferor**”), Wang Meiqi (PRC Identification number: [], the “**Transferee**”), and Tencent Music (Beijing) Co., Ltd. (former name “Ocean Interaction (Beijing) Information Technology Co., Ltd.”, the “**WFOE**”).

Whereas, Xie Guomin and Wang Meiqi entered into a share transfer agreement on May 11, 2020, (the “**Share Transfer Agreement**”), pursuant to which the Transferor should transfer 9.99% equity interest held by him of Guangzhou Kugou Computer Technology Co., Ltd. (the “**VIE Company**”) (the “**Target Equity**”, which equals to RMB 6,792,571 of the registered capital of the VIE Company) to the Transferee. According the Share Transfer Agreement, the consideration of the Target Equity is RMB 64,400,000 (the “**Transfer Price**”).

Whereas, the Transferor, Chen Xiaotao and the WFOE entered into a Loan Agreement on April 21, 2014 (the “**Loan Agreement**”), pursuant to which the WFOE collectively lent RMB 64,400,000 (the “**Loan**”) to the Transferor. Chen Xiaotao, Qiu Zhongwei and the WFOE entered into a debt assignment and offset agreement on July 12, 2016, pursuant to which Qiu Zhongwei inherited all rights and obligations of Chen Xiaotao under the Loan Agreement.

In view of above, the parties agree as follows:

1. The Transferor agrees to transfer its obligation to pay the Loan (including relevant interests) to the Transferee and the Transferee agrees to inherit the obligation to pay the Loan (including relevant interests). As the consideration that the Transferee agrees to inherit the obligation to pay the Loan (including relevant interests), the portion of the Transfer Price equal to the Loan (including relevant interests) that the Transferee shall pay to the Transferor, shall be deemed paid. When this Agreement comes into effect, the Transferee shall replace the Transferor and become the borrower under the Loan Agreement and the Transferee shall pay the Loan (including relevant interests) pursuant to the Loan Agreement and fulfill other obligations thereunder.
2. The WFOE, as the creditor of the Loan, agrees the assignment of the debt under Article 1 hereof.
3. This agreement shall come into force automatically upon the effective date of the Share Transfer Agreement.

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Xie Guomin

Signed: /s/ Xie Guomin

Wang Meiqi

Signed: /s/ Wang Meiqi

Tencent Music (Beijing) Co., Ltd.

[COMPANY CHOP IS AFFIXED]
/s/ Tencent Music (Beijing) Co., Ltd.

Equity Interest Pledge Agreement

This Equity Interest Pledge Agreement (the “**Agreement**”) is entered into by and among the following Parties on June 10, 2020 in Shenzhen, People’s Republic of China (the “**PRC**”):

Party A: Tencent Music (Beijing) Co., Ltd. (the “**Pledgee**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

Party B: Fu Hongcheng, a Chinese Citizen with Identification No.: []; and **Ji Mingzhong**, a Chinese Citizen with Identification No.: [] (together with Fu Hongcheng, hereinafter referred to as a “**Pledgor**” respectively and as the “**Pledgors**” collectively);

Party C: Niannian Youyu Culture Media (Wuhan) Co., Ltd., a limited liability company incorporated and existing under the laws of the PRC, with its registered address at Unit 04B, 05, 06, 5th Floor, Yuexiu Wealth Center Office Building, No.1 Zhongshan Avenue (Building 6, Plot A, Qiaokou Golden Triangle), Qiaokou District, Wuhan.

In this Agreement, each of the Pledgee, the Pledgors and Party C shall be referred to as a “**Party**” respectively or as the “**Parties**” collectively.

Whereas:

1. The Pledgors Fu Hongcheng and Ji Mingzhong are Chinese citizens. As of the date of this Agreement, the registered capital of Party C is RMB 1,000,000, and Fu Hongcheng holds 50% equity interests of Party C, representing RMB 500,000 of Party C’s registered capital; Ji Mingzhong holds 50% equity interests of Party C, representing RMB 500,000 of Party C’s registered capital. Party C is a limited liability company registered in Wuhan, China, and is engaged in the business of “cultural activity planning; marketing planning; corporate image planning; film and television drama planning, production and distribution; television program production; film and television cultural consulting services; cultural and creative services; organization and planning of cultural and artistic exchange activities; photography services; performance brokerage; stage lighting and sound design and installation; website construction and maintenance; software design and development; design, production, agency release all kinds of advertisements at home and abroad; engage in Internet cultural activities (involving licensed business items, which can only be operated with the permission of relevant departments)”. Party C hereby acknowledges the rights and obligations of the Pledgors and the Pledgee under this Agreement and intends to provide any necessary assistance in registering the Pledge;

2. The Pledgee is a wholly foreign-owned enterprise registered in China. The Pledgee and Party C have executed an Exclusive Business Cooperation Agreement (as defined below) in Beijing; the Pledgee, the Pledgors and Party C have executed an Exclusive Option Agreement (as defined below); the Pledgee and the Pledgor Fu Hongcheng executed a Debt Assignment and Offset Agreement (as defined below); the Pledgee and the Pledgor Ji Mingzhong executed a Loan Agreement (as defined below); each of the Pledgors has executed a Power of Attorney in favor of the Pledgee (as defined below);
3. To ensure that Party C and the Pledgors fully perform its or their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Debt Assignment and Offset Agreement, the Loan Agreement and the Power of Attorney, the Pledgors pledge to the Pledgee all the equity interests they hold in Party C as security for the performance of Party C' and the Pledgors' obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Debt Assignment and Offset Agreement, the Loan Agreement and the Power of Attorney.

To perform the terms of the Transaction Documents, the Parties have mutually agreed to execute this Agreement upon the following terms.

1. Definitions

Unless otherwise provided in this Agreement, the terms below shall have the following meanings:

- 1.1. **Pledge:** means the security interest granted by the Pledgors to the Pledgee pursuant to Section 2 of this Agreement, i.e., the right of the Pledgee to be compensated on a preferential basis with any proceeds received from conversion, auction or sale of the Pledged Equity Interest.
- 1.2. **Pledged Equity Interest:** means 100% of the equity interests in Party C collectively held by the Pledgors now, representing RMB 1,000,000 of Party C's registered capital, and all the future equity rights and interests in Party C held by the Pledgors.
- 1.3. **Term of Pledge:** means the term set forth in Section 3.1 of this Agreement.
- 1.4. **Transaction Documents:** means the Exclusive Business Cooperation Agreement entered into by and between Party C and the Pledgee on August 28, 2019 in Shenzhen (the "**Exclusive Business Cooperation Agreement**"); the Exclusive Option Agreement entered into by and among the Pledgors, Party C and the Pledgee on [December 1, 2019] in Shenzhen (the "**Exclusive Option Agreement**"); the Debt Assignment and Offset Agreement entered into by and among the Pledgor Fu Hongcheng and the Pledgee on [December 1, 2019] (the "**Debt Assignment and Offset Agreement**"); the Loan Agreement entered into by and among the Pledgor Ji Mingzhong and the Pledgee on August 28, 2019 (the "**Loan Agreement**"); the power of attorney executed by each of the Pledgors on [December 1, 2019] in Shenzhen (the "**Power of Attorney**"), and any amendments, revisions and/or restatements to the aforesaid documents.

- 1.5. **Contractual Obligations:** means all the obligations of the Pledgors under the Exclusive Option Agreement, the Power of Attorney and this Agreement, and all the obligations of Party C under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement, the Debt Assignment and Offset Agreement and this Agreement.
- 1.6. **Secured Indebtedness:** means all direct, indirect, consequential losses and losses of anticipated profits suffered by the Pledgee as a result of any Event of Default of the Pledgors and/or Party C, of which the basis for the amount of such losses includes without limitation reasonable business plans and profit forecasts of the Pledgee, the service fees that Party C is obliged to pay under Exclusive Business Cooperation Agreement, as well as all expenses as incurred by the Pledgee in connection with its enforcement for the performance of Contractual Obligations against the Pledgors and/or Party C.
- 1.7. **Event of Default:** means any circumstances as set forth in Section 7 of this Agreement.
- 1.8. **Notice of Default:** means the notice issued by the Pledgee in accordance with this Agreement declaring an Event of Default.

2. The Pledge

- 2.1. The Pledgors hereby agree to pledge to the Pledgee the Pledged Equity Interest in accordance with this Agreement as security for the performance of the Contractual Obligations and the repayment of the Secured Indebtedness. Party C hereby agrees for the Pledgors to so pledge the Pledged Equity Interest to the Pledgee in accordance with this Agreement.
- 2.2. During the Term of Pledge, the Pledgee is entitled to receive any dividends or distributions in respect of the Pledged Equity Interest. With the prior written consent of the Pledgee, the Pledgors may collect such dividends or distributions in respect of the Pledged Equity Interest. Any dividends or distributions received by the Pledgee in respect of the Pledged Equity Interest after deduction of income tax paid by Pledgors shall, upon the Pledgee's request, (1) be deposited into a bank account designated by the Pledgee, be placed under the custody of the Pledgee, be used as security for the Contractual Obligations and be first applied towards full satisfaction of the Secured Indebtedness; or (2) to the extent permitted by the PRC laws, be unconditionally donated to the Pledgee or any person designated by the Pledgee.

- 2.3. With the prior written consent of the Pledgee, the Pledgors may subscribe for increased capital in Party C. Any increase in the capital contributed by the Pledgors to the registered capital of Party C as a result of any capital increase shall also be deemed as the Pledged Equity Interest.
- 2.4. In the event that Party C is to be dissolved or liquidated as required by any mandatory rules of the PRC laws, upon the lawful completion of such dissolution or liquidation procedure, any proceeds distributed by Party C to the Pledgors shall, upon the Pledgee's request, (1) be deposited into a bank account designated by the Pledgee, be placed under the custody of the Pledgee, and be used as security for the Contractual Obligations and be first applied towards full satisfaction of the Secured Indebtedness; or (2) to the extent permitted by the PRC laws, be unconditionally donated to the Pledgee or any person designated by the Pledgee.

3. Term of Pledge

- 3.1. The Pledge shall become effective on such date when the pledge of the Pledged Equity Interest contemplated herein has been registered with the relevant administration for industry and commerce. The Pledge shall be continuously valid until full performance of the Contractual Obligations and full satisfaction of the Secured Indebtedness. The Pledgors and Party C shall, (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the relevant administration for industry and commerce for the registration of the Pledge contemplated herein within 30 business days following the execution of this Agreement. The Parties covenant that for the purpose of registration of the Pledged Equity Interest, the Parties and other shareholders of Party C shall submit to the administration of industry and commerce this Agreement or an equity interest pledge agreement in the form required by the administration of industry and commerce of where Party C locates, which shall truly reflect the information of the Pledge hereunder (the "**AIC Pledge Agreement**"). For matters not specified in the AIC Pledge Agreement, the parties shall be bound by the provisions of this Agreement. The Pledgors and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant administration of industry and commerce, to ensure that the Pledge shall be registered as soon as possible after filing.
- 3.2. During the Term of Pledge, in the event the Pledgors and/or Party C fail to fulfill the Contractual Obligations or pay the Secured Indebtedness, the Pledgee shall be entitled to, but not be obliged to, exercise the Pledge in accordance with this Agreement.

4. Custody for Certificates of the Pledge

- 4.1. During the Term of Pledge, the Pledgors shall deliver to the Pledgee within one (1) week following the execution of this Agreement the certificate of capital contributions to Party C and the register of shareholders which records the Pledge. The Pledgee will place such documents in custody throughout the entire Term of Pledge specified in this Agreement.

5. Representations and Warranties of the Pledgors and Party C

The Pledgors and Party C hereby severally and jointly represent and warrant to the Pledgee as of the date hereof as follows:

- 5.1. The Pledgors, Fu Hongcheng and Ji Mingzhong, are the legal and beneficial owners of the Pledged Equity Interest.
- 5.2. The Pledgors are entitled to dispose of and transfer the Pledged Equity Interest in accordance with this Agreement.
- 5.3. Except for the Pledge, the Pledgors have not created any other pledges or other security interest on the Pledged Equity Interest.
- 5.4. The Pledgors and Party C have obtained all necessary approvals and consents from government authorities and third parties (if any) in connection with the execution, delivery and performance of this Agreement.
- 5.5. The execution, delivery and performance of this Agreement do not (i) result in any violation of any relevant PRC laws; (ii) result in any conflict with the articles of association or other constitutional documents of Party C; (iii) result in any breach of any agreement to which it is a party or by which it is bound, or constitute any default under any agreement to which it is a party or by which it is bound; (iv) result in any breach of any permit or license issued or granted to it and/or any condition of the validity thereof; or (v) result in the revocation or suspension of, or imposition of conditions on, any permit or license issued to it.

6. Undertakings by the Pledgors and Party C

- 6.1. During the Term of Pledge, the Pledgors and Party C severally and jointly undertake to the Pledgee that:
- 6.1.1. Without the prior written consent of the Pledgee, the Pledgors shall not transfer the Pledged Equity Interest, create or permit to be created any security interest or other encumbrances on the Pledged Equity Interest, except for the performance of the Transaction Documents.

- 6.1.2. The Pledgors and Party C shall comply with the provisions of all the laws and regulations relating to the pledge of rights, and shall, within five (5) days upon receipt of any notice, order or recommendation issued or promulgated by the relevant competent authorities regarding the Pledge, present such notice, order or recommendation to the Pledgee, and concurrently comply with such notice, order or recommendation, or object thereto upon the reasonable request or consent of the Pledgee.
- 6.1.3. The Pledgors and Party C shall promptly notify the Pledgee of any event or notice received by the Pledgors that may have an impact on the Pledged Equity Interest or any portion thereof, and that may change any undertakings and obligations of the Pledgors hereunder or may have an impact on the fulfillment of any obligations by the Pledgors hereunder.
- 6.1.4. Party C shall complete its business term extension registration formalities three (3) months prior to the expiry of its business term such that the validity of this Agreement shall be maintained.
- 6.2. The Pledgors agree that the rights granted to the Pledgee in respect of the Pledge hereunder shall not be interrupted or harmed by any legal procedure initiated by the Pledgors, any successors of the Pledgors or their entrusting party or any other persons.
- 6.3. The Pledgors undertake to the Pledgee that in order to protect or perfect the security for the Contractual Obligations and the Secured Indebtedness under this Agreement, the Pledgors shall execute in good faith and cause other parties who have interests in the Pledge to execute all the certificates of rights, agreements, and/or perform and procure other parties who have interests in the Pledge to perform acts as required by the Pledgee, facilitate the exercise of the Pledgee's rights granted hereunder and enter into all relevant documents regarding ownership of the Pledged Equity Interest with the Pledgee or any person (individuals or legal persons) designated by the Pledgee, as well as provide the Pledgee with all notices, orders and decisions regarding the Pledge as required by the Pledgee within a reasonable period of time.
- 6.4. The Pledgors hereby undertake to the Pledgee to comply with and perform all the undertakings, representations and warranties and terms hereunder. In the event that the Pledgors fail to perform or fail to fully perform such undertakings, representations and warranties and terms hereunder, the Pledgors shall indemnify the Pledgee against all the losses resulting therefrom.

7. Event of Default

- 7.1. Each of the following circumstances shall constitute an Event of Default:
 - 7.1.1. The Pledgors breach any of its obligations under the Transaction Documents and/or this Agreement.
 - 7.1.2. Party C breaches any of its obligations under the Transaction Documents and/or this Agreement.
- 7.2. Should there arises any event set forth in Section 7.1 or any circumstance that may result in the foregoing events, the Pledgors and Party C shall immediately notify the Pledgee in writing.
- 7.3. Unless an Event of Default set forth in this Section 7.1 has been remedied at the request of the Pledgee within twenty (20) days upon receipt of the notice of the Pledgee to the Pledgors and/or Party C requesting the rectification of such Event of Default, the Pledgee may issue a Notice of Default to the Pledgors in writing at any time thereafter, requesting the exercise of the Pledge in accordance with Section 8 hereof.

8. Exercise of the Pledge

- 8.1. The Pledgee shall issue a Notice of Default to the Pledgors for the exercise of the Pledge.
- 8.2. Subject to the provisions of Section 7.3, the Pledgee may exercise its right to dispose of the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Upon the Pledgee's exercise of its right to dispose of the Pledge, the Pledgors shall no longer own any right and interest in respect of the Pledged Equity Interest.
- 8.3. Upon the issuance of the Notice of Default in accordance with Section 8.1, the Pledgee is entitled to exercise all the remedies, rights and powers available to it under the PRC laws, the Transaction Documents and this Agreement, including without limitation to converse, auction or sell the Pledged Equity Interests for prior satisfaction of indebtedness. The Pledgee shall not be held liable for any losses arising from its reasonable exercise of such rights and powers.
- 8.4. The proceeds received by the Pledgee as a result of the exercise of the Pledge shall be first applied towards payment of the taxes and expenses payable in connection with the disposal of the Pledged Equity Interest and the performance of the Contractual Obligations and the repayment of the Secured Indebtedness to the Pledgee. Any remaining balance after the deduction of the foregoing payments, if any, shall be returned to the Pledgors or any other person who is entitled to such balance under applicable laws and regulations, or be deposited with the notary public at the place where the Pledgee is located, any costs incurred arising out of such deposit shall be borne by the Pledgors; and to the extent permitted by the PRC laws, the Pledgors shall unconditionally donate such balance to the Pledgee or any person designated by the Pledgee.

- 8.5. The Pledgee shall be entitled to elect to exercise, simultaneously or successively, any of its breach of contract remedies; the Pledgee shall not be required to first exercise other breach of contract remedies prior to exercising its right to converse, auction or sell the Pledged Equity Interest hereunder.
- 8.6. The Pledgee shall be entitled to designate in writing its legal counsel or other agents to exercise on its behalf the Pledge, and neither the Pledgors nor Party C shall object thereto.
- 8.7. When the Pledgee disposes of the Pledge in accordance with this Agreement, the Pledgors and Party C shall provide necessary assistance to the Pledgee for its exercise of the Pledge.

9. Default Liabilities

- 9.1. In the event that the Pledgors or Party C materially breach any provision under this Agreement, the Pledgee is entitled to terminate this Agreement and/or claim damages from the Pledgors or Party C; this Section 9 shall not preclude any other rights entitled to the Pledgee as provided under this Agreement.
- 9.2. The Pledgors or Party C may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.

10. Assignment

- 10.1. The Pledgors and Party C shall not donate, transfer or dispose of their rights and obligations under this Agreement without prior written consent of the Pledgee.
- 10.2. This Agreement shall be binding upon the Pledgors and its successors and any permitted assignees, and effective upon the Pledgee and each of its successors and assignees.
- 10.3. The Pledgee may assign any or all of its rights and obligations under the Transaction Documents and this Agreement to any person designated by it at any time. In this case, the assignee shall enjoy and assume the rights and obligations of the Pledgee under the Transaction Documents and this Agreement as if the assignee were a party hereto or thereto, as applicable.

- 10.4. In the event of a change of Pledgee due to assignment, the Pledgors shall, at the request of the Pledgee, execute a new pledge agreement with the new pledgee with the same terms and conditions as this Agreement, and register such new pledge with the relevant administration for industry and commerce.
- 10.5. The Pledgors and Party C shall strictly comply with the provisions of this Agreement and other relevant agreements to which any Party is a party, including the Transaction Documents, and perform the obligations thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Unless with the written instructions of the Pledgee, the Pledgors shall not exercise their remaining rights in respect of the Pledged Equity Interest.

11. Termination

- 11.1. Upon the full and complete performance by the Pledgors and Party C of all of their Contractual Obligations and full satisfaction of the Secured Indebtedness, the Pledgee shall, upon the Pledgors' request, release the Pledge of the Pledged Equity Interest hereunder and cooperate with the Pledgors in relation to both the deregistration of the Pledge of the Pledged Equity Interest in the shareholders' register of Party C and the deregistration of the Pledge of the Pledged Equity Interest with the relevant administration of industry and commerce.
- 11.2. The provisions under Section 9, Section 13, Section 14 and this Section 11.2 shall survive the termination of this Agreement.

12. Costs and Other Expenses

All costs and actual expenses arising in connection with this Agreement, including without limitation the legal fees, processing fees, stamp duty, any other taxes and expenses, shall be borne by Party C.

13. Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

14. Governing Law and Disputes Resolution

- 14.1. The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.
- 14.2. Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Parties for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 14.3. The Parties agree that the arbitral tribunal or the arbitrator shall have the right to award any remedies in accordance with the terms hereunder and applicable PRC laws , including without limitation temporary and permanent injunctive remedies (as required by the business operation of Party C or compulsory transfer of the assets), the specific performance of the Contractual Obligations, the remedies in respect of Party C's equity interests or real estates, and the liquidation orders against Party C.
- 14.4. To the extent permitted by PRC laws, pending the formation of an arbitral tribunal or under the appropriate circumstances, the Parties are entitled to resort to a court of competent jurisdiction for temporary injunctive remedies or other temporary remedies to support the arbitration. In this regard, the Parties reached a consensus that to the extent as permitted by applicable laws, the courts in Hong Kong, the Cayman Islands, the PRC and the place where Party C's major assets are located shall be deemed to have jurisdiction.
- 14.5. Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

15. Notices

- 15.1. All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
- 15.2. Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered on the date of receipt or refusal at the address specified for notices.
- 15.3. Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 15.4. For the purpose of notification, the addresses of the Parties are as follows:

Party A: Tencent Music (Beijing) Co., Ltd.

Address: Room 504, 5th Floor, Gate C7, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: Zhao Xiang

Tel: []

E-mail: []

Party B:

Name: Fu Hongcheng

Address: []

Tel: []

E-mail: []

Name: Ji Zhongming

Address: Feiyada High-tech Building, Gaoxinnan 1st Road, Nanshan District, Shenzhen, Guangdong Province

Tel: []

E-mail: []

Party C: Niannian Youyu Culture Media (Wuhan) Co., Ltd.

Address: 18 F, Songri Dingsheng Building, Nanshan District, Shenzhen

Attention: Liu Weiguang

Tel: []

E-mail: []

15.5. Each Party may at any time change its address for notices by delivering a notice to the other Parties in accordance with this Section.

16. Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

17. Effectiveness

17.1. This Agreement comes into effect upon formal signing by all the Parties.

17.2. Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon signing or stamping by the Parties and completion of the governmental registration procedures (if applicable) in accordance with the regulations.

18. Language and Counterparts

This Agreement is written in Chinese in six (6) originals, with each of the Pledgee, the Pledgors (Fu Hongcheng and Ji Mingzhong) and Party C holding one original, and the other one original will be submitted for registration.

19. Agreement in the Format Required by Governmental Authorities

If it is required to execute another agreement by using the format of the governmental authorities for this transaction provided in this Agreement in order to request the governmental authorities to conduct certain behaviors, this Agreement shall prevail. And the other agreement shall be used only for the purpose of requesting the governmental authorities to conduct certain behaviors, but shall not be used to set up or certify the rights and obligations with respect to the matters set forth in this Agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS HEREOF, the Parties have caused this Equity Interest Pledge Agreement to be executed by their respective authorized representative on the date first above written.

Party A: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

Party B:

The Pledgor: Fu Hongcheng

Signature: /s/ Fu Hongcheng

The Pledgor: Ji Mingzhong

Signature: /s/ Ji Mingzhong

Party C: Niannian Youyu Culture Media Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Ji Mingzhong

Name: Ji Mingzhong

Title: Legal Representative

Signature Page to the Equity Interest Pledge Agreement by and among Tencent Music (Beijing) Co., Ltd.,
Fu Hongcheng, Ji Mingzhong and Niannian Youyu Culture Media (Wuhan) Co., Ltd.

Exclusive Option Agreement

This Exclusive Option Agreement (this "Agreement") is executed by and among the following Parties on June 10, 2020 in Shenzhen, the People's Republic of China ("China" or the "PRC"):

Party A: **Tencent Music (Beijing) Co., Ltd.**, a wholly foreign-owned enterprise, organized and existing under the laws of the PRC, with its address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

Party B: **Fu Hongcheng**, a Chinese Citizen with Identification No.: []; and

Ji Mingzhong, a Chinese Citizen with Identification No.: [];

Party C: **Niannian Youyu Culture Media (Wuhan) Co., Ltd.**, a limited liability company, organized and existing under the laws of the PRC, with its address at Unit 04B, 05, 06, 5th Floor, Yuexiu Wealth Center Office Building, No.1 Zhongshan Avenue (Building 6, Plot A, Qiaokou Golden Triangle), Qiaokou District, Wuhan.

In this Agreement, Party A, Party B, and Party C shall each be referred to as a "Party" respectively, and shall be collectively referred to as the "Parties".

Whereas:

1. Party B including Fu Hongcheng and Ji Mingzhong. They are the shareholders of Party C and as of the date hereof collectively hold 100 % of the equity interests of Party C, representing RMB 1,000,000 in the registered capital of Party C. Fu Hongcheng holds 50% of the equity interests of Party C, representing RMB 500,000 in the registered capital thereof, Ji Mingzhong holds 50% of the equity interests of Party C, representing RMB 500,000 in the registered capital thereof.
2. Party B intends to irrevocably grant Party A an exclusive option to purchase the entire equity interest in Party C without prejudice of PRC laws, and Party A intends to accept such equity interest purchase option (defined as below).
3. Party C intends to irrevocably grant Party A an exclusive option to purchase its entire assets without prejudice to PRC laws, and Party A intends to accept such asset purchase option (defined as below).

After mutual discussions and negotiations, the Parties have now reached the following agreement:

1. Sale and Purchase of Equity Interest and Assets

1.1 Option Granted

- 1.1.1 Whereas Party A paid Party B RMB 10 as consideration, and Party B confirmed the receipt and the sufficiency of such consideration, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a "Designee") to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by PRC laws and at the price described in Section 1.3 herein ("Equity Interest Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts, or non-corporate organizations.
- 1.1.2 Party C hereby exclusively, irrevocably and unconditionally grants Party A an irrevocable and exclusive right to require Party C to transfer part or all of company assets (the assets may be transferred in whole or in part at Party A's sole discretion and commercial consideration, "Purchased Asset") to Party A or its Designee to the extent permitted by PRC laws and under the terms and conditions herein ("Asset Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Asset Purchase Option or any other right with respect to Party C's assets. Party A agrees to accept such Asset Purchase Option.
- 1.1.3 Party B hereby jointly and severally agrees that Party C grants such Asset Purchase Option to Party A in accordance with Section 1.1.2 above and other terms herein, and the Purchased Asset may be transferred to Party A or Designee(s) by Party A when the Asset Purchase Option is exercised.

1.2 Steps for Exercise

- 1.2.1 The exercise of the Equity Interest Purchase Option and the Asset Purchase Option by Party A shall be subject to the provisions of the laws and regulations of China.
- 1.2.2 When Party A exercises the Equity Interest Purchase Option, a written notice shall be issued to Party B (the "Equity Interest Purchase Option Notice"), specifying:(a) Party A's or the Designee's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests or the date for the transfer of the Optioned Interests.
- 1.2.3 When Party A exercises the Asset Purchase Option, a written notice shall be issued to Party B (the "Asset Purchase Option Notice"), specifying:(a) Party A's or the Designee's decision to exercise the Asset Purchase Option; (b) the list of assets to be purchased by Party A or the Designee from Party B (the "Optioned Asset"); and (c) the date for purchasing the Optioned Asset or the date for the transfer of the Optioned Asset.

1.3 Purchase Price

- 1.3.1 The purchase price (“Benchmark Purchase Price”) of all equity interests shall be RMB 10. If PRC law requires a minimum price higher than the Benchmark Purchase Price when Party A exercises the Equity Interest Purchase Option, the minimum price regulated by PRC law shall be the purchase price (collectively, the “Equity Interest Purchase Price”).
- 1.3.2 Party B undertakes that it shall transfer the full amount of Equity Interest Purchase Price obtained by Party B to Party A’s designated bank account.
- 1.3.3 In terms of Asset Purchase Option, Party A or its Designee shall pay RMB 1 as the purchase price for each exercise of the Asset Purchase Option. If PRC law requires a minimum price higher than the aforementioned net book value of the assets, the minimum price regulated by PRC law shall be the purchase price (collectively, the “Asset Purchase Price”).
- 1.3.4 Party C undertakes that it shall transfer the full amount of Asset Interest Purchase Price obtained by Party C to Party A’s designated bank account.

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders’ meeting, at which a resolution shall be adopted approving Party B’s transfer of the Optioned Interests to Party A and/or the Designee(s);
- 1.4.2 Party B shall obtain written statements from the other shareholders (if any) of Party C giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto;
- 1.4.3 Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;

1.4.4 The relevant Parties shall execute all other necessary contracts, agreements, or documents, obtain all necessary government licenses and permits, and take all necessary actions to transfer the valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention, or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Equity Interest Pledge Agreement, and Party B's Power of Attorney. "Party B's Equity Interest Pledge Agreement" as used in this Agreement shall refer to the Equity Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modifications, amendments, and restatements thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with a power of attorney and any modifications, amendments, and restatements thereto.

1.5 Transfer of Purchased Assets

For each exercise of the Equity Interest Purchase Option:

1.5.1 Party C shall obtain all necessary internal authorizations in accordance with Party B's effective articles of association;

1.5.2 Party C shall enter into an asset transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Asset Purchase Option Notice regarding the Optioned Assets;

1.5.3 The relevant Parties shall execute all other necessary contracts, agreements, or documents, obtain all necessary government licenses and permits, and take all necessary actions to transfer the valid ownership of the Purchased Assets to Party A and/or the Designee(s), unencumbered by any security interests.

2. Covenants

2.1 Covenants regarding Party C

Party B (as shareholders of Party C) and Party C hereby covenant on the following:

2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change, or amend the articles of association of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners.

- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards and practices, as well as obtain and maintain all necessary government licenses and permits by prudently and effectively operating its business and handling its affairs.
- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage, or dispose of in any manner any material assets of Party C or legal or beneficial interest in the material business or revenues of Party C of more than RMB 100,000, or allow the encumbrance thereon of any security interests.
- 2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee, or suffer the existence of any debt, except for (i) payables incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A which Party A's written consent has been obtained.
- 2.1.5 They shall always operate all of Party C's businesses within the normal business scope to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value.
- 2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any material contract, except the contracts in the ordinary course of business (for the purpose of this subsection, a contract with a price exceeding RMB 100,000 shall be deemed a material contract).
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with a loan or credit.
- 2.1.8 They shall provide Party A with information on Party C's business operations and financial condition upon Party A's request.
- 2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses and own similar assets in the same area.
- 2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire, or invest in any person.

- 2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to Party C's assets, business, or revenue.
- 2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims.
- 2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders.
- 2.1.14 At the request of Party A, they shall appoint any person designated by Party A as the director or executive director of Party C.
- 2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates.
- 2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquidated without prior written consent by Party A.

2.2 Covenants of Party B

Party B hereby covenants to the following:

- 2.2.1 Without the prior written consent of Party A, at any time from the date of execution of this Agreement, Party B shall not sell, transfer, mortgage, or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney.
- 2.2.2 Party B shall cause the shareholders' meeting and/or the directors (or the executive director) of Party C not to approve any sale, transfer, mortgage, or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any other security interest without the prior written consent of Party A, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney.
- 2.2.3 Without the prior written consent of Party A, Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person.

- 2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to the equity interests in Party C held by Party B.
- 2.2.5 Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A.
- 2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims.
- 2.2.7 Party B shall appoint any designee of Party A as the director or the executive director of Party C, at the request of Party A.
- 2.2.8 Party B hereby waives its right of first refusal in regards to the transfer of equity interest by any other shareholder of Party C to Party A (if any), and gives consent to the execution by each other shareholder of Party C with Party A and Party C the exclusive option agreement, the equity interest pledge agreement and the power of attorney similar to this Agreement, Party B's Equity Interest Pledge Agreement, and Party B's Power of Attorney, and accepts not to take any actions in conflict with such documents executed by the other shareholders;
- 2.2.9 Party B shall promptly donate any profits, interests, dividends, or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under the applicable PRC laws. And
- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C, and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under Party B's Equity Interest Pledge Agreement or under Party B's Power of Attorney, Party B shall not exercise such rights excluding in such manner in accordance with the written instructions of Party A.

3. Representations and Warranties

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer, that:

- 3.1 They have the power, capacity, and authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning each transfer of the Optioned Interests as described thereunder (each, a "Transfer Contract"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts substantially consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid, and binding obligations, and shall be enforceable against them in accordance with the provisions thereof.
- 3.2 Party B and Party C have obtained any and all approvals and consents from the relevant government authorities and third parties (if required) for the execution, delivery, and performance of this Agreement.
- 3.3 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violations of any applicable PRC laws; (ii) be inconsistent with the articles of association, bylaws, or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them.
- 3.4 Party B has a good and merchantable title to the equity interests held by Party B in Party C. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests.
- 3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets.
- 3.6 Party C does not have any outstanding debts, except for (i) debt incurred within its normal business scope; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions. And
- 3.8 There is no pending or threatened litigation, arbitration, or administrative proceedings relating to the equity interests in Party C, assets of Party C, or Party C itself.

4. Effective Date and Term

This Agreement shall become effective upon execution by the Parties, and remain in effect until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

5. Governing Law and Disputes Resolution

5.1 Governing Law

The execution, effectiveness, interpretation, performance, amendment, and termination of this Agreement as well as any dispute resolution hereunder shall be governed by the laws of the PRC.

5.2 Methods of Disputes Resolution

In the event of any dispute arising with respect to the construction and performance of this Agreement, the Parties shall first attempt to resolve the dispute through friendly negotiations. In the event that the Parties fail to reach an agreement on the dispute within 30 days after either Party's written request to the other Parties for dispute resolution through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the arbitration award shall be final and binding to all Parties.

Each Party agrees that the arbitral tribunal or arbitrator shall have the right to give any remedies, including preliminary and permanent injunctive relief (such as injunction against carrying out business activities, or mandating the transfer of assets), specific performance of contractual obligations, remedies concerning the equity interest or assets of Party C and awards directing Party C to conduct liquidation.

To the extent permitted by PRC laws, when awaiting the formation of the arbitration tribunal or otherwise under appropriate conditions, either Party may seek preliminary injunctive relief or other interlocutory remedies from a court with competent jurisdiction to facilitate the arbitration. Without violating the applicable governing laws, the Parties agree that the courts of Hong Kong SAR, Cayman Islands, China and the place where the main assets of Party C are located shall all be deemed to have competent jurisdiction.

Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

6. Taxes and Fees

Each Party shall pay any and all transfer and registration taxes, expenses, and fees incurred thereby or levied thereon in accordance with the laws of the PRC in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

7. Notices

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, prepaid postage, commercial courier services, or facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, courier services, registered mail, or prepaid postage shall be deemed effectively given on the date of receipt or refusal at the address specified for such notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of the transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Tencent Music (Beijing) Co., Ltd.

Address: Room 504, 5th Floor, Gate C7, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attn: Zhao Xiang

Phone: []

Email: []

Party B:

Name: **Fu Hongcheng**

Address: []

Phone: []

Email: []

Name: **Ji Zhongming**

Address: Feiyada High-tech Building, Gaoxinnan 1st Road, Nanshan District, Shenzhen, Guangdong Province

Phone: []

Email: []

Party C: Niannian Youyu Culture Media (Wuhan) Co., Ltd.
Address: 18 F, Songri Dingsheng Building, Nanshan District, Shenzhen
Attn: Liu Weiguang
Phone: []
Email: []

7.3 Any Party may at any time change its address for notices by having a notice delivered to the other Parties in accordance with the terms hereof.

8. Confidentiality

The Parties acknowledge that the existence and the terms of this Agreement, and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain the confidentiality of all such confidential information, and without obtaining the written consent of other Parties, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be featured in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels, or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels, or financial advisors shall be bound by the confidential obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of, or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and that Party shall be held liable for breach of this Agreement.

9. Further Warranties

The Parties agree to promptly execute the documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and to take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

10. Breach of Agreement

- 10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B or Party C to compensate all damages. This Section 10 shall not prejudice any other rights of Party A herein;
- 10.2 Party B or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by the applicable laws.

11. Force Majeure Event

- 11.1 “**Force Majeure Event**” means any event that is beyond one Party’s scope of reasonable control, and is unavoidable under the affected Party’s reasonable care, including but not limited to, natural disasters, wars, riots, etc. However, lack of credit, funding or financing may not be considered as beyond one Party’s reasonable control. When the implementation of this Agreement is delayed or hindered due to any Force Majeure Event, the affected Party shall not bear any liability for such delayed and hindered performance under this Agreement. The Party affected by Force Majeure Event seeking to waive any liability under this Agreement shall notify the other Party as soon as possible of the exemption and the steps to be taken to complete the performance.
- 11.2 The Party affected by Force Majeure Event shall not bear any liability under this Agreement. The Party seeking to waive liability can only be exempted when he affected Party has made reasonable and feasible efforts to perform this Agreement and such exemption shall be limited to such delayed and hindered performance. Once the reasons for such exemption are corrected and remedied, the Parties agree to use their best efforts to perform this Agreement.

12. Miscellaneous

12.1 Amendments, changes, and supplements

Any amendments, changes, and supplements to this Agreement shall require the execution of a written agreement by all of the Parties.

12.2 Entire agreement

Except for the amendments, supplements, or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supersede all prior oral and written consultations, representations, and contracts reached with respect to the subject matter of this Agreement.

12.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain, or otherwise affect the meanings of the provisions of this Agreement.

12.4 Language

This Agreement is written in Chinese in four originals, with each Party having one copy.

12.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal, or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality, or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal, or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by the relevant laws and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal, or unenforceable provisions.

12.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

12.7 Survival

12.7.1 Any obligations that occur or are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

12.7.2 The provisions of Sections 5, 8, 10 and this Section 12.7 shall survive the termination of this Agreement.

12.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall be deemed as a waiver by such a Party with respect to any similar breach in other circumstances.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the authorized representatives of the Parties have executed this Exclusive Option Agreement as of the date first above written.

Party A: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

By: /s/ Yang Qihu
Name: Yang Qihu
Title: Legal Representative

Party B:

By: /s/ Fu Hongcheng
Name: Fu Hongcheng

By: /s/ Ji Mingzhong
Name: Ji Mingzhong

Party C: Niannian Youyu Culture Media (Wuhan) Co., Ltd.

[Company Chop is affixed]

By: /s/ Ji Mingzhong
Name: Ji Mingzhong
Title: Legal Representative

Signature Page to the Exclusive Option Agreement by and among Tencent Music (Beijing) Co., Ltd.,
Fu Hongcheng, Ji Mingzhong and Niannian Youyu Culture Media (Wuhan) Co., Ltd.

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on June 10, 2020 in Shenzhen, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Fu Hongcheng** (the “**Borrower**”), a Chinese citizen with Identification No. [].

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 50% equity interests in Niannian Youyu Culture Media Co., Ltd. (the “**Borrower’s Company**”). All the existing and future equity rights and interests the Borrower holds in the Borrower’s Company are referred to as the “**Borrower’s Equity Interest**”;
2. The Lender agrees to provide a loan in the amount of RMB 500,000 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 Loan

- 1.1 The Lender agrees to provide a loan in the amount of RMB 500,000 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:
 - 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;
 - 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;

- 1.1.3 the Borrower is no longer the shareholder of the Borrower's Company or its affiliates, or resigns from the Lender, the Borrower's Company or its affiliates, regardless of the reasons thereof;
- 1.1.4 the Borrower commits a crime or is involved in a crime;
- 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Borrower's Company in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the "**Exclusive Option Agreement**") to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
- 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Borrower's Company or the working capital of the Borrower's Company. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
- 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender's right to purchase the Borrower's Equity Interest under the Exclusive Option Agreement, transfer all the equity interest in the Borrower's Company to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of equity interests in the Borrower's Company (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
- 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower's Equity Interest at any time, at a price as specified in the Exclusive Option Agreement.
- 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the "**Power of Attorney**"), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a shareholder in the Borrower's Company.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Equity Interest from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 he has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the shareholder of the Borrower's Company that during the term of this Agreement he will procure the Borrower's Company:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the "**Exclusive Business Cooperation Agreement**") to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Borrower's Company to conduct its major business, the specific scope of which shall be subject to the business license;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement (together with its amendments from time to time, the "**Equity Interest Pledge Agreement**") and the Exclusive Option Agreement to which he is a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Equity Interest Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower's Equity Interest, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the shareholders and/or the board of directors of the Borrower's Company not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Equity Interest, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the shareholders and/or the board of the directors of the Borrower's Company not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Equity Interest;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Equity Interest;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Borrower's Company without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Borrower's Company upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Equity Interest to the Lender or any person as designated by it, and procure any other shareholder of the Borrower's Company to waive the right of first refusal regarding such transfer of equity interest under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other shareholder of the Borrower's Company to transfer unconditionally and immediately all the equity interests owned by such shareholder to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of equity interest under this Section;
- 3.2.12 if the Lender purchases the Borrower's Equity Interest from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 1‰ until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, Gate C7, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: []

Tel: []

The Borrower: Fu Hongcheng

Address: []

Tel: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unresolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments to this Agreement (if any) is an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Fu Hongcheng

Signature: /s/ Fu Hongcheng

Signature Page to the Loan Agreement by and between Tencent Music (Beijing) Co., Ltd. and Fu Hongcheng

Power of Attorney

I, Ji Mingzhong, a Chinese citizen with the Chinese Identification No. [], holds 50% of the equity interest in Niannian Youyu Culture Media Co., Ltd. (the “**Niannian Youyu Culture Media**”) as of the date of this Power of Attorney (representing RMB 500,000 registered capital of Niannian Youyu Culture Media), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the “**WFOE**”) to exercise the following rights with respect to the existing and future equity interests held by myself in Niannian Youyu Culture Media (the “**Owned Equity Interest**”) during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Equity Interest: 1) to attend the shareholders’ meetings of Niannian Youyu Culture Media; 2) to exercise all shareholder’s rights and shareholder’s voting rights which I am entitled with under the laws and the articles of association of Niannian Youyu Culture Media, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Equity Interest; and 3) as my authorized representative, to appoint and elect the legal representative, directors, supervisors, managers and other senior management of Niannian Youyu Culture Media.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of June 20, 2020 by and among me, WFOE and Niannian Youyu Culture Media, the Equity Interest Pledge Agreement entered into as of June 20, 2020 by and among me, WFOE and Niannian Youyu Culture Media, the Loan Agreement entered into as of August 28, 2019 by and between me and WFOE (together with any amendments, revisions or restatements, the “**Transaction Documents**”), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Equity Interest shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting of the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a shareholder of Niannian Youyu Culture Media, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Equity Interest that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

[The remainder of this page is intentionally left blank]

Signature: /s/ Ji Mingzhong
Name: Ji Mingzhong
June 10, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal representative

Acknowledged by:

Niannian Youyu Culture Media Co. Ltd.

[Company Chop is affixed]

Signature: /s/ Ji Mingzhong

Name: Ji Mingzhong

Title: Legal Representative

Signature page to the Power of Attorney by Ji Mingzhong to Tencent Music (Beijing) Co., Ltd.

Power of Attorney

I, Fu Hongcheng, a Chinese citizen with the Chinese Identification No. [], holds 50% of the equity interest in Niannian Youyu Culture Media Co., Ltd. (the “**Niannian Youyu Culture Media**”) as of the date of this Power of Attorney (representing RMB 500,000 registered capital of Niannian Youyu Culture Media), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the “**WFOE**”) to exercise the following rights with respect to the existing and future equity interests held by myself in Niannian Youyu Culture Media (the “**Owned Equity Interest**”) during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Equity Interest: 1) to attend the shareholders’ meetings of Niannian Youyu Culture Media; 2) to exercise all shareholder’s rights and shareholder’s voting rights which I am entitled with under the laws and the articles of association of Niannian Youyu Culture Media, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Equity Interest; and 3) as my authorized representative, to appoint and elect the legal representative, directors, supervisors, managers and other senior management of Niannian Youyu Culture Media.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of June 20, 2020 by and among me, WFOE and Niannian Youyu Culture Media, the Equity Interest Pledge Agreement entered into as of June 20, 2020 by and among me, WFOE and Niannian Youyu Culture Media, the Loan Agreement entered into as of August 28, 2019 by and between me and WFOE (together with any amendments, revisions or restatements, the “**Transaction Documents**”), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Equity Interest shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting of the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a shareholder of Niannian Youyu Culture Media, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Equity Interest that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

[The remainder of this page is intentionally left blank]

Signature: /s/ Fu Hongcheng
Name: Fu Hongcheng
June 10, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal representative

Acknowledged by:

Niannian Youyu Culture Media Co. Ltd.

[Company Chop is affixed]

Signature: /s/ Ji Mingzhong

Name: Ji Mingzhong

Title: Legal Representative

Signature page to the Power of Attorney by Fu Hongcheng to Tencent Music (Beijing) Co., Ltd.

Spousal Consent

The undersigned, Fan Manman, (Identification No.: []), is the lawful spouse of Fu Hongcheng (Identification No.: []). I hereby unconditionally and irrevocably agree to the execution of the following documents by Fu Hongcheng as of June 10, 2020 (the “Transaction Documents”) and the disposal of the equity interest of Niannian Youyu Culture Media Co., Ltd. (the “Domestic Company”) held by Fu Hongcheng and registered under his name pursuant to the provisions of the following documents:

- (1) the equity interest pledge agreement by and among Fu Hongcheng, Tencent Music (Beijing) Co., Ltd. (the “WFOE”), the Domestic Company and other parties;
- (2) the exclusive option agreement by and among Fu Hongcheng, the WFOE, the Domestic Company and other parties;
- (3) the loan agreement by and between Fu Hongcheng and the WFOE;
- (4) the equity transfer agreement by and between Fu Hongcheng and the WFOE; and
- (5) the power of attorney by Fu Hongcheng to the WFOE.

I hereby confirm that I do not enjoy any interests or rights in the Domestic Company and hereby undertake not to make any assertions in respect of the equity interest of the Domestic Company. I further confirm that, Fu Hongcheng can perform the Transaction Documents and further amend or terminate the Transaction Documents or execute other agreements to replace the Transaction Documents absent any authorization or consent from me.

I hereby undertake to execute all necessary documents, and take all necessary actions, to ensure appropriate performance of the Transaction Documents (as amended from time to time).

I hereby agree and undertake that, if I acquire any equity interests in the Domestic Company for whatever reasons, I shall be bound by the Transaction Documents (as amended from time to time) and shall comply with the obligations of a shareholder of the Domestic Company thereunder. For this purpose, upon the WFOE’s request, I shall execute a series of written documents in substantially the same format and content as the Transaction Documents (as amended from time to time).

Signature: /s/ Fan Manman
Date: June 10, 2020

Exclusive Business Cooperation Agreement

This Exclusive Business Cooperation Agreement (this “Agreement”) is entered into by and between the following parties on June 22, 2020 in Beijing, the People’s Republic of China (“China” or the “PRC”).

Party A: **Tencent Music (Beijing) Co., Ltd.**, a wholly foreign-owned enterprise, organized and existing under the laws of the PRC, with its address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

Party B: **Beijing Gongse Enterprise Management Co., Ltd.**, a limited liability company, organized and existing under the laws of the PRC, with its address at Room 0142, 4th Floor, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing.

Each of Party A and Party B shall be hereinafter referred to as a “Party” respectively, and as the “Parties” collectively.

Whereas,

1. Party A is a wholly foreign owned enterprise established in China, which has necessary resources to provide computer software technology development, technical training, copyright agency services and organization of cultural and artistic exchange activities;
2. Party B is a company established in China with exclusively domestic capital and is permitted to engage in business management; business management consulting; business planning; market research; copyright transfer, copyright agency; design, production, agency and release of advertisements; technology development, services, consultancy and transfer. (Market players shall, according to the law, independently select business projects and carry out business activities; projects subject to approval in accordance with laws must be licensed before operating; shall not carry out business activities involving projects prohibited or restricted by the industrial policies of the State or Beijing Municipality.) The businesses conducted by Party B currently and any time during the term of this Agreement are collectively referred to as the “Main Business”;
3. Party A is willing to provide Party B with information consulting services and other services in relation to the Main Business during the term of this Agreement, utilizing its advantages in human resources and information. Party B is willing to accept such services provided by Party A or Party A’s designee(s), each on the terms set forth herein.

Now, therefore, through mutual discussion, the Parties have reached the following agreements:

1. Services Provided by Party A

- 1.1 Party B hereby appoints Party A as Party B's exclusive services provider to provide Party B with comprehensive information consulting services and other services during the term of this Agreement, in accordance with the terms and conditions of this Agreement, including but not limited to the follows:
- (1) Licensing Party B to use any software (if any) legally owned by Party A and providing software maintenance and updating services for Party B;
 - (2) Technical support and training for employees of Party B;
 - (3) Providing services in related to consultancy, collection and research of project investment for Party B (excluding market research business that wholly foreign-owned enterprises are prohibited from conducting under PRC laws);
 - (4) Providing consultation services in economic information, business information, technology information, and business management consultation for Party B;
 - (5) Providing marketing and promotion and corporate image planning services for Party B;
 - (6) Leasing of equipment or properties; and
 - (7) Other services requested by Party B from time to time to the extent permitted under PRC law.
- 1.2 Party B agrees to accept such services provided by Party A. Party B further agrees that unless with Party A's prior written consent, during the term of this Agreement, Party B shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar corporation relationship with any third party regarding the matters contemplated by this Agreement. Party A may designate other parties, who may enter into certain agreements described in Section 1.3 with Party B, to provide Party B with relevant services as set forth in this Agreement.
- 1.3 Ways of Service Provision
- 1.3.1 Party A and Party B agree that during the term of this Agreement, as applicable, Party B may enter into further service agreements with Party A or any other party designated by Party A, which shall provide the specific contents, manner, personnel, and fees for the specific services.
- 1.3.2 To fulfill this Agreement, Party A and Party B agree that during the term of this Agreement, as applicable, Party B may, at any time, enter into equipment or property lease agreement with Party A or any other party designated by Party A, which shall permit Party B to use Party A's relevant equipment or property based on the needs of the business of Party B.

- 1.3.3 Party B hereby grants to Party A an irrevocable and exclusive option to purchase from Party B, to the extent permitted under PRC laws and at Party A's sole discretion, any or all of the assets and business of Party B, at the minimum purchase price permitted by PRC laws. The Parties shall then enter into a separate assets or business transfer agreement, specifying the terms and conditions of the transfer of the assets.

2. **Service Fees and Payment**

- 2.1 The fees payable by Party B to Party A during the term of this Agreement shall be calculated as follows:
 - 2.1.1 Party B shall pay service fee to Party A monthly. The service fee for each month shall consist of management fee and services provision fee, which shall be determined by the Parties through negotiation in consideration of:
 - (1) complexity and difficulty of the services provided by Party A;
 - (2) title of and time consumed by employees of Party A providing the services;
 - (3) contents and business value of the services provided by Party A;
 - (4) market price of the same type of services;
 - (5) operation conditions of the Party B.
 - 2.1.2 If Party A transfers technology to Party B or develops software or other technology as entrusted by Party B or leases equipment or properties to Party B, the technology transfer price, development fees or rental fees shall be determined by the Parties based on the actual situations.

3. **Intellectual Property Rights and Confidentiality Clauses**

- 3.1 Party A shall have exclusive and proprietary ownership, rights and interests in any and all intellectual properties arising out of or created during the performance of this Agreement, including but not limited to copyrights, patents, patent applications, software, technical secrets, trade secrets and others. Party B shall execute all appropriate documents, take all appropriate actions, submit all filings and/or applications, render all appropriate assistance and otherwise conduct whatever is necessary as deemed by Party A at its sole discretion for the purposes of vesting any ownership, right or interest of any such intellectual property rights in Party A, and/or perfecting the protections for any such intellectual property rights in Party A.

3.2 The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third party, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

4. **Representations and Warranties**

4.1 Party A hereby represents, warrants and covenants as follows:

- 4.1.1 Party A is a wholly foreign owned enterprise legally established and validly existing in accordance with the laws of the PRC. Party A or the service providers designated by Party A will obtain all government permits and licenses for providing the service under this Agreement before providing such services.
- 4.1.2 Party A has taken all necessary corporate actions, obtained all necessary authorizations as well as all consents and approvals from third parties and government authorities (if required) for the execution, delivery and performance of this Agreement. Party A's execution, delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation.
- 4.1.3 This Agreement constitutes Party A's legal, valid and binding obligations, and shall be enforceable against it in accordance with its terms.

- 4.2 Party B hereby represents, warrants and covenants as follows:
- 4.2.1 Party B is a company legally established and validly existing in accordance with the laws of the PRC and has obtained and will maintain all permits and licenses for engaging in the Main Business.
 - 4.2.2 Party B has taken all necessary corporate actions, obtained all necessary authorizations as well as all consents and approvals from third parties and government agencies (if required) for the execution, delivery and performance of this Agreement. Party B's execution, delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation.
 - 4.2.3 This Agreement constitutes Party B's legal, valid and binding obligations, and shall be enforceable against it in accordance with its terms.

5. **Term of Agreement**

- 5.1 This Agreement shall become effective upon execution by the Parties. Unless terminated in accordance with the provisions of this Agreement or terminated in writing by Party A, this Agreement shall remain effective.
- 5.2 During the term of this Agreement, each Party shall renew its operation term in a timely manner prior to the expiration thereof so as to enable this Agreement to remain effective. This Agreement shall be terminated upon the expiration of the operation term of a Party if the application for renewal of its operation term is not approved by relevant government authorities.
- 5.3 The rights and obligations of the Parties under Sections 3, 6, 7 and this Section 5.3 shall survive the termination of this Agreement.

6. **Governing Law and Disputes Resolution**

- 6.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of the PRC .
- 6.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's written request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the arbitration award shall be final and binding to all Parties. Each Party has the right to apply for enforcement of an arbitral award to a court of competent jurisdiction (including a Chinese court).

- 6.3 To the extent permitted by PRC laws and where appropriate, the arbitration tribunal may grant any remedies in accordance with the provisions of this Agreement and applicable PRC laws, including preliminary and permanent injunctive relief (such as injunction against carrying out business activities, or mandating the transfer of assets), specific performance of contractual obligations, remedies concerning the equity interest or assets of Party B and awards directing Party B to conduct liquidation.
- 6.4 To the extent permitted by PRC laws, when awaiting the formation of the arbitration tribunal or otherwise under appropriate conditions, either Party may seek preliminary injunctive relief or other interlocutory remedies from a court with competent jurisdiction to facilitate the arbitration. Without violating the applicable governing laws, the Parties agree that the courts of Hong Kong, Cayman Islands, China and the place where the main assets of Party A are located shall all be deemed to have competent jurisdiction.
- 6.5 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

7. **Breach of Agreement and Indemnification**

- 7.1 If Party B conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B to indemnify all damages. This Section 7.1 shall not prejudice any other rights of Party A herein.
- 7.2 Unless otherwise required by applicable laws, Party B shall not have any right to terminate this Agreement in any event.
- 7.3 Party B shall indemnify and hold harmless Party A from any losses, injuries, obligations or expenses caused by any lawsuit, claims or other demands against Party A arising from or caused by the services provided by Party A to Party B pursuant this Agreement, except where such losses, injuries, obligations or expenses arise from the gross negligence or willful misconduct of Party A.

8. **Force Majeure**

- 8.1 In the case of any force majeure events (“Force Majeure”) such as earthquake, typhoon, flood, fire, flu, war, strikes or any other events that cannot be predicted and are unpreventable and unavoidable by the affected Party, which directly causes the failure of either Party to perform or completely perform this Agreement, then the Party affected by such Force Majeure shall not take any responsibility for such failure, however it shall give the other Party written notices without any delay, and shall provide details of such event within 15 days after sending out such notice, explaining the reasons for such failure of, partial or delay of performance.

- 8.2 If such Party claiming Force Majeure fails to notify the other Party and furnish it with proof pursuant to the above provision, such Party shall not be excused from the non-performance of its obligations hereunder. The Party so affected by the event of Force Majeure shall use reasonable efforts to minimize the consequences of such Force Majeure and to promptly resume performance hereunder whenever the causes of such excuse are cured. Should the Party so affected by the event of Force Majeure fail to resume performance hereunder when the causes of such excuse are cured, such Party shall be liable to the other Party.
- 8.3 In the event of Force Majeure, the Parties shall immediately consult with each other to find an equitable solution and shall use all reasonable efforts to reduce the consequences of such Force Majeure.

9. **Notices**

- 9.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
- 9.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.
- 9.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 9.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attn: TME Legal Management Department – Investment and M&A

Email : []

Party B: Beijing Gongse Enterprise Management Co., Ltd.

Address: 5th Floor, C7, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attn: TME Legal Management Department – Investment and M&A

Email : []

9.3 Any Party may at any time change its address for notices by delivering notice to the other Party in accordance with the terms hereof.

10. Assignment

10.1 Without Party A's prior written consent, Party B shall not assign its rights and obligations under this Agreement to any third party.

10.2 Party B agrees that Party A may assign its obligations and rights under this Agreement to any third party and in case of such assignment, Party A is only required to give written notice to Party B and does not need any consent from Party B for such assignment.

11. Taxes and Fees

All taxes and fees incurred by each Party as a result of the execution and performance of this Agreement shall be borne by each Party respectively.

12. Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any aspect. The Parties shall negotiate in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

13. Amendments and Supplements

Any amendments and supplements to this Agreement shall be in writing. The amendment agreements and supplementary agreements that have been signed by the Parties and relate to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

14. Language and Counterparts

This Agreement is written in Chinese in two (2) originals, with each Party having one copy.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Business Cooperation Agreement as of the date first above written.

Party A: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

By: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

Party B: Beijing Gongse Enterprise Management Co., Ltd.

[Company Chop is affixed]

By: /s/ Gu Dejun

Name: Gu Dejun

Title: Legal Representative

Signature Page of Exclusive Business Cooperation Agreement between
Tencent Music (Beijing) Co., Ltd. and Beijing Gongse Enterprise Management Co., Ltd.

Exclusive Option Agreement

This Exclusive Option Agreement (this “Agreement”) is executed by and among the following Parties as of June 22, 2020 in Beijing, the People’s Republic of China (“China” or the “PRC”):

- Party A:** **Tencent Music (Beijing) Co., Ltd.**, a wholly foreign-owned enterprise, organized and existing under the laws of the PRC, with its address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;
- Party B:** **Yang Qihu**, a Chinese Citizen with Identification No.: []; and
Gu Dejun, a Chinese Citizen, with Identification No.: []; and
Zhou Jie, a Chinese Citizen with Identification No.: []; and
Chen Xing, a Chinese Citizen with Identification No.: []; and
Liang Yunheng, a Chinese Citizen with Identification No.: [].
- Party C:** **Beijing Gongse Enterprise Management Co., Ltd.**, a limited liability company, organized and existing under the laws of the PRC, with its address at Room 0142, 4th Floor, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing.

In this Agreement, Party A, Party B, and Party C shall each be referred to as a “Party” respectively, and shall be collectively referred to as the “Parties”.

Whereas:

1. Party B includes Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing and Liang Yunheng. They are shareholders of Party C and as of the date hereof collectively hold 100 % of the equity interests of Party C, representing RMB 500,000 in the registered capital of Party C. Yang Qihu holds 20% of the equity interests of Party C, representing RMB 100,000 in the registered capital thereof, and Gu Dejun holds 20% of the equity interests of Party C, representing RMB 100,000 in the registered capital thereof, and Zhou Jie holds 20% of the equity interest of Party C, representing RMB 100,000 in the registered capital thereof, and Chen Xing holds 20% of the equity interests of Party C, representing RMB 100,000 in the registered capital thereof, and Liang Yunheng holds 20% of the equity interests of Party C, representing RMB 100,000 in the registered capital thereof.
2. Party B intends to irrevocably grant Party A an exclusive option to purchase the entire equity interest in Party C without prejudice of PRC laws, and Party A intends to accept such equity interest purchase option (defined as below).
3. Party C intends to irrevocably grant Party A an exclusive option to purchase its entire assets without prejudice to PRC laws, and Party A intends to accept such asset purchase option (defined as below).

After mutual discussions and negotiations, the Parties have now reached the following agreement:

1. Sale and Purchase of Equity Interest and Assets

1.1 Option Granted

- 1.1.1 Whereas Party A paid Party B RMB 10 as consideration, and Party B confirmed the receipt and the sufficiency of such consideration, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a “Designee”) to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A’s sole and absolute discretion to the extent permitted by PRC laws and at the price described in Section 1.3 herein (“Equity Interest Purchase Option”). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term “person” as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts, or non-corporate organizations.
- 1.1.2 Party C hereby exclusively, irrevocably and unconditionally grants Party A an irrevocable and exclusive right to require Party C to transfer part or all of company assets (the assets may be transferred in whole or in part at Party A’s sole discretion and commercial consideration, “Purchased Asset”) to Party A or its Designee to the extent permitted by PRC laws and under the terms and conditions herein (“Asset Purchase Option”). Except for Party A and the Designee(s), no other person shall be entitled to the Asset Purchase Option or any other right with respect to Party C’s assets. Party A agrees to accept such Asset Purchase Option.
- 1.1.3 Party B hereby jointly and severally agrees that Party C grants such Asset Purchase Option to Party A in accordance with Section 1.1.2 above and other terms herein, and the Purchased Asset may be transferred to Party A or Designee(s) by Party A when the Asset Purchase Option is exercised.

1.2 Steps for Exercise

- 1.2.1 The exercise of the Equity Interest Purchase Option and the Asset Purchase Option by Party A shall be subject to the provisions of the laws and regulations of China.

- 1.2.2 When Party A exercises the Equity Interest Purchase Option, a written notice shall be issued to Party B (the "Equity Interest Purchase Option Notice"), specifying:(a) Party A's or the Designee's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests or the date for the transfer of the Optioned Interests.
- 1.2.3 When Party A exercises the Asset Purchase Option, a written notice shall be issued to Party B (the "Asset Purchase Option Notice"), specifying:(a) Party A's or the Designee's decision to exercise the Asset Purchase Option; (b) the list of assets to be purchased by Party A or the Designee from Party B (the "Optioned Asset"); and (c) the date for purchasing the Optioned Asset or the date for the transfer of the Optioned Asset.

1.3 Purchase Price

- 1.3.1 The purchase price ("Benchmark Purchase Price") of all equity interests shall be RMB 10. If PRC law requires a minimum price higher than the Benchmark Purchase Price when Party A exercises the Equity Interest Purchase Option, the minimum price regulated by PRC law shall be the purchase price (collectively, the "Equity Interest Purchase Price").
- 1.3.2 Party B undertakes that it shall transfer the full amount of Equity Interest Purchase Price obtained by Party B to Party A's designated bank account.
- 1.3.3 In terms of Asset Purchase Option, Party A or its Designee shall pay RMB 1 as the purchase price for each exercise of the Asset Purchase Option. If PRC law requires a minimum price higher than the aforementioned net book value of the assets, the minimum price regulated by PRC law shall be the purchase price (collectively, the "Asset Purchase Price").
- 1.3.4 Party C undertakes that it shall transfer the full amount of Asset Interest Purchase Price obtained by Party C to Party A's designated bank account.

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Interests to Party A and/or the Designee(s).
- 1.4.2 Party B shall obtain written statements from the other shareholders (if any) of Party C giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto.

- 1.4.3 Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests.
- 1.4.4 The relevant Parties shall execute all other necessary contracts, agreements, or documents, obtain all necessary government licenses and permits, and take all necessary actions to transfer the valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention, or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Equity Interest Pledge Agreement, and Party B's Power of Attorney. "Party B's Equity Interest Pledge Agreement" as used in this Agreement shall refer to the Equity Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modifications, amendments, and restatements thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with a power of attorney and any modifications, amendments, and restatements thereto.

1.5 Transfer of Purchased Assets

For each exercise of the Equity Interest Purchase Option:

- 1.5.1 Party C shall obtain all necessary internal authorizations in accordance with Party B's then effective articles of association.
- 1.5.2 Party C shall enter into an asset transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Asset Purchase Option Notice regarding the Purchased Assets.
- 1.5.3 The relevant Parties shall execute all other necessary contracts, agreements, or documents, obtain all necessary government licenses and permits, and take all necessary actions to transfer the valid ownership of the Purchased Assets to Party A and/or the Designee(s), unencumbered by any security interests.

2. Covenants

2.1 Covenants regarding Party C

Party B (as shareholders of Party C) and Party C hereby covenant on the following:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change, or amend the articles of association of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners.
- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards and practices, as well as obtain and maintain all necessary government licenses and permits by prudently and effectively operating its business and handling its affairs.
- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage, or dispose of in any manner any material assets of Party C or legal or beneficial interest in the material business or revenues of Party C of more than RMB 100,000, or allow the encumbrance thereon of any security interests.
- 2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee, or suffer the existence of any debt, except for (i) payables incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A which Party A's written consent has been obtained.
- 2.1.5 They shall always operate all of Party C's businesses within the normal business scope to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value.
- 2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any material contract, except the contracts in the ordinary course of business (for the purpose of this subsection, a contract with a price exceeding RMB 100,000 shall be deemed a material contract).
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with a loan or credit.
- 2.1.8 They shall provide Party A with information on Party C's business operations and financial condition upon Party A's request.
- 2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses and own similar assets in the same area.

- 2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire, or invest in any person.
- 2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to Party C's assets, business, or revenue.
- 2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims.
- 2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders.
- 2.1.14 At the request of Party A, they shall appoint any person designated by Party A as the director or executive director of Party C.
- 2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates.
- 2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquidated without prior written consent by Party A.

2.2 Covenants of Party B

Party B hereby covenants to the following:

- 2.2.1 Without the prior written consent of Party A, at any time from the date of execution of this Agreement, Party B shall not sell, transfer, mortgage, or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney.
- 2.2.2 Party B shall cause the shareholders' meeting and/or the directors (or the executive director) of Party C not to approve any sale, transfer, mortgage, or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any other security interest without the prior written consent of Party A, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney.

- 2.2.3 Without the prior written consent of Party A, Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person.
- 2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to the equity interests in Party C held by Party B.
- 2.2.5 Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A.
- 2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims.
- 2.2.7 Party B shall appoint any designee of Party A as the director or the executive director of Party C, at the request of Party A.
- 2.2.8 Party B hereby waives its right of first refusal with respect to the transfer of equity interest by any other shareholder of Party C to Party A (if any), and gives consent to the execution by each other shareholder of Party C with Party A and Party C the exclusive option agreement, the equity interest pledge agreement and the power of attorney similar to this Agreement, Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, and accepts not to take any actions in conflict with such documents executed by the other shareholders.
- 2.2.9 Party B shall promptly donate any profits, interests, dividends, or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under the applicable PRC laws. And
- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C, and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under Party B's Equity Interest Pledge Agreement or under Party B's Power of Attorney, Party B shall not exercise such rights excluding in such manner in accordance with the written instructions of Party A.

3. Representations and Warranties

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer, that:

- 3.1 They have the power, capacity, and authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning each transfer of the Optioned Interests as described thereunder (each, a "Transfer Contract"), and to perform their obligations under this Agreement and any Transfer Contract. Party B and Party C agree to enter into Transfer Contracts substantially consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid, and binding obligations, and shall be enforceable against them in accordance with the provisions thereof.
- 3.2 Party B and Party C have obtained any and all approvals and consents from the relevant government authorities and third parties (if required) for the execution, delivery, and performance of this Agreement.
- 3.3 The execution and delivery of this Agreement or any Transfer Contract and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violations of any applicable PRC laws; (ii) be inconsistent with the articles of association, bylaws, or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them.
- 3.4 Party B has a good and merchantable title to the equity interests held by Party B in Party C. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests.
- 3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets.

- 3.6 Party C does not have any outstanding debts, except for (i) debt incurred within its normal business scope; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions. And
- 3.8 There is no pending or threatened litigation, arbitration, or administrative proceedings relating to the equity interests in Party C, assets of Party C, or Party C itself.

4. Effective Date and Term

This Agreement shall become effective upon execution by the Parties, and remain in effect until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

5. Governing Law and Disputes Resolution

5.1 Governing Law

The execution, effectiveness, interpretation, performance, amendment, and termination of this Agreement as well as any dispute resolution hereunder shall be governed by the laws of the PRC.

5.2 Methods of Disputes Resolution

In the event of any dispute arising with respect to the construction and performance of this Agreement, the Parties shall first attempt to resolve the dispute through friendly negotiations. In the event that the Parties fail to reach an agreement on the dispute within 30 days after either Party's written request to the other Parties for dispute resolution through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the arbitration award shall be final and binding to all Parties.

Each Party agrees that the arbitral tribunal or arbitrator shall have the right to give any remedies, including preliminary and permanent injunctive relief (such as injunction against carrying out business activities, or mandating the transfer of assets), specific performance of contractual obligations, remedies concerning the equity interest or assets of Party C and awards directing Party C to conduct liquidation.

To the extent permitted by PRC laws, when awaiting the formation of the arbitration tribunal or otherwise under appropriate conditions, either Party may seek preliminary injunctive relief or other interlocutory remedies from a court with competent jurisdiction to facilitate the arbitration. Without violating the applicable governing laws, the Parties agree that the courts of Hong Kong SAR, Cayman Islands, China and the place where the main assets of Party C are located shall all be deemed to have competent jurisdiction.

Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

6. Taxes and Fees

Each Party shall pay any and all transfer and registration taxes, expenses, and fees incurred thereby or levied thereon in accordance with the laws of the PRC in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

7. Notices

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, prepaid postage, commercial courier services, or facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, courier services, registered mail, or prepaid postage shall be deemed effectively given on the date of receipt or refusal at the address specified for such notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of the transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, C7, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attn: TME Legal Management Department - Investment and M&A

Email: []

Party B:

Name: **Yang Qihu**

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Email: []

Name: **Gu Dejun**

Address: 17F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

Email: []

Name: **Zhou Jie**

Address: 17F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

Email: []

Name: **Chen Xing**

Address: 8th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Email: []

Name: **Liang Yunheng**

Address: 20F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

Email: []

Party C: **Beijing Gongse Enterprise Management Co., Ltd.**

Address: 5th Floor, C7, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attn: TME Legal Management Department - Investment and M&A

Email: []

7.3 Any Party may at any time change its address for notices by having a notice delivered to the other Parties in accordance with the terms hereof.

8. Confidentiality

The Parties acknowledge that the existence and the terms of this Agreement, and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain the confidentiality of all such confidential information, and without obtaining the written consent of other Parties, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be featured in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels, or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels, or financial advisors shall be bound by the confidential obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of, or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and that Party shall be held liable for breach of this Agreement.

9. Further Warranties

The Parties agree to promptly execute the documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and to take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

10. Breach of Agreement

- 10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B or Party C to compensate all damages This Section 10 shall not prejudice any other rights of Party A herein.
- 10.2 Party B or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by the applicable laws.

11. Force Majeure Event

- 11.1 **“Force Majeure Event”** means any event that is beyond one Party’s scope of reasonable control, and is unavoidable under the affected Party’s reasonable care, including but not limited to, natural disasters, wars, riots, etc. However, lack of credit, funding or financing may not be considered as beyond one Party’s reasonable control. When the implementation of this Agreement is delayed or hindered due to any Force Majeure Event, the affected Party shall not bear any liability for such delayed and hindered performance under this Agreement. The Party affected by Force Majeure Event seeking to waive any liability under this Agreement shall notify the other Party as soon as possible of the exemption and the steps to be taken to complete the performance.
- 11.2 The Party affected by Force Majeure Event shall not bear any liability under this Agreement. The Party seeking to waive liability can only be exempted when he affected Party has made reasonable and feasible efforts to perform this Agreement and such exemption shall be limited to such delayed and hindered performance. Once the reasons for such exemption are corrected and remedied, the Parties agree to use their best efforts to perform this Agreement.

12. Miscellaneous

12.1 Amendments, changes, and supplements

Any amendments, changes, and supplements to this Agreement shall require the execution of a written agreement by all of the Parties.

12.2 Entire agreement

Except for the amendments, supplements, or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supersede all prior oral and written consultations, representations, and contracts reached with respect to the subject matter of this Agreement.

12.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain, or otherwise affect the meanings of the provisions of this Agreement.

12.4 Language

This Agreement is written in Chinese in seven (7) originals, with each Party having one copy.

12.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal, or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality, or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal, or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by the relevant laws and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal, or unenforceable provisions.

12.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

12.7 Survival

12.7.1 Any obligations that occur or are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

12.7.2 The provisions of Sections 5, 8, 10 and this Section 12.7 shall survive the termination of this Agreement.

12.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall be deemed as a waiver by such Party with respect to any similar breach in other circumstances.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the authorized representatives of the Parties have executed this Exclusive Option Agreement as of the date first above written.

Party A: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

By: /s/ Yang Qihu
Name: Yang Qihu
Title: Legal Representative

Party B:

By: /s/ Yang Qihu
Name: Yang Qihu

By: /s/ Gu Dejun
Name: Gu Dejun

By: /s/ Zhou Jie
Name: Zhou Jie

By: /s/ Chen Xing
Name: Chen Xing

By: /s/ Liang Yunheng
Name: Liang Yunheng

Party C: Beijing Gongse Enterprise Management Co., Ltd.

[Company Chop is affixed]

By: /s/ Gu Dejun
Name: Gu Dejun
Title: Legal Representative

Signature Page of Exclusive Option Agreement between Tencent Music (Beijing) Co., Ltd. and
Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing, Liang Yunheng and Beijing Gongse Enterprise Management Co., Ltd.

Equity Interest Pledge Agreement

This Equity Interest Pledge Agreement (the “**Agreement**”) is entered into by and among the following Parties on June 22, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

Party A: Tencent Music (Beijing) Co., Ltd. (the “**Pledgee**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

Party B: Yang Qihu, a Chinese citizen with Chinese Identification No. []; and
Gu Dejun, a Chinese citizen with Chinese Identification No. []; and
Zhou Jie, a Chinese citizen with Chinese Identification No. []; and
Chen Xing, a Chinese citizen with Chinese Identification No. []; and
Liang Yunheng, a Chinese citizen with Chinese Identification No. [].

(The aforesaid Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing and Liang Yunheng hereinafter referred to as a “**Pledgor**” respectively and as the “**Pledgors**” collectively);

Party C: Beijing Gongse Enterprise Management Co., Ltd., a limited liability company incorporated and existing under the laws of the PRC, with its registered address at Room 0142, 4th Floor, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing

In this Agreement, each of the Pledgee, the Pledgors and Party C shall be referred to as a “**Party**” respectively or as the “**Parties**” collectively.

Whereas:

- The Pledgors Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing and Liang Yunheng are Chinese citizens. As of the date of this Agreement, the registered capital of Party C is RMB 500,000, and (1) Yang Qihu holds 20% of the equity interests of Party C, representing RMB 100,000 in the registered capital thereof; (2) Gu Dejun holds 20% of the equity interests of Party C, representing RMB 100,000 in the registered capital thereof; (3) Zhou Jie holds 20% of the equity interest of Party C, representing RMB 100,000 in the registered capital thereof; (4) Chen Xing holds 20% of the equity interests of Party C, representing RMB 100,000 in the registered capital thereof; (5) Liang Yunheng holds 20% of the equity interests of Party C, representing RMB 100,000 in the registered capital thereof. Party C is a limited liability company registered in Beijing, China, and is engaged in the business of “business management; business management consulting; business planning; market research; copyright transfer, copyright agency; design, production, agency and release of advertisements; technology development, services, consultancy and transfer. (Market players shall, according to the law, independently select business projects and carry out business activities; projects subject to approval in accordance with laws must be licensed before operating; shall not carry out business activities involving projects prohibited or restricted by the industrial policies of the State or Beijing Municipality.)”. Party C hereby acknowledges the rights and obligations of the Pledgors and the Pledgee under this Agreement and intends to provide any necessary assistance in registering the Pledge.

2. The Pledgee is a wholly foreign-owned enterprise registered in China. The Pledgee and Party C have executed an Exclusive Business Cooperation Agreement in Beijing (as defined below). The Pledgee, the Pledgors and Party C have executed an Exclusive Option Agreement (as defined below). The Pledgee and each of the Pledgors has executed a Loan Agreement (as defined below). Each of the Pledgors has executed a Power of Attorney in favor of the Pledgee (as defined below).
3. To ensure that Party C and the Pledgors fully perform its or their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney, the Pledgors pledge to the Pledgee all the equity interests they hold in Party C as security for the performance of Party C' and the Pledgors' obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney.

To perform the terms of the Transaction Documents, the Parties have mutually agreed to execute this Agreement upon the following terms.

1. Definitions

Unless otherwise provided in this Agreement, the terms below shall have the following meanings:

- 1.1. **Pledge:** means the security interest granted by the Pledgors to the Pledgee pursuant to Section 2 of this Agreement, i.e., the right of the Pledgee to be compensated on a preferential basis with any proceeds received from conversion, auction or sale of the Pledged Equity Interest.
- 1.2. **Pledged Equity Interest:** means 100% of the equity interests in Party C collectively held by the Pledgors now, representing RMB 500,000 of Party C's registered capital, and all the future equity rights and interests in Party C held by the Pledgors.
- 1.3. **Term of Pledge:** means the term set forth in Section 3.1 of this Agreement.

- 1.4. **Transaction Documents:** means the Exclusive Business Cooperation Agreement entered into by and between Party C and the Pledgee on June 22, 2020 in Beijing (the “**Exclusive Business Cooperation Agreement**”); the Exclusive Option Agreement entered into by and among the Pledgors, Party C and the Pledgee on June 22, 2020 in Beijing (the “**Exclusive Option Agreement**”); the Loan Agreements entered into by and between the Pledgee and Pledgors on June 22, 2020 (the “**Loan Agreement**”); the Power of Attorney executed by the Pledgors respectively on June 22, 2020 in Beijing (the “**Power of Attorney**”), and any amendments, revisions and/or restatements to the aforesaid documents.
- 1.5. **Contractual Obligations:** means all the obligations of the Pledgors under the Exclusive Option Agreement, the Power of Attorney and this Agreement, and all the obligations of Party C under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and this Agreement.
- 1.6. **Secured Indebtedness:** means all direct, indirect, consequential losses and losses of anticipated profits suffered by the Pledgee as a result of any Event of Default of the Pledgors and/or Party C, of which the basis for the amount of such losses includes without limitation reasonable business plans and profit forecasts of the Pledgee, the service fees that Party C is obliged to pay under Exclusive Business Cooperation Agreement, as well as all expenses as incurred by the Pledgee in connection with its enforcement for the performance of Contractual Obligations against the Pledgors and/or Party C.
- 1.7. **Event of Default:** means any circumstances as set forth in Section 7 of this Agreement.
- 1.8. **Notice of Default:** means the notice issued by the Pledgee in accordance with this Agreement declaring an Event of Default.

2. The Pledge

- 2.1. The Pledgors hereby agree to pledge to the Pledgee the Pledged Equity Interest in accordance with this Agreement as security for the performance of the Contractual Obligations and the repayment of the Secured Indebtedness. Party C hereby agrees for the Pledgors to pledge the Pledged Equity Interest to the Pledgee in accordance with this Agreement.
- 2.2. During the Term of Pledge, the Pledgee is entitled to receive any dividends or distributions in respect of the Pledged Equity Interest. With the prior written consent of the Pledgee, the Pledgors may collect such dividends or distributions in respect of the Pledged Equity Interest. Any dividends or distributions received by the Pledgee in respect of the Pledged Equity Interest after deduction of income tax paid by Pledgors shall, upon the Pledgee’s request, (1) be deposited into a bank account designated by the Pledgee, be placed under the custody of the Pledgee, be used as security for the Contractual Obligations and be first applied towards full satisfaction of the Secured Indebtedness; or (2) to the extent permitted by the PRC laws, be unconditionally donated to the Pledgee or any person designated by the Pledgee.

- 2.3. With the prior written consent of the Pledgee, the Pledgors may subscribe for increased capital in Party C. Any increase in the capital contributed by the Pledgors to the registered capital of Party C as a result of any capital increase shall also be deemed as the Pledged Equity Interest.
- 2.4. In the event that Party C is to be dissolved or liquidated as required by any mandatory rules of the PRC laws, upon the lawful completion of such dissolution or liquidation procedure, any proceeds distributed by Party C to the Pledgors shall, upon the Pledgee's request, (1) be deposited into a bank account designated by the Pledgee, be placed under the custody of the Pledgee, and be used as security for the Contractual Obligations and be first applied towards full satisfaction of the Secured Indebtedness; or (2) to the extent permitted by the PRC laws, be unconditionally donated to the Pledgee or any person designated by the Pledgee.

3. Term of Pledge

- 3.1. The Pledge shall become effective on such date when the pledge of the Pledged Equity Interest contemplated herein has been registered with the relevant administration for industry and commerce. The Pledge shall be continuously valid until full performance of the Contractual Obligations and full satisfaction of the Secured Indebtedness. The Pledgors and Party C shall, (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the relevant administration for industry and commerce for the registration of the Pledge contemplated herein within 30 business days following the execution of this Agreement. The Parties covenant that for the purpose of registration of the Pledged Equity Interest, the Parties and other shareholders of Party C shall submit to the administration of industry and commerce this Agreement or an equity interest pledge agreement in the form required by the administration of industry and commerce of where Party C locates, which shall truly reflect the information of the Pledge hereunder (the "**AIC Pledge Agreement**"). For matters not specified in the AIC Pledge Agreement, the parties shall be bound by the provisions of this Agreement. The Pledgors and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant administration of industry and commerce, to ensure that the Pledge shall be registered as soon as possible after filing.
- 3.2. During the Term of Pledge, in the event the Pledgors and/or Party C fail to fulfill the Contractual Obligations or pay the Secured Indebtedness, the Pledgee shall be entitled to, but not be obliged to, exercise the Pledge in accordance with this Agreement.

4. Custody for Certificates of the Pledge

- 4.1. During the Term of Pledge, the Pledgors shall deliver to the Pledgee within one (1) week following the execution of this Agreement the certificate of capital contributions to Party C and the register of shareholders which records the Pledge. The Pledgee will place such documents in custody throughout the entire Term of Pledge specified in this Agreement.

5. Representations and Warranties of the Pledgors and Party C

The Pledgors and Party C hereby severally and jointly represent and warrant to the Pledgee as of the date hereof as follows:

- 5.1. The Pledgors, Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing and Liang Yunheng, are the legal and beneficial owners of the Pledged Equity Interest.
- 5.2. The Pledgee is entitled to dispose of and transfer the Pledged Equity Interest in accordance with this Agreement.
- 5.3. Except for the Pledge, the Pledgors have not created any other pledges or other security interest on the Pledged Equity Interest.
- 5.4. The Pledgors and Party C have obtained all necessary approvals and consents from government authorities and third parties (if any) in connection with the execution, delivery and performance of this Agreement.
- 5.5. The execution, delivery and performance of this Agreement do not (i) result in any violation of any relevant PRC laws; (ii) result in any conflict with the articles of association or other constitutional documents of Party C; (iii) result in any breach of any agreement to which it is a party or by which it is bound, or constitute any default under any agreement to which it is a party or by which it is bound; (iv) result in any breach of any permit or license issued or granted to it and/or any condition of the validity thereof; or (v) result in the revocation or suspension of, or imposition of conditions on, any permit or license issued to it.

6. Undertakings by the Pledgors and Party C

- 6.1. During the Term of Pledge, the Pledgors and Party C severally and jointly undertake to the Pledgee that:
 - 6.1.1. Without the prior written consent of the Pledgee, the Pledgors shall not transfer the Pledged Equity Interest, create or permit to be created any security interest or other encumbrances on the Pledged Equity Interest, except for the performance of the Transaction Documents.

- 6.1.2. The Pledgors and Party C shall comply with the provisions of all the laws and regulations relating to the pledge of rights, and shall, within five (5) days upon receipt of any notice, order or recommendation issued or promulgated by the relevant competent authorities regarding the Pledge, present such notice, order or recommendation to the Pledgee, and concurrently comply with such notice, order or recommendation, or object thereto upon the reasonable request or consent of the Pledgee.
- 6.1.3. The Pledgors and Party C shall promptly notify the Pledgee of any event or notice received by the Pledgors that may have an impact on the Pledged Equity Interest or any portion thereof, and that may change any undertakings and obligations of the Pledgors hereunder or may have an impact on the fulfillment of any obligations by the Pledgors hereunder.
- 6.1.4. Party C shall complete its business term extension registration formalities three (3) months prior to the expiry of its business term such that the validity of this Agreement shall be maintained.
- 6.2. The Pledgors agree that the rights granted to the Pledgee in respect of the Pledge hereunder shall not be interrupted or harmed by any legal procedure initiated by the Pledgors, any successors of the Pledgors or their entrusting party or any other persons.
- 6.3. The Pledgors undertake to the Pledgee that in order to protect or perfect the security for the Contractual Obligations and the Secured Indebtedness under this Agreement, the Pledgors shall execute in good faith and cause other parties who have interests in the Pledge to execute all the certificates of rights, agreements, and/or perform and procure other parties who have interests in the Pledge to perform acts as required by the Pledgee, facilitate the exercise of the Pledgee's rights granted hereunder and enter into all relevant documents regarding ownership of the Pledged Equity Interest with the Pledgee or any person (individuals or legal persons) designated by the Pledgee, as well as provide the Pledgee with all notices, orders and decisions regarding the Pledge as required by the Pledgee within a reasonable period of time.
- 6.4. The Pledgors hereby undertake to the Pledgee to comply with and perform all the undertakings, representations and warranties and terms hereunder. In the event that the Pledgors fail to perform or fail to fully perform such undertakings, representations and warranties and terms hereunder, the Pledgors shall indemnify the Pledgee against all the losses resulting therefrom.

7. Event of Default

- 7.1. Each of the following circumstances shall constitute an Event of Default:
 - 7.1.1. The Pledgors breach any of its obligations under the Transaction Documents and/or this Agreement.
 - 7.1.2. Party C breaches any of its obligations under the Transaction Documents and/or this Agreement.
- 7.2. Should there arises any event set forth in Section 7.1 or any circumstance that may result in the foregoing events, the Pledgors and Party C shall immediately notify the Pledgee in writing.
- 7.3. Unless an Event of Default set forth in this Section 7.1 has been remedied at the request of the Pledgee within twenty (20) days upon receipt of the notice of the Pledgee to the Pledgors and/or Party C requesting the rectification of such Event of Default, the Pledgee may issue a Notice of Default to the Pledgors in writing at any time thereafter, requesting the exercise of the Pledge in accordance with Section 8 hereof.

8. Exercise of the Pledge

- 8.1. The Pledgee shall issue a Notice of Default to the Pledgors for the exercise of the Pledge.
- 8.2. Subject to the provisions of Section 7.3, the Pledgee may exercise its right to dispose of the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Upon the Pledgee's exercise of its right to dispose of the Pledge, the Pledgors shall no longer own any right and interest in respect of the Pledged Equity Interest.
- 8.3. Upon the issuance of the Notice of Default in accordance with Section 8.1, the Pledgee is entitled to exercise all the remedies, rights and powers available to it under the PRC laws, the Transaction Documents and this Agreement, including without limitation to converse, auction or sell the Pledged Equity Interests for prior satisfaction of indebtedness. The Pledgee shall not be held liable for any losses arising from its reasonable exercise of such rights and powers.

- 8.4. The proceeds received by the Pledgee as a result of the exercise of the Pledge shall be first applied towards payment of the taxes and expenses payable in connection with the disposal of the Pledged Equity Interest and the performance of the Contractual Obligations and the repayment of the Secured Indebtedness to the Pledgee. Any remaining balance after the deduction of the foregoing payments, if any, shall be returned to the Pledgors or any other person who is entitled to such balance under applicable laws and regulations, or be deposited with the notary public at the place where the Pledgee is located, any costs incurred arising out of such deposit shall be borne by the Pledgors; and to the extent permitted by the PRC laws, the Pledgors shall unconditionally donate such balance to the Pledgee or any person designated by the Pledgee.
- 8.5. The Pledgee shall be entitled to elect to exercise, simultaneously or successively, any of its breach of contract remedies; the Pledgee shall not be required to first exercise other breach of contract remedies prior to exercising its right to converse, auction or sell the Pledged Equity Interest hereunder.
- 8.6. The Pledgee shall be entitled to designate in writing its legal counsel or other agents to exercise on its behalf the Pledge, and neither the Pledgors nor Party C shall object thereto.
- 8.7. When the Pledgee disposes of the Pledge in accordance with this Agreement, the Pledgors and Party C shall provide necessary assistance to the Pledgee for its exercise of the Pledge.

9. Default Liabilities

- 9.1. In the event that the Pledgors or Party C materially breach any provision under this Agreement, the Pledgee is entitled to terminate this Agreement and/or claim damages from the Pledgors or Party C; this Section 9 shall not preclude any other rights entitled to the Pledgee as provided under this Agreement.
- 9.2. The Pledgors or Party C may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.

10. Assignment

- 10.1. The Pledgors and Party C shall not donate, transfer or dispose of their rights and obligations under this Agreement without prior written consent of the Pledgee.
- 10.2. This Agreement shall be binding upon the Pledgors and its successors and any permitted assignees, and effective upon the Pledgee and each of its successors and assignees.
- 10.3. The Pledgee may assign any or all of its rights and obligations under the Transaction Documents and this Agreement to any person designated by it at any time. In this case, the assignee shall enjoy and assume the rights and obligations of the Pledgee under the Transaction Documents and this Agreement as if the assignee were a party hereto or thereto, as applicable.

- 10.4. In the event of a change of Pledgee due to assignment, the Pledgors shall, at the request of the Pledgee, execute a new pledge agreement with the new pledgee with the same terms and conditions as this Agreement, and register such new pledge with the relevant administration for industry and commerce.
- 10.5. The Pledgors and Party C shall strictly comply with the provisions of this Agreement and other relevant agreements to which any Party is a party, including the Transaction Documents, and perform the obligations thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Unless with the written instructions of the Pledgee, the Pledgors shall not exercise their remaining rights in respect of the Pledged Equity Interest.

11. Termination

- 11.1. Upon the full and complete performance by the Pledgors and Party C of all of their Contractual Obligations and full satisfaction of the Secured Indebtedness, the Pledgee shall, upon the Pledgors' request, release the Pledge of the Pledged Equity Interest hereunder and cooperate with the Pledgors in relation to both the deregistration of the Pledge of the Pledged Equity Interest in the shareholders' register of Party C and the deregistration of the Pledge of the Pledged Equity Interest with the relevant administration of industry and commerce.
- 11.2. The provisions under Section 9, Section 13, Section 14 and this Section 11.2 shall survive the termination of this Agreement.

12. Costs and Other Expenses

All costs and actual expenses arising in connection with this Agreement, including without limitation the legal fees, processing fees, stamp duty, any other taxes and expenses, shall be borne by Party C.

13. Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

14. Governing Law and Disputes Resolution

- 14.1. The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the laws of the PRC.
- 14.2. Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Parties for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 14.3. The Parties agree that the arbitral tribunal or the arbitrator shall have the right to award any remedies in accordance with the terms hereunder and applicable PRC laws, including without limitation temporary and permanent injunctive remedies (as required by the business operation of Party C or compulsory transfer of the assets), the specific performance of the Contractual Obligations, the remedies in respect of Party C's equity interests or real estates, and the liquidation orders against Party C.
- 14.4. To the extent permitted by PRC laws, pending the formation of an arbitral tribunal or under the appropriate circumstances, the Parties are entitled to resort to a court of competent jurisdiction for temporary injunctive remedies or other temporary remedies to support the arbitration. In this regard, the Parties reached a consensus that to the extent as permitted by applicable laws, the courts in Hong Kong, the Cayman Islands, the PRC and the place where Party C's major assets are located shall be deemed to have jurisdiction.
- 14.5. Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

15. Notices

- 15.1. All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
- 15.2. Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered on the date of receipt or refusal at the address specified for notices.
- 15.3. Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 15.4. For the purpose of notification, the addresses of the Parties are as follows:

Party A: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, C7, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department-Investment and M&A

E-mail: []

Party B:

Name: Yang Qihu

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

E-mail: []

Name: Gu Dejun

Address: 17th Floor, Songri Dingsheng Building, No.9996 Shennan Road, Nanshan District, Shenzhen

E-mail: []

Name: Zhou Jie

Address: 17F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

E-mail: []

Name: Chen Xing

Address: 8th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Email: []

Name: Liang Yunheng

Address: 20F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

E-mail: []

Party C: Beijing Gongse Enterprise Management Co., Ltd.

Address: 5th Floor, C7, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment and M&A

E-mail: []

15.5. Each Party may at any time change its address for notices by delivering a notice to the other Parties in accordance with this Section.

16. Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

17. Effectiveness

17.1. This Agreement comes into effect upon duly execution by all the Parties.

17.2. Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon signing or stamping by the Parties and completion of the governmental registration procedures (if applicable) in accordance with the regulations.

18. Language and Counterparts

This Agreement is written in Chinese in eight (8) originals, with each of the Pledgee, the Pledgors (Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing and Liang Yunheng) and Party C holding one original, and the other one original will be submitted for registration.

IN WITNESS HEREOF, the Parties have caused this Equity Interest Pledge Agreement to be executed by their respective authorized representative on the date first above written.

Party A: Tencent Music (Beijing) Co., Ltd.
[Company Chop is affixed]

Signature: /s/ Yang Qihu
Name: Yang Qihu
Title: Legal Representative

Party B:

By: /s/ Yang Qihu
Name: Yang Qihu

By: /s/ Gu Dejun
Name: Gu Dejun

By: /s/ Zhou Jie
Name: Zhou Jie

By: /s/ Chen Xing
Name: Chen Xing

By: /s/ Liang Yunheng
Name: Liang Yunheng

Party C: Beijing Gongse Enterprise Management Co., Ltd.
[Company Chop is affixed]

By: /s/ Gu Dejun
Name: Gu Dejun
Title: Legal Representative

Signature Page of Equity Interest Pledge Agreement between Tencent Music (Beijing) Co., Ltd. and
Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing, Liang Yunheng and Beijing Gongse Enterprise Management Co., Ltd.

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on June 22, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Yang Qihu** (the “**Borrower**”), a Chinese citizen with Identification No. [].

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 20% equity interests in Beijing Gongse Enterprise Management Co., Ltd. (the “**Beijing Gongse**”). All the existing and future equity rights and interests the Borrower holds in the Beijing Gongse are referred to as the “**Borrower’s Equity Interest**”;
2. The Lender agrees to provide a loan in the amount of RMB 100,000 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 Loan

- 1.1 The Lender agrees to provide a loan in the amount of RMB 100,000 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:
 - 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;
 - 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;

- 1.1.3 the Borrower is no longer the shareholder of the Beijing Gongse or its affiliates, or resigns from the Lender, the Beijing Gongse or its affiliates, regardless of the reasons thereof;
- 1.1.4 the Borrower commits a crime or is involved in a crime;
- 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Gongse in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
- 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Gongse or the working capital of the Beijing Gongse. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
- 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Equity Interest under the Exclusive Option Agreement, transfer the Borrower’s Equity Interest to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of the Borrower’s Equity Interest (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
- 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Equity Interest at any time, at a price as specified in the Exclusive Option Agreement.
- 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a shareholder in the Beijing Gongse.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Equity Interest from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the shareholder of the Beijing Gongse that during the term of this Agreement he will procure the Beijing Gongse:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which Beijing Gongse is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Gongse to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement between the Borrower and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement (together with its amendments from time to time, the “**Equity Interest Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Equity Interest Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Equity Interest, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the shareholders and/or the board of directors of the Beijing Gongse not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Equity Interest, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the shareholders and/or the board of the directors of the Beijing Gongse not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Equity Interest;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Equity Interest;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Gongse without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Gongse upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Equity Interest to the Lender or any person as designated by it, and procure any other shareholder of the Beijing Gongse to waive the right of first refusal regarding such transfer of equity interest under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other shareholder of the Beijing Gongse to transfer unconditionally and immediately all the equity interests owned by such shareholder to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of equity interest under this Section;
- 3.2.12 if the Lender purchases the Borrower's Equity Interest from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 1‰ until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, C7, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment and M&A

Email: []

The Borrower: Yang Qihu

Address: 5th Floor, C7, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachment to this Agreement (if any) is an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Yang Qihu

Signature: /s/ Yang Qihu

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on June 22, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Gu Dejun** (the “**Borrower**”), a Chinese citizen with Identification No. [].

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 20% equity interests in Beijing Gongse Enterprise Management Co., Ltd. (the “**Beijing Gongse**”). All the existing and future equity rights and interests the Borrower holds in the Beijing Gongse are referred to as the “**Borrower’s Equity Interest**”;
2. The Lender agrees to provide a loan in the amount of RMB 100,000 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 Loan

- 1.1 The Lender agrees to provide a loan in the amount of RMB 100,000 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:
 - 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;
 - 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;

- 1.1.3 the Borrower is no longer the shareholder of the Beijing Gongse or its affiliates, or resigns from the Lender, the Beijing Gongse or its affiliates, regardless of the reasons thereof;
- 1.1.4 the Borrower commits a crime or is involved in a crime;
- 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Gongse in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
- 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Gongse or the working capital of the Beijing Gongse. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
- 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Equity Interest under the Exclusive Option Agreement, transfer the Borrower’s Equity Interest to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of the Borrower’s Equity Interest (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
- 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Equity Interest at any time, at a price as specified in the Exclusive Option Agreement.
- 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a shareholder in the Beijing Gongse.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Equity Interest from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the shareholder of the Beijing Gongse that during the term of this Agreement he will procure the Beijing Gongse:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Gongse to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement between the Borrower and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement (together with its amendments from time to time, the “**Equity Interest Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Equity Interest Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Equity Interest, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the shareholders and/or the board of directors of the Beijing Gongse not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Equity Interest, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the shareholders and/or the board of the directors of the Beijing Gongse not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Equity Interest;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Equity Interest;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Gongse without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Gongse upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Equity Interest to the Lender or any person as designated by it, and procure any other shareholder of the Beijing Gongse to waive the right of first refusal regarding such transfer of equity interest under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other shareholder of the Beijing Gongse to transfer unconditionally and immediately all the equity interests owned by such shareholder to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of equity interest under this Section;
- 3.2.12 if the Lender purchases the Borrower's Equity Interest from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 1‰ until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, C7, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment and M&A

Email: []

The Borrower: Gu Dejun

Address: 17F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments to this Agreement (if any) are an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Gu Dejun

Gu Dejun Signature: /s/ Gu Dejun

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on June 22, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Zhou Jie** (the “**Borrower**”), a Chinese citizen with Identification No. [].

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 20% equity interests in Beijing Gongse Enterprise Management Co., Ltd. (the “**Beijing Gongse**”). All the existing and future equity rights and interests the Borrower holds in the Beijing Gongse are referred to as the “**Borrower’s Equity Interest**”;
2. The Lender agrees to provide a loan in the amount of RMB100,000 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 Loan

- 1.1 The Lender agrees to provide a loan in the amount of RMB 100,000 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:
 - 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;
 - 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;

- 1.1.3 the Borrower is no longer the shareholder of the Beijing Gongse or its affiliates, or resigns from the Lender, the Beijing Gongse or its affiliates, regardless of the reasons thereof;
- 1.1.4 the Borrower commits a crime or is involved in a crime;
- 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Gongse in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
- 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Gongse or the working capital of the Beijing Gongse. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
- 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Equity Interest under the Exclusive Option Agreement, transfer the Borrower’s Equity Interest to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of the Borrower’s Equity Interest (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
- 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Equity Interest at any time, at a price as specified in the Exclusive Option Agreement.
- 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a shareholder in the Beijing Gongse.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Equity Interest from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the shareholder of the Beijing Gongse that during the term of this Agreement he will procure the Beijing Gongse:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Gongse to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement between the Borrower and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement (together with its amendments from time to time, the “**Equity Interest Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Equity Interest Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Equity Interest, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the shareholders and/or the board of directors of the Beijing Gongse not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Equity Interest, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the shareholders and/or the board of the directors of the Beijing Gongse not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Equity Interest;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Equity Interest;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Gongse without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Gongse upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Equity Interest to the Lender or any person as designated by it, and procure any other shareholder of the Beijing Gongse to waive the right of first refusal regarding such transfer of equity interest under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other shareholder of the Beijing Gongse to transfer unconditionally and immediately all the equity interests owned by such shareholder to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of equity interest under this Section;
- 3.2.12 if the Lender purchases the Borrower's Equity Interest from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 1‰ until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, C7, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment and M&A

Email: []

The Borrower: Zhou Jie

Address: 17F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments to this Agreement (if any) are an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Zhou Jie

Signature: /s/ Zhou Jie

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on June 22, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Chen Xing** (the “**Borrower**”), a Chinese citizen with Identification No. [].

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 20% equity interests in Beijing Gongse Enterprise Management Co., Ltd. (the “**Beijing Gongse**”). All the existing and future equity rights and interests the Borrower holds in the Beijing Gongse are referred to as the “**Borrower’s Equity Interest**”;
2. The Lender agrees to provide a loan in the amount of RMB 100,000 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 Loan

- 1.1 The Lender agrees to provide a loan in the amount of RMB 100,000 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:
 - 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;
 - 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;

- 1.1.3 the Borrower is no longer the shareholder of the Beijing Gongse or its affiliates, or resigns from the Lender, the Beijing Gongse or its affiliates, regardless of the reasons thereof;
- 1.1.4 the Borrower commits a crime or is involved in a crime;
- 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Gongse in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
- 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Gongse or the working capital of the Beijing Gongse. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
- 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Equity Interest under the Exclusive Option Agreement, transfer the Borrower’s Equity Interest to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of the Borrower’s Equity Interest (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
- 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Equity Interest at any time, at a price as specified in the Exclusive Option Agreement.
- 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a shareholder in the Beijing Gongse.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Equity Interest from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the shareholder of the Beijing Gongse that during the term of this Agreement he will procure the Beijing Gongse:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Gongse to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement between the Borrower and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement (together with its amendments from time to time, the “**Equity Interest Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Equity Interest Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Equity Interest, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the shareholders and/or the board of directors of the Beijing Gongse not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Equity Interest, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the shareholders and/or the board of the directors of the Beijing Gongse not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Equity Interest;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Equity Interest;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Gongse without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Gongse upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Equity Interest to the Lender or any person as designated by it, and procure any other shareholder of the Beijing Gongse to waive the right of first refusal regarding such transfer of equity interest under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other shareholder of the Beijing Gongse to transfer unconditionally and immediately all the equity interests owned by such shareholder to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of equity interest under this Section;
- 3.2.12 if the Lender purchases the Borrower's Equity Interest from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 1‰ until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, C7, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment and M&A

Email: []

The Borrower: Chen Xing

Address: 8th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments to this Agreement (if any) are an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Chen Xing

Signature: /s/ Chen Xing

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on June 22, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Liang Yunheng** (the “**Borrower**”), a Chinese citizen with Identification No. [].

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 20% equity interests in Beijing Gongse Enterprise Management Co., Ltd. (the “**Beijing Gongse**”). All the existing and future equity rights and interests the Borrower holds in the Beijing Gongse are referred to as the “**Borrower’s Equity Interest**”;
2. The Lender agrees to provide a loan in the amount of RMB 100,000 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 **Loan**

- 1.1 The Lender agrees to provide a loan in the amount of RMB 100,000 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:
 - 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;
 - 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;

- 1.1.3 the Borrower is no longer the shareholder of the Beijing Gongse or its affiliates, or resigns from the Lender, the Beijing Gongse or its affiliates, regardless of the reasons thereof;
- 1.1.4 the Borrower commits a crime or is involved in a crime;
- 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Gongse in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
- 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Gongse or the working capital of the Beijing Gongse. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
- 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Equity Interest under the Exclusive Option Agreement, transfer the Borrower’s Equity Interest to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of the Borrower’s Equity Interest (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
- 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Equity Interest at any time, at a price as specified in the Exclusive Option Agreement.
- 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a shareholder in the Beijing Gongse.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Equity Interest from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the shareholder of the Beijing Gongse that during the term of this Agreement he will procure the Beijing Gongse:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Gongse to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement between the Borrower and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement (together with its amendments from time to time, the “**Equity Interest Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Equity Interest Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Equity Interest, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the shareholders and/or the board of directors of the Beijing Gongse not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Equity Interest, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the shareholders and/or the board of the directors of the Beijing Gongse not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Equity Interest;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Equity Interest;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Gongse without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Gongse upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Equity Interest to the Lender or any person as designated by it, and procure any other shareholder of the Beijing Gongse to waive the right of first refusal regarding such transfer of equity interest under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other shareholder of the Beijing Gongse to transfer unconditionally and immediately all the equity interests owned by such shareholder to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of equity interest under this Section;
- 3.2.12 if the Lender purchases the Borrower's Equity Interest from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 1‰ until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, C7, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department—Investment and M&A

Email: []

The Borrower: Liang Yunheng

Address: 20F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

- 7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments to this Agreement (if any) is an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.
[Company Chop is affixed]

Signature: /s/ Yang Qihu
Name: Yang Qihu
Title: Legal Representative

The Borrower: Liang Yunheng
Signature: /s/ Liang Yunheng

**Power of Attorney Re Shareholder's Rights of
Beijing Gongse Enterprise Management Co., Ltd.**

I, Yang Qihu, a Chinese citizen with the Chinese Identification No. [], holding 20% of the equity interest in Beijing Gongse Enterprise Management Co., Ltd. (the "**Beijing Gongse**") as of the date of this Power of Attorney (representing RMB 100,000 registered capital of Beijing Gongse), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the "**WFOE**") to exercise the following rights with respect to the existing and future equity interests held by myself in Beijing Gongse (the "**Owned Equity Interest**") during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Equity Interest: 1) to attend the shareholders' meetings of Beijing Gongse; 2) to exercise all shareholder's rights and shareholder's voting rights which I am entitled with under the laws and the articles of association of Beijing Gongse, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Equity Interest; and 3) as my authorized representative, to appoint and elect the legal representative, directors, supervisors, managers and other senior management of Beijing Gongse.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of June 22, 2020 by and among me, WFOE and Beijing Gongse, the Equity Interest Pledge Agreement entered into as of June 22, 2020 by and among me, WFOE and Beijing Gongse, and the Loan Agreement entered into as of June 22, 2020 by and between me and WFOE (together with any amendments, revisions or restatements, the "**Transaction Documents**"), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Equity Interest shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a shareholder of Beijing Gongse, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Equity Interest that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

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Signature: /s/ Yang Qihu
Name: Yang Qihu
22 June, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.
[Company Chop is affixed]

Signature: /s/ Yang Qihu
Name: Yang Qihu
Title: Legal representative

Acknowledged by:

Beijing Gongse Enterprise Management Co., Ltd.
[Company Chop is affixed]

Signature: /s/ Gu Dejun
Name: Gu Dejun
Title: Legal Representative

Signature Page of Power of Attorney Re Shareholder's Rights of Beijing Gongse Enterprise Management Co., Ltd.
between Tencent Music (Beijing) Co., Ltd. and Yang Qihu

**Power of Attorney Re Shareholder's Rights of
Beijing Gongse Enterprise Management Co., Ltd.**

I, Gu Dejun, a Chinese citizen with the Chinese Identification No. [], holding 20% of the equity interest in Beijing Gongse Enterprise Management Co., Ltd. (the "**Beijing Gongse**") as of the date of this Power of Attorney (representing RMB 100,000 registered capital of Beijing Gongse), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the "**WFOE**") to exercise the following rights with respect to the existing and future equity interests held by myself in Beijing Gongse (the "**Owned Equity Interest**") during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Equity Interest: 1) to attend the shareholders' meetings of Beijing Gongse; 2) to exercise all shareholder's rights and shareholder's voting rights which I am entitled with under the laws and the articles of association of Beijing Gongse, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Equity Interest; and 3) as my authorized representative, to appoint and elect the legal representative, directors, supervisors, managers and other senior management of Beijing Gongse.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of June 22, 2020 by and among me, WFOE and Beijing Gongse, the Equity Interest Pledge Agreement entered into as of June 22, 2020 by and among me, WFOE and Beijing Gongse, and the Loan Agreement entered into as of June 22, 2020 by and between me and WFOE (together with any amendments, revisions or restatements, the "**Transaction Documents**"), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Equity Interest shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a shareholder of Beijing Gongse, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Equity Interest that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

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Signature: /s/ Gu Dejun
Name: Gu Dejun
22 June, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.
[Company Chop is affixed]

Signature: /s/ Yang Qihu
Name: Yang Qihu
Title: Legal representative

Acknowledged by:

Beijing Gongse Enterprise Management Co., Ltd.
[Company Chop is affixed]

Signature: /s/ Gu Dejun
Name: Gu Dejun
Title: Legal Representative

Signature Page of Power of Attorney Re Shareholder's Rights of Beijing Gongse Enterprise Management Co., Ltd.
between Tencent Music (Beijing) Co., Ltd. and Gu Dejun

**Power of Attorney Re Shareholder's Rights of
Beijing Gongse Enterprise Management Co., Ltd.**

I, Zhou Jie, a Chinese citizen with the Chinese Identification No. [], holding 20% of the equity interest in Beijing Gongse Enterprise Management Co., Ltd. (the "**Beijing Gongse**") as of the date of this Power of Attorney (representing RMB 100,000 registered capital of Beijing Gongse), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the "**WFOE**") to exercise the following rights with respect to the existing and future equity interests held by myself in Beijing Gongse (the "**Owned Equity Interest**") during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Equity Interest: 1) to attend the shareholders' meetings of Beijing Gongse; 2) to exercise all shareholder's rights and shareholder's voting rights which I am entitled with under the laws and the articles of association of Beijing Gongse, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Equity Interest; and 3) as my authorized representative, to appoint and elect the legal representative, directors, supervisors, managers and other senior management of Beijing Gongse.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of June 22, 2020 by and among me, WFOE and Beijing Gongse, the Equity Interest Pledge Agreement entered into as of June 22, 2020 by and among me, WFOE and Beijing Gongse, and the Loan Agreement entered into as of June 22, 2020 by and between me and WFOE (together with any amendments, revisions or restatements, the "**Transaction Documents**"), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Equity Interest shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a shareholder of Beijing Gongse, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Equity Interest that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

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Signature: /s/ Zhou Jie
Name: Zhou Jie
22 June, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.
[Company Chop is affixed]

Signature: /s/ Yang Qihu
Name: Yang Qihu
Title: Legal representative

Acknowledged by:

Beijing Gongse Enterprise Management Co., Ltd.
[Company Chop is affixed]

Signature: /s/ Gu Dejun
Name: Gu Dejun
Title: Legal Representative

Signature Page of Power of Attorney Re Shareholder's Rights of Beijing Gongse Enterprise Management Co., Ltd.
between Tencent Music (Beijing) Co., Ltd. and Zhou Jie

**Power of Attorney Re Shareholder's Rights of
Beijing Gongse Enterprise Management Co., Ltd.**

I, Chen Xing, a Chinese citizen with the Chinese Identification No. [], holding 20% of the equity interest in Beijing Gongse Enterprise Management Co., Ltd. (the "**Beijing Gongse**") as of the date of this Power of Attorney (representing RMB 100,000 registered capital of Beijing Gongse), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the "**WFOE**") to exercise the following rights with respect to the existing and future equity interests held by myself in Beijing Gongse (the "**Owned Equity Interest**") during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Equity Interest: 1) to attend the shareholders' meetings of Beijing Gongse; 2) to exercise all shareholder's rights and shareholder's voting rights which I am entitled with under the laws and the articles of association of Beijing Gongse, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Equity Interest; and 3) as my authorized representative, to appoint and elect the legal representative, directors, supervisors, managers and other senior management of Beijing Gongse.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of June 22, 2020 by and among me, WFOE and Beijing Gongse, the Equity Interest Pledge Agreement entered into as of June 22, 2020 by and among me, WFOE and Beijing Gongse, and the Loan Agreement entered into as of June 22, 2020 by and between me and WFOE (together with any amendments, revisions or restatements, the "**Transaction Documents**"), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Equity Interest shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a shareholder of Beijing Gongse, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Equity Interest that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

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Signature: /s/ Chen Xing
Name: Chen Xing
22 June, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.
[Company Chop is affixed]

Signature: /s/ Yang Qihu
Name: Yang Qihu
Title: Legal representative

Acknowledged by:

Beijing Gongse Enterprise Management Co., Ltd.
[Company Chop is affixed]

Signature: /s/ Gu Dejun
Name: Gu Dejun
Title: Legal Representative

Signature Page of Power of Attorney Re Shareholder's Rights of Beijing Gongse Enterprise Management Co., Ltd.
between Tencent Music (Beijing) Co., Ltd. and Chen Xing

**Power of Attorney Re Shareholders's Rights of
Beijing Gongse Enterprise Management Co., Ltd.**

I, Liang Yunheng, a Chinese citizen with the Chinese Identification No. [], holding 20% of the equity interest in Beijing Gongse Enterprise Management Co., Ltd. (the "**Beijing Gongse**") as of the date of this Power of Attorney (representing RMB 100,000 registered capital of Beijing Gongse), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the "**WFOE**") to exercise the following rights with respect to the existing and future equity interests held by myself in Beijing Gongse (the "**Owned Equity Interest**") during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Equity Interest: 1) to attend the shareholders' meetings of Beijing Gongse; 2) to exercise all shareholder's rights and shareholder's voting rights which I am entitled with under the laws and the articles of association of Beijing Gongse, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Equity Interest; and 3) as my authorized representative, to appoint and elect the legal representative, directors, supervisors, managers and other senior management of Beijing Gongse.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of June 22, 2020 by and among me, WFOE and Beijing Gongse, the Equity Interest Pledge Agreement entered into as of June 22, 2020 by and among me, WFOE and Beijing Gongse, and the Loan Agreement entered into as of June 22, 2020 by and between me and WFOE (together with any amendments, revisions or restatements, the "**Transaction Documents**"), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Equity Interest shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a shareholder of Beijing Gongse, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Equity Interest that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

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Signature: /s/ Liang Yunheng
Name: Liang Yunheng
22 June, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.
[Company Chop is affixed]

Signature: /s/ Yang Qihu
Name: Yang Qihu
Title: Legal representative

Acknowledged by:

Beijing Gongse Enterprise Management Co., Ltd.
[Company Chop is affixed]

Signature: /s/ Gu Dejun
Name: Gu Dejun
Title: Legal Representative

Signature Page of Power of Attorney Re Shareholder's Rights of Beijing Gongse Enterprise Management Co., Ltd.
between Tencent Music (Beijing) Co., Ltd. and Liang Yunheng

Exclusive Business Cooperation Agreement

This Exclusive Business Cooperation Agreement (this “Agreement”) is entered into by and between the following parties on July 14, 2020 in Beijing, the People’s Republic of China (“China” or the “PRC”).

Party A: **Tencent Music (Beijing) Co., Ltd.**, a wholly foreign-owned enterprise, organized and existing under the laws of the PRC, with its address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

Party B: **Beijing Shangqin Culture Management Partnership (Limited Partnership)**, a limited partnership, organized and existing under the laws of the PRC, with its address at Room 0081, 4/F, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing.

Each of Party A and Party B shall be hereinafter referred to as a “Party” respectively, and as the “Parties” collectively.

Whereas,

1. Party A is a wholly foreign owned enterprise established in China, which has necessary resources to provide computer software technology development, technical training, copyright agency services and organization of cultural and artistic exchange activities;
2. Party B is a limited partnership established in China with exclusively domestic capital and is permitted to engage in “organization of cultural and artistic exchange activities (excluding commercial performance); business management; business management consulting; business planning; market research; copyright transfer; copyright agency; design, production, agency and release of advertisements; technology development, technology services, technology consultation and technology transfer. (Market players shall, according to the law, independently select business projects and carry out business activities; the date for the next instalment of capital contribution shall be June 1, 2050; projects subject to approval in accordance with laws must be licensed before operating; shall not carry out business activities involving projects prohibited or restricted by the industrial policies of the State or Beijing Municipality.)”. The businesses conducted by Party B currently and any time during the term of this Agreement are collectively referred to as the “Main Business”;
3. Party A is willing to provide Party B with information consulting services and other services in relation to the Main Business during the term of this Agreement, utilizing its advantages in human resources and information. Party B is willing to accept such services provided by Party A or Party A’s designee(s), each on the terms set forth herein.

Now, therefore, through mutual discussion, the Parties have reached the following agreements:

1. Services Provided by Party A

- 1.1 Party B hereby appoints Party A as Party B's exclusive services provider to provide Party B with comprehensive information consulting services and other services during the term of this Agreement, in accordance with the terms and conditions of this Agreement, including but not limited to the follows:
- (1) Licensing Party B to use any software (if any) legally owned by Party A and providing software maintenance and updating services for Party B;
 - (2) Technical support and training for employees of Party B;
 - (3) Providing services in related to consultancy, collection and research of project investment for Party B (excluding market research business that wholly foreign-owned enterprises are prohibited from conducting under PRC laws);
 - (4) Providing consultation services in economic information, business information, technology information, and business management consultation for Party B;
 - (5) Providing marketing and promotion and corporate image planning services for Party B;
 - (6) Leasing of equipment or properties; and
 - (7) Other services requested by Party B from time to time to the extent permitted under PRC law.
- 1.2 Party B agrees to accept such services provided by Party A. Party B further agrees that unless with Party A's prior written consent, during the term of this Agreement, Party B shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar corporation relationship with any third party regarding the matters contemplated by this Agreement. Party A may designate other parties, who may enter into certain agreements described in Section 1.3 with Party B, to provide Party B with relevant services as set forth in this Agreement.
- 1.3 Ways of Service Provision
- 1.3.1 Party A and Party B agree that during the term of this Agreement, as applicable, Party B may enter into further service agreements with Party A or any other party designated by Party A, which shall provide the specific contents, manner, personnel, and fees for the specific services.

- 1.3.2 To fulfill this Agreement, Party A and Party B agree that during the term of this Agreement, as applicable, Party B may, at any time, enter into equipment or property lease agreement with Party A or any other party designated by Party A, which shall permit Party B to use Party A's relevant equipment or property based on the needs of the business of Party B.
- 1.3.3 Party B hereby grants to Party A an irrevocable and exclusive option to purchase from Party B, to the extent permitted under PRC laws and at Party A's sole discretion, any or all of the assets and business of Party B, at the minimum purchase price permitted by PRC laws. The Parties shall then enter into a separate assets or business transfer agreement, specifying the terms and conditions of the transfer of the assets.

2. **Service Fees and Payment**

- 2.1 The fees payable by Party B to Party A during the term of this Agreement shall be calculated as follows:
 - 2.1.1 Party B shall pay service fee to Party A monthly. The service fee for each month shall consist of management fee and services provision fee, which shall be determined by the Parties through negotiation in consideration of:
 - (1) complexity and difficulty of the services provided by Party A;
 - (2) title of and time consumed by employees of Party A providing the services;
 - (3) contents and business value of the services provided by Party A;
 - (4) market price of the same type of services;
 - (5) operation conditions of the Party B.
 - 2.1.2 If Party A transfers technology to Party B or develops software or other technology as entrusted by Party B or leases equipment or properties to Party B, the technology transfer price, development fees or rental fees shall be determined by the Parties based on the actual situations.

3. **Intellectual Property Rights and Confidentiality Clauses**

- 3.1 Party A shall have exclusive and proprietary ownership, rights and interests in any and all intellectual properties arising out of or created during the performance of this Agreement, including but not limited to copyrights, patents, patent applications, software, technical secrets, trade secrets and others. Party B shall execute all appropriate documents, take all appropriate actions, submit all filings and/or applications, render all appropriate assistance and otherwise conduct whatever is necessary as deemed by Party A at its sole discretion for the purposes of vesting any ownership, right or interest of any such intellectual property rights in Party A, and/or perfecting the protections for any such intellectual property rights in Party A.
- 3.2 The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third party, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, partners and their representatives, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, partners and their representatives, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, partners and their representatives, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

4. **Representations and Warranties**

- 4.1 Party A hereby represents, warrants and covenants as follows:
 - 4.1.1 Party A is a wholly foreign owned enterprise legally established and validly existing in accordance with the laws of the PRC. Party A or the service providers designated by Party A will obtain all government permits and licenses for providing the service under this Agreement before providing such services.
 - 4.1.2 Party A has taken all necessary corporate actions, obtained all necessary authorizations as well as all consents and approvals from third parties and government authorities (if required) for the execution, delivery and performance of this Agreement. Party A's execution, delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation.

4.1.3 This Agreement constitutes Party A's legal, valid and binding obligations, and shall be enforceable against it in accordance with its terms.

4.2 Party B hereby represents, warrants and covenants as follows:

4.2.1 Party B is a limited partnership legally established and validly existing in accordance with the laws of the PRC and has obtained and will maintain all permits and licenses for engaging in the Main Business.

4.2.2 Party B has taken all necessary partnership actions, obtained all necessary authorizations as well as all consents and approvals from its partners, third parties and government agencies (if required) for the execution, delivery and performance of this Agreement. Party B's execution, delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation or any provisions explicitly provided in the partnership agreement or any of its supplementary documents.

4.2.3 This Agreement constitutes Party B's legal, valid and binding obligations, and shall be enforceable against it in accordance with its terms.

5. **Term of Agreement**

5.1 This Agreement shall become effective upon execution by the Parties. Unless terminated in accordance with the provisions of this Agreement or terminated in writing by Party A, this Agreement shall remain effective.

5.2 During the term of this Agreement, each Party shall renew its operation term in a timely manner prior to the expiration thereof so as to enable this Agreement to remain effective. This Agreement shall be terminated upon the expiration of the operation term of a Party if the application for renewal of its operation term is not approved by relevant government authorities.

5.3 The rights and obligations of the Parties under Sections 3, 6, 7 and this Section 5.3 shall survive the termination of this Agreement.

6. **Governing Law and Disputes Resolution**

6.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of the PRC.

- 6.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's written request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the arbitration award shall be final and binding to all Parties. Each Party has the right to apply for enforcement of an arbitral award to a court of competent jurisdiction (including a Chinese court).
- 6.3 To the extent permitted by PRC laws and where appropriate, the arbitration tribunal may grant any remedies in accordance with the provisions of this Agreement and applicable PRC laws, including preliminary and permanent injunctive relief (such as injunction against carrying out business activities, or mandating the transfer of assets), specific performance of contractual obligations, remedies concerning the share of property in the partnership or assets of Party B and awards directing Party B to conduct liquidation.
- 6.4 To the extent permitted by PRC laws, when awaiting the formation of the arbitration tribunal or otherwise under appropriate conditions, either Party may seek preliminary injunctive relief or other interlocutory remedies from a court with competent jurisdiction to facilitate the arbitration. Without violating the applicable governing laws, the Parties agree that the courts of Hong Kong, Cayman Islands, China and the place where the main assets of Party A are located shall all be deemed to have competent jurisdiction.
- 6.5 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

7. Breach of Agreement and Indemnification

- 7.1 If Party B conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B to indemnify all damages. This Section 7.1 shall not prejudice any other rights of Party A herein.
- 7.2 Unless otherwise required by applicable laws, Party B shall not have any right to terminate this Agreement in any event.
- 7.3 Party B shall indemnify and hold harmless Party A from any losses, injuries, obligations or expenses caused by any lawsuit, claims or other demands against Party A arising from or caused by the services provided by Party A to Party B pursuant this Agreement, except where such losses, injuries, obligations or expenses arise from the gross negligence or willful misconduct of Party A.

8. Force Majeure

- 8.1 In the case of any force majeure events (“Force Majeure”) such as earthquake, typhoon, flood, fire, flu, war, strikes or any other events that cannot be predicted and are unpreventable and unavoidable by the affected Party, which directly causes the failure of either Party to perform or completely perform this Agreement, then the Party affected by such Force Majeure shall not take any responsibility for such failure, however it shall give the other Party written notices without any delay, and shall provide details of such event within 15 days after sending out such notice, explaining the reasons for such failure of, partial or delay of performance.
- 8.2 If such Party claiming Force Majeure fails to notify the other Party and furnish it with proof pursuant to the above provision, such Party shall not be excused from the non-performance of its obligations hereunder. The Party so affected by the event of Force Majeure shall use reasonable efforts to minimize the consequences of such Force Majeure and to promptly resume performance hereunder whenever the causes of such excuse are cured. Should the Party so affected by the event of Force Majeure fail to resume performance hereunder when the causes of such excuse are cured, such Party shall be liable to the other Party.
- 8.3 In the event of Force Majeure, the Parties shall immediately consult with each other to find an equitable solution and shall use all reasonable efforts to reduce the consequences of such Force Majeure.

9. Notices

- 9.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
 - 9.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.
 - 9.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

9.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attn: TME Legal Management Department - Investment and M&A

Email: []

Party B: Beijing Shangqin Culture Management Partnership (Limited Partnership)

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attn: TME Legal Management Department - Investment and M&A

Email: []

9.3 Any Party may at any time change its address for notices by delivering notice to the other Party in accordance with the terms hereof.

10. Assignment

10.1 Without Party A's prior written consent, Party B shall not assign its rights and obligations under this Agreement to any third party.

10.2 Party B agrees that Party A may assign its obligations and rights under this Agreement to any third party and in case of such assignment, Party A is only required to give written notice to Party B and does not need any consent from Party B for such assignment.

11. Taxes and Fees

All taxes and fees incurred by each Party as a result of the execution and performance of this Agreement shall be borne by each Party respectively.

12. Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any aspect. The Parties shall negotiate in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

13. **Amendments and Supplements**

Any amendments and supplements to this Agreement shall be in writing. The amendment agreements and supplementary agreements that have been signed by the Parties and relate to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

14. **Language and Counterparts**

This Agreement is written in Chinese in two (2) originals with each Party having one copy.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Business Cooperation Agreement as of the date first above written.

Party A: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

By: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

Party B: Beijing Shangqin Culture Management Partnership (Limited Partnership)

[Partnership Chop is affixed]

By: /s/ Yang Qihu

Name: Yang Qihu

Title: Authorized Representative of Executive Partner

Signature Page of Exclusive Business Cooperation Agreement between
Tencent Music (Beijing) Co., Ltd. and Beijing Shangqin Culture Management Partnership (Limited Partnership)

Exclusive Option Agreement

This Exclusive Option Agreement (this “Agreement”) is executed by and among the following Parties as of July 14, 2020 in Beijing, the People’s Republic of China (“China” or the “PRC”):

Party A: **Tencent Music (Beijing) Co., Ltd.**, a wholly foreign-owned enterprise, organized and existing under the laws of the PRC, with its address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

Party B: **Beijing Gongse Enterprise Management Co., Ltd.**, a limited liability company, organized and existing under the laws of the PRC, with Unified Social Credit Code: 91110108MA01T49E9G; and
Yang Qihu, a Chinese Citizen with Identification No.: []; and
Gu Dejun, a Chinese Citizen, with Identification No. []; and
Zhou Jie, a Chinese Citizen with Identification No.: []; and
Chen Xing, a Chinese Citizen with Identification No.: []; and
Liang Yunheng, a Chinese Citizen with Identification No.: [].

Party C: **Beijing Shangqin Culture Management Partnership (Limited Partnership)**, a limited partnership, organized and existing under the laws of the PRC, with its address at Room 0081, 4/F, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing.

In this Agreement, Party A, Party B, and Party C shall each be referred to as a “Party” respectively, and shall be collectively referred to as the “Parties”.

Whereas:

1. Party B includes Beijing Gongse Enterprise Management Co., Ltd., Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing and Liang Yunheng. They are partners of Party C and as of the date hereof collectively hold 100 % of the share of property in Party C, representing RMB1,000,000 in the registered capital of Party C. Beijing Gongse Enterprise Management Co., Ltd. as a general partner holds 0.0005% of the share of property in Party C, representing RMB 5 in the registered capital thereof; Yang Qihu as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof; and Gu Dejun as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof; and Zhou Jie as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof; and Chen Xing as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof; and Liang Yunheng as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof.

2. Party B intends to irrevocably grant Party A an exclusive option to purchase all the share of property in Party C without prejudice of PRC laws, and Party A intends to accept such share of property in purchase option (defined as below).
3. Party C intends to irrevocably grant Party A an exclusive option to purchase its entire assets without prejudice to PRC laws, and Party A intends to accept such asset purchase option (defined as below).

After mutual discussions and negotiations, the Parties have now reached the following agreement:

1. Sale and Purchase of Share of Property and Assets

1.1 Option Granted

- 1.1.1 Whereas Party A paid Party B RMB 10 as consideration, and Party B confirmed the receipt and the sufficiency of such consideration, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a "Designee") to purchase the share of property in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by PRC laws and at the price described in Section 1.3 herein ("Share of Property Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Share of Property Purchase Option or other rights with respect to the share of property in Party B. Party C hereby agrees to the grant by Party B of the Share of Property Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts, or non-corporate organizations.
- 1.1.2 Party C hereby exclusively, irrevocably and unconditionally grants Party A an irrevocable and exclusive right to require Party C to transfer part or all of company assets (the assets may be transferred in whole or in part at Party A's sole discretion and commercial consideration, "Purchased Asset") to Party A or its Designee to the extent permitted by PRC laws and under the terms and conditions herein ("Asset Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Asset Purchase Option or any other right with respect to Party C's assets. Party A agrees to accept such Asset Purchase Option.
- 1.1.3 Party B hereby jointly and severally agrees that Party C grants such Asset Purchase Option to Party A in accordance with Section 1.1.2 above and other terms herein, and the Purchased Asset may be transferred to Party A or Designee(s) by Party A when the Asset Purchase Option is exercised.

- 1.2 Steps for Exercise
- 1.2.1 The exercise of the Share of Property Purchase Option and the Asset Purchase Option by Party A shall be subject to the provisions of the laws and regulations of China.
- 1.2.2 When Party A exercises the Share of Property Purchase Option, a written notice shall be issued to Party B (the “Share of Property Purchase Option Notice”), specifying:(a) Party A’s or the Designee’s decision to exercise the Share of Property Purchase Option; (b) the portion of share of property to be purchased by Party A or the Designee from Party B (the “Optioned Shares of Property”); and (c) the date for purchasing the Optioned Shares of Property or the date for the transfer of the Optioned Shares of Property.
- 1.2.3 When Party A exercises the Asset Purchase Option, a written notice shall be issued to Party B (the “Asset Purchase Option Notice”), specifying:(a) Party A’s or the Designee’s decision to exercise the Asset Purchase Option; (b) the list of assets to be purchased by Party A or the Designee from Party B (the “Optioned Asset”); and (c) the date for purchasing the Optioned Asset or the date for the transfer of the Optioned Asset.
- 1.3 Purchase Price
- 1.3.1 The purchase price (“Benchmark Purchase Price”) of all share of property shall be RMB 10. If PRC law requires a minimum price higher than the Benchmark Purchase Price when Party A exercises the Share of Property Purchase Option, the minimum price regulated by PRC law shall be the purchase price (collectively, the “Share of Property Purchase Price”).
- 1.3.2 Party B undertakes that it shall transfer the full amount of Share of Property Purchase Price obtained by Party B to Party A’s designated bank account.
- 1.3.3 In terms of Asset Purchase Option, Party A or its Designee shall pay RMB 1 as the purchase price for each exercise of the Asset Purchase Option. If PRC law requires a minimum price higher than the aforementioned net book value of the assets, the minimum price regulated by PRC law shall be the purchase price (collectively, the “Asset Purchase Price”).
- 1.3.4 Party C undertakes that it shall transfer the full amount of Asset Interest Purchase Price obtained by Party C to Party A’s designated bank account.

1.4 Transfer of Optioned Shares of Property

For each exercise of the Share of Property Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a partners' meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Shares of Property to Party A and/or the Designee(s).
- 1.4.2 Party B shall obtain written statements from the other partners (if any) of Party C giving consent to the transfer of the share of property to Party A and/or the Designee(s) and waiving any right of first refusal related thereto.
- 1.4.3 Party B shall execute a share of property transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Share of Property Purchase Option Notice regarding the Optioned Shares of Property.
- 1.4.4 The relevant Parties shall execute all other necessary contracts, agreements, or documents, obtain all necessary government licenses and permits, and take all necessary actions to transfer the valid ownership of the Optioned Shares of Property to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Shares of Property. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention, or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Share of Property Pledge Agreement, and Party B's Power of Attorney. "Party B's Share of Property Pledge Agreement" as used in this Agreement shall refer to the Share of Property Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modifications, amendments, and restatements thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with a power of attorney and any modifications, amendments, and restatements thereto.

1.5 Transfer of Purchased Assets

For each exercise of the Asset Purchase Option:

- 1.5.1 Party C shall obtain all necessary internal authorizations in accordance with Party B's then effective articles of association.
- 1.5.2 Party C shall enter into an asset transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Asset Purchase Option Notice regarding the Purchased Assets.

- 1.5.3 The relevant Parties shall execute all other necessary contracts, agreements, or documents, obtain all necessary government licenses and permits, and take all necessary actions to transfer the valid ownership of the Purchased Assets to Party A and/or the Designee(s), unencumbered by any security interests.

2. Covenants

2.1 Covenants regarding Party C

Party B (as partners of Party C) and Party C hereby covenant on the following:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change, or amend the partnership agreement of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners.
- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards and practices, as well as obtain and maintain all necessary government licenses and permits by prudently and effectively operating its business and handling its affairs.
- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage, or dispose of in any manner any material assets of Party C or legal or beneficial interest in the material business or revenues of Party C of more than RMB 100,000, or allow the encumbrance thereon of any security interests.
- 2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee, or suffer the existence of any debt, except for (i) payables incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A which Party A's written consent has been obtained.
- 2.1.5 They shall always operate all of Party C's businesses within the normal business scope to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value.
- 2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any material contract, except the contracts in the ordinary course of business (for the purpose of this subsection, a contract with a price exceeding RMB 100,000 shall be deemed a material contract).
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with a loan or credit.

- 2.1.8 They shall provide Party A with information on Party C's business operations and financial condition upon Party A's request.
- 2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses and own similar assets in the same area.
- 2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire, or invest in any person.
- 2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to Party C's assets, business, or revenue.
- 2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims.
- 2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute profits to its partners, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its partners.
- 2.1.14 At the request of Party A, they shall appoint any person designated by Party A as authorized representative of executive partner or any other person authorized to execute partnership affairs of Party C.
- 2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates.
- 2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquidated without prior written consent by Party A.

2.2 Covenants of Party B

Party B hereby covenants to the following:

- 2.2.1 Without the prior written consent of Party A, at any time from the date of execution of this Agreement, Party B shall not sell, transfer, mortgage, or dispose of in any other manner any legal or beneficial interest in the share of property in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Share of Property Pledge Agreement and Party B's Power of Attorney.

- 2.2.2 Party B shall cause all partners and the authorized representative of executive partner of Party C not to approve any sale, transfer, mortgage, or disposition in any other manner of any legal or beneficial interest in the share of property in Party C held by Party B, or allow the encumbrance thereon of any other security interest without the prior written consent of Party A, except for the interest placed in accordance with Party B's Share of Property Pledge Agreement and Party B's Power of Attorney.
- 2.2.3 Without the prior written consent of Party A, Party B shall cause all partners and the authorized representative of executive partner of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person.
- 2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to the share of property in Party C held by Party B.
- 2.2.5 Party B shall cause all partners of Party C to vote their approval of the transfer of the Optioned Share of Property as set forth in this Agreement and to take any and all other actions that may be requested by Party A.
- 2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims.
- 2.2.7 Party B shall appoint any designee of Party A as the authorized representative of executive partner or any other person authorized to execute partnership affairs of Party C, at the request of Party A.
- 2.2.8 Party B hereby waives its right of first refusal with respect to the transfer of share of property by any other partner of Party C to Party A (if any), and gives consent to the execution by each other partner of Party C with Party A and Party C the exclusive option agreement, the share of property pledge agreement and the power of attorney similar to this Agreement, Party B's Share of Property Pledge Agreement and Party B's Power of Attorney, and accepts not to take any actions in conflict with such documents executed by the other partners.
- 2.2.9 Party B shall promptly donate any profits, dividends, or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under the applicable PRC laws. And
- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C, and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the share of property subject to this Agreement hereunder or under Party B's Share of Property Pledge Agreement or under Party B's Power of Attorney, Party B shall not exercise such rights excluding in such manner in accordance with the written instructions of Party A.

3. Representations and Warranties

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer, that:

- 3.1 They have the power, capacity, and authority to execute and deliver this Agreement and any share of property transfer contracts to which they are parties concerning each transfer of the Optioned Shares of Property as described thereunder (each, a "Transfer Contract"), and to perform their obligations under this Agreement and any Transfer Contract. Party B and Party C agree to enter into Transfer Contracts substantially consistent with the terms of this Agreement upon Party A's exercise of the Share of Property Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid, and binding obligations, and shall be enforceable against them in accordance with the provisions thereof.
- 3.2 Party B and Party C have obtained any and all approvals and consents from the relevant government authorities and third parties (if required) for the execution, delivery, and performance of this Agreement.
- 3.3 The execution and delivery of this Agreement or any Transfer Contract and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violations of any applicable PRC laws; (ii) be inconsistent with the articles of association, bylaws, or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them.
- 3.4 Party B has a good and merchantable title to the share of property held by Party B in Party C. Except for Party B's Share of Property Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such share of property.
- 3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets.

- 3.6 Party C does not have any outstanding debts, except for (i) debt incurred within its normal business scope; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions. And
- 3.8 There is no pending or threatened litigation, arbitration, or administrative proceedings relating to the share of property in Party C, assets of Party C, or Party C itself.

4. Effective Date and Term

This Agreement shall become effective upon execution by the Parties, and remain in effect until all share of property held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

5. Governing Law and Disputes Resolution

5.1 Governing Law

The execution, effectiveness, interpretation, performance, amendment, and termination of this Agreement as well as any dispute resolution hereunder shall be governed by the laws of the PRC.

5.2 Methods of Disputes Resolution

In the event of any dispute arising with respect to the construction and performance of this Agreement, the Parties shall first attempt to resolve the dispute through friendly negotiations. In the event that the Parties fail to reach an agreement on the dispute within 30 days after either Party's written request to the other Parties for dispute resolution through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the arbitration award shall be final and binding to all Parties.

Each Party agrees that the arbitral tribunal or arbitrator shall have the right to give any remedies, including preliminary and permanent injunctive relief (such as injunction against carrying out business activities, or mandating the transfer of assets), specific performance of contractual obligations, remedies concerning the share of property or assets of Party C and awards directing Party C to conduct liquidation.

To the extent permitted by PRC laws, when awaiting the formation of the arbitration tribunal or otherwise under appropriate conditions, either Party may seek preliminary injunctive relief or other interlocutory remedies from a court with competent jurisdiction to facilitate the arbitration. Without violating the applicable governing laws, the Parties agree that the courts of Hong Kong SAR, Cayman Islands, China and the place where the main assets of Party C are located shall all be deemed to have competent jurisdiction.

Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

6. Taxes and Fees

Each Party shall pay any and all transfer and registration taxes, expenses, and fees incurred thereby or levied thereon in accordance with the laws of the PRC in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

7. Notices

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, prepaid postage, commercial courier services, or facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, courier services, registered mail, or prepaid postage shall be deemed effectively given on the date of receipt or refusal at the address specified for such notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of the transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attn: TME Legal Management Department - Investment M&A

Email: []

Party B:

Name: **Beijing Gongse Enterprise Management Co., Ltd.**

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attn: TME Legal Management Department - Investment M&A

Email: []

Name: **Yang Qihu**

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Email: []

Name: **Gu Dejun**

Address: 17F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

Email: []

Name: **Zhou Jie**

Address: 17F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

Email: []

Name: **Chen Xing**

Address: 8th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Email: []

Name: **Liang Yunheng**

Address: 20F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

Email: []

Party C: Beijing Shangqin Culture Management Partnership (Limited Partnership)

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attn: TME Legal Management Department - Investment M&A

Email: []

7.3 Any Party may at any time change its address for notices by having a notice delivered to the other Parties in accordance with the terms hereof.

8. Confidentiality

The Parties acknowledge that the existence and the terms of this Agreement, and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain the confidentiality of all such confidential information, and without obtaining the written consent of other Parties, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be featured in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, partners, authorized representative of partners, directors, employees, legal counsels, or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, partners, authorized representative of partners, employees, legal counsels, or financial advisors shall be bound by the confidential obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, partners, authorized representative of partners, director, employees of, or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and that Party shall be held liable for breach of this Agreement.

9. Further Warranties

The Parties agree to promptly execute the documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and to take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

10. Breach of Agreement

- 10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B or Party C to compensate all damages This Section 10 shall not prejudice any other rights of Party A herein.
- 10.2 Party B or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by the applicable laws.

11. Force Majeure Event

- 11.1 "**Force Majeure Event**" means any event that is beyond one Party's scope of reasonable control, and is unavoidable under the affected Party's reasonable care, including but not limited to, natural disasters, wars, riots, etc. However, lack of credit, funding or financing may not be considered as beyond one Party's reasonable control. When the implementation of this Agreement is delayed or hindered due to any Force Majeure Event, the affected Party shall not bear any liability for such delayed and hindered performance under this Agreement. The Party affected by Force Majeure Event seeking to waive any liability under this Agreement shall notify the other Party as soon as possible of the exemption and the steps to be taken to complete the performance.

11.2 The Party affected by Force Majeure Event shall not bear any liability under this Agreement. The Party seeking to waive liability can only be exempted when he affected Party has made reasonable and feasible efforts to perform this Agreement and such exemption shall be limited to such delayed and hindered performance. Once the reasons for such exemption are corrected and remedied, the Parties agree to use their best efforts to perform this Agreement.

12. Miscellaneous

12.1 Amendments, changes, and supplements

Any amendments, changes, and supplements to this Agreement shall require the execution of a written agreement by all of the Parties.

12.2 Entire agreement

Except for the amendments, supplements, or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supersede all prior oral and written consultations, representations, and contracts reached with respect to the subject matter of this Agreement.

12.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain, or otherwise affect the meanings of the provisions of this Agreement.

12.4 Language

This Agreement is written in Chinese in eight (8) originals, with each Party having one copy.

12.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal, or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality, or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal, or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by the relevant laws and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal, or unenforceable provisions.

12.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

12.7 Survival

12.7.1 Any obligations that occur or are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

12.7.2 The provisions of Sections 5, 8, 10 and this Section 12.7 shall survive the termination of this Agreement.

12.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall be deemed as a waiver by such Party with respect to any similar breach in other circumstances.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the authorized representatives of the Parties have executed this Exclusive Option Agreement as of the date first above written.

Party A: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

By: /s/ Yang Qihu
Name: Yang Qihu
Title: Legal Representative

Party B:

Name: **Beijing Gongse Enterprise Management Co., Ltd.**

By: /s/ Gu Dejun

Name: Gu Dejun

[Company Chop is affixed]

By: /s/ Gu Dejun
Name: Gu Dejun
Title: Legal Representative

By: /s/ Zhou Jie
Name: Zhou Jie

By: /s/ Chen Xing
Name: Chen Xing

By: /s/ Liang Yunheng
Name: Liang Yunheng

By: /s/ Yang Qihu
Name: Yang Qihu

Party C: Beijing Shangqin Culture Management Partnership (Limited Partnership)

[Partnership Chop is affixed]

By: /s/ Yang Qihu
Name: Yang Qihu
Title: Authorized Representative of Executive Partner

Signature Page of Exclusive Option Agreement among Tencent Music (Beijing) Co., Ltd., Beijing Gongse Enterprise Management Co., Ltd, Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing, Liang Yunheng and Beijing Shangqin Culture Management Partnership (Limited Partnership)

Share of Property Pledge Agreement

This Share of Property Pledge Agreement (the “**Agreement**”) is entered into by and among the following Parties on July 14, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

Party A: Tencent Music (Beijing) Co., Ltd. (the “**Pledgee**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

Party B: Beijing Gongse Enterprise Management Co., Ltd., a limited liability company, organized and existing under the laws of the PRC, with Unified Social Credit Code: 91110108MA01T49E9G; and

Yang Qihu, a Chinese citizen with Chinese Identification No. []; and

Gu Dejun, a Chinese citizen with Chinese Identification No. []; and

Zhou Jie, a Chinese citizen with Chinese Identification No. []; and

Chen Xing, a Chinese citizen with Chinese Identification No. []; and

Liang Yunheng, a Chinese citizen with Chinese Identification No. [].

(The aforesaid Beijing Gongse Enterprise Management Co., Ltd., Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing and Liang Yunheng hereinafter referred to as a “**Pledgor**” respectively and as the “**Pledgors**” collectively);

Party C: Beijing Shangqin Culture Management Partnership (Limited Partnership), a limited partnership, organized and existing under the laws of the PRC, with its address at Room 0081, 4/F, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing.

In this Agreement, each of the Pledgee, the Pledgors and Party C shall be referred to as a “**Party**” respectively or as the “**Parties**” collectively.

Whereas:

1. The Pledgor Beijing Gongse Enterprise Management Co., Ltd. is a limited liability company, organized and existing under the laws of the PRC; the pledgors Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing and Liang Yunheng are Chinese citizens. As of the date of this Agreement, the investors hold an aggregate of 100% of the share of property in Party C, representing the registered capital of RMB 1,000,000. (1) Beijing Gongse Enterprise Management Co., Ltd. as a general partner holds 0.0005% of the share of property in Party C, representing RMB 5 in the registered capital thereof; (2) Yang Qihu as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof; (3) Gu Dejun as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof; (4) Zhou Jie as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof; (5) Chen Xing as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof; (6) Liang Yunheng as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof. Party C is a limited partnership established in Beijing China and engages in “organization of cultural and artistic exchange activities (excluding commercial performance); business management; business management consulting; business planning; market research; copyright transfer; copyright agency; design, production, agency and release of advertisements; technology development, technology services, technology consultation and technology transfer”. Party C hereby acknowledges the rights and obligations of the Pledgors and the Pledgee under this Agreement and intends to provide any necessary assistance in registering the Pledge.

2. The Pledgee is a wholly foreign-owned enterprise registered in China. The Pledgee and Party C have executed an Exclusive Business Cooperation Agreement in Beijing (as defined below). The Pledgee, the Pledgors and Party C have executed an Exclusive Option Agreement (as defined below). The Pledgee and Pledgors have executed a Loan Agreement (as defined below). Each of the Pledgors has executed a Power of Attorney in favor of the Pledgee (as defined below).
3. To ensure that Party C and the Pledgors fully perform its or their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney, the Pledgors pledge to the Pledgee all the share of property they hold in Party C as security for the performance of Party C' and the Pledgors' obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and Offset Agreement and the Power of Attorney.

To perform the terms of the Transaction Documents, the Parties have mutually agreed to execute this Agreement upon the following terms.

1. Definitions

Unless otherwise provided in this Agreement, the terms below shall have the following meanings:

- 1.1. **Pledge:** means the security interest granted by the Pledgors to the Pledgee pursuant to Section 2 of this Agreement, i.e., the right of the Pledgee to be compensated on a preferential basis with any proceeds received from conversion, auction or sale of the Pledged Share of Property.
- 1.2. **Pledged Share of Property:** means 100% of the share of property in Party C collectively held by the Pledgors now, representing RMB 1,000,000 of Party C's registered capital, and all the future share of property in Party C held by the Pledgors.

- 1.3. **Term of Pledge:** means the term set forth in Section 3.1 of this Agreement.
- 1.4. **Transaction Documents:** means the Exclusive Business Cooperation Agreement entered into by and between Party C and the Pledgee on July 14, 2020 in Beijing (the “**Exclusive Business Cooperation Agreement**”); the Exclusive Option Agreement entered into by and among the Pledgors, Party C and the Pledgee on July 14, 2020 in Beijing (the “**Exclusive Option Agreement**”); the Loan Agreements entered into by and between the Pledgee and each of the Pledgors respectively on July 14, 2020 (the “**Loan Agreement**”); the Power of Attorney executed by each of the Pledgors respectively on July 14, 2020 in Beijing (the “**Power of Attorney**”), and any amendments, revisions and/or restatements to the aforesaid documents.
- 1.5. **Contractual Obligations:** means all the obligations of the Pledgors under the Exclusive Option Agreement, the Power of Attorney and this Agreement, and all the obligations of Party C under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and this Agreement.
- 1.6. **Secured Indebtedness:** means all direct, indirect, consequential losses and losses of anticipated profits suffered by the Pledgee as a result of any Event of Default of the Pledgors and/or Party C, of which the basis for the amount of such losses includes without limitation reasonable business plans and profit forecasts of the Pledgee, the service fees that Party C is obliged to pay under Exclusive Business Cooperation Agreement, as well as all expenses as incurred by the Pledgee in connection with its enforcement for the performance of Contractual Obligations against the Pledgors and/or Party C.
- 1.7. **Event of Default:** means any circumstances as set forth in Section 7 of this Agreement.
- 1.8. **Notice of Default:** means the notice issued by the Pledgee in accordance with this Agreement declaring an Event of Default.

2. The Pledge

- 2.1. The Pledgors hereby agree to pledge to the Pledgee the Pledged Share of Property in accordance with this Agreement as security for the performance of the Contractual Obligations and the repayment of the Secured Indebtedness. Party C hereby agrees for the Pledgors to pledge the Pledged Share of Property to the Pledgee in accordance with this Agreement.

- 2.2. During the Term of Pledge, the Pledgee is entitled to receive any dividends or distributions in respect of the Pledged Share of Property. With the prior written consent of the Pledgee, the Pledgors may collect such dividends or distributions in respect of the Pledged Share of Property. Any dividends or distributions received by the Pledgee in respect of the Pledged Share of Property after deduction of income tax paid by Pledgors shall, upon the Pledgee's request, (1) be deposited into a bank account designated by the Pledgee, be placed under the custody of the Pledgee, be used as security for the Contractual Obligations and be first applied towards full satisfaction of the Secured Indebtedness; or (2) to the extent permitted by the PRC laws, be unconditionally donated to the Pledgee or any person designated by the Pledgee.
- 2.3. With the prior written consent of the Pledgee, the Pledgors may subscribe for increased capital in Party C. Any increase in the capital contributed by the Pledgors to the registered capital of Party C as a result of any capital increase shall also be deemed as the Pledged Share of Property.
- 2.4. In the event that Party C is to be dissolved or liquidated as required by any mandatory rules of the PRC laws, upon the lawful completion of such dissolution or liquidation procedure, any proceeds distributed by Party C to the Pledgors shall, upon the Pledgee's request, (1) be deposited into a bank account designated by the Pledgee, be placed under the custody of the Pledgee, and be used as security for the Contractual Obligations and be first applied towards full satisfaction of the Secured Indebtedness; or (2) to the extent permitted by the PRC laws, be unconditionally donated to the Pledgee or any person designated by the Pledgee.

3. **Term of Pledge**

- 3.1. The Pledge shall become effective on the date of execution of this Agreement and shall be continuously valid until full performance of the Contractual Obligations and full satisfaction of the Secured Indebtedness. The Pledgors and Party C shall, (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the relevant administration for industry and commerce for the registration of the Pledge contemplated herein within 30 business days following the execution of this Agreement. The Parties covenant that for the purpose of registration of the Pledged Share of Property, the Parties and other partners of Party C shall submit to the administration of industry and commerce this Agreement or a share of property pledge agreement in the form required by the administration of industry and commerce of where Party C locates, which shall truly reflect the information of the Pledge hereunder (the "**AIC Pledge Agreement**"). For matters not specified in the AIC Pledge Agreement, the parties shall be bound by the provisions of this Agreement. The Pledgors and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant administration of industry and commerce, to ensure that the Pledge shall be registered as soon as possible after filing.

- 3.2. During the Term of Pledge, in the event the Pledgors and/or Party C fail to fulfill the Contractual Obligations or pay the Secured Indebtedness, the Pledgee shall be entitled to, but not be obliged to, exercise the Pledge in accordance with this Agreement.

4. Custody for Certificates of the Pledge

- 4.1. During the Term of Pledge, the Pledgors shall deliver to the Pledgee within one (1) week following the execution of this Agreement the certificate of capital contributions of share of property to Party C and the register of partners which records the Pledge. The Pledgee will place such documents in custody throughout the entire Term of Pledge specified in this Agreement.

5. Representations and Warranties of the Pledgors and Party C

The Pledgors and Party C hereby severally and jointly represent and warrant to the Pledgee as of the date hereof as follows:

- 5.1. The Pledgors, Beijing Gongse Enterprise Management Co., Ltd., Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing and Liang Yunheng, are the legal and beneficial owners of the Pledged Share of Property.
- 5.2. The Pledgee is entitled to dispose of and transfer the Pledged Share of Property in accordance with this Agreement.
- 5.3. Except for the Pledge, the Pledgors have not created any other pledges or other security interest on the Pledged Share of Property.
- 5.4. The Pledgors and Party C have obtained all necessary approvals and consents from government authorities and third parties (if any) in connection with the execution, delivery and performance of this Agreement.
- 5.5. The execution, delivery and performance of this Agreement do not (i) result in any violation of any relevant PRC laws; (ii) result in any conflict with the articles of association or other constitutional documents of Party C; (iii) result in any breach of any agreement to which it is a party or by which it is bound, or constitute any default under any agreement to which it is a party or by which it is bound; (iv) result in any breach of any permit or license issued or granted to it and/or any condition of the validity thereof; or (v) result in the revocation or suspension of, or imposition of conditions on, any permit or license issued to it.

6. Undertakings by the Pledgors and Party C

- 6.1. During the Term of Pledge, the Pledgors and Party C severally and jointly undertake to the Pledgee that:
- 6.1.1. Without the prior written consent of the Pledgee, the Pledgors shall not transfer the Pledged Share of Property, create or permit to be created any security interest or other encumbrances on the Pledged Share of Property, except for the performance of the Transaction Documents.
- 6.1.2. The Pledgors and Party C shall comply with the provisions of all the laws and regulations relating to the pledge of rights, and shall, within five (5) days upon receipt of any notice, order or recommendation issued or promulgated by the relevant competent authorities regarding the Pledge, present such notice, order or recommendation to the Pledgee, and concurrently comply with such notice, order or recommendation, or object thereto upon the reasonable request or consent of the Pledgee.
- 6.1.3. The Pledgors and Party C shall promptly notify the Pledgee of any event or notice received by the Pledgors that may have an impact on the Pledged Share of Property or any portion thereof, and that may change any undertakings and obligations of the Pledgors hereunder or may have an impact on the fulfillment of any obligations by the Pledgors hereunder.
- 6.1.4. Party C shall complete its business term extension registration formalities three (3) months prior to the expiry of its business term such that the validity of this Agreement shall be maintained.
- 6.2. The Pledgors agree that the rights granted to the Pledgee in respect of the Pledge hereunder shall not be interrupted or harmed by any legal procedure initiated by the Pledgors, any successors of the Pledgors or their entrusting party or any other persons.
- 6.3. The Pledgors undertake to the Pledgee that in order to protect or perfect the security for the Contractual Obligations and the Secured Indebtedness under this Agreement, the Pledgors shall execute in good faith and cause other parties who have interests in the Pledge to execute all the certificates of rights, agreements, and/or perform and procure other parties who have interests in the Pledge to perform acts as required by the Pledgee, facilitate the exercise of the Pledgee's rights granted hereunder and enter into all relevant documents regarding ownership of the Pledged Share of Property with the Pledgee or any person (individuals or legal persons) designated by the Pledgee, as well as provide the Pledgee with all notices, orders and decisions regarding the Pledge as required by the Pledgee within a reasonable period of time.

6.4. The Pledgors hereby undertake to the Pledgee to comply with and perform all the undertakings, representations and warranties and terms hereunder. In the event that the Pledgors fail to perform or fail to fully perform such undertakings, representations and warranties and terms hereunder, the Pledgors shall indemnify the Pledgee against all the losses resulting therefrom.

7. Event of Default

7.1. Each of the following circumstances shall constitute an Event of Default:

7.1.1. The Pledgors breach any of its obligations under the Transaction Documents and/or this Agreement.

7.1.2. Party C breaches any of its obligations under the Transaction Documents and/or this Agreement.

7.2. Should there arises any event set forth in Section 7.1 or any circumstance that may result in the foregoing events, the Pledgors and Party C shall immediately notify the Pledgee in writing.

7.3. Unless an Event of Default set forth in this Section 7.1 has been remedied at the request of the Pledgee within twenty (20) days upon receipt of the notice of the Pledgee to the Pledgors and/or Party C requesting the rectification of such Event of Default, the Pledgee may issue a Notice of Default to the Pledgors in writing at any time thereafter, requesting the exercise of the Pledge in accordance with Section 8 hereof.

8. Exercise of the Pledge

8.1. The Pledgee shall issue a Notice of Default to the Pledgors for the exercise of the Pledge.

8.2. Subject to the provisions of Section 7.3, the Pledgee may exercise its right to dispose of the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Upon the Pledgee's exercise of its right to dispose of the Pledge, the Pledgors shall no longer own any right and interest in respect of the Pledged Share of Property.

8.3. Upon the issuance of the Notice of Default in accordance with Section 8.1, the Pledgee is entitled to exercise all the remedies, rights and powers available to it under the PRC laws, the Transaction Documents and this Agreement, including without limitation to converse, auction or sell the Pledged Share of Property for prior satisfaction of indebtedness. The Pledgee shall not be held liable for any losses arising from its reasonable exercise of such rights and powers.

- 8.4. The proceeds received by the Pledgee as a result of the exercise of the Pledge shall be first applied towards payment of the taxes and expenses payable in connection with the disposal of the Pledged Share of Property and the performance of the Contractual Obligations and the repayment of the Secured Indebtedness to the Pledgee. Any remaining balance after the deduction of the foregoing payments, if any, shall be returned to the Pledgors or any other person who is entitled to such balance under applicable laws and regulations, or be deposited with the notary public at the place where the Pledgee is located, any costs incurred arising out of such deposit shall be borne by the Pledgors; and to the extent permitted by the PRC laws, the Pledgors shall unconditionally donate such balance to the Pledgee or any person designated by the Pledgee.
- 8.5. The Pledgee shall be entitled to elect to exercise, simultaneously or successively, any of its breach of contract remedies; the Pledgee shall not be required to first exercise other breach of contract remedies prior to exercising its right to converse, auction or sell the Pledged Share of Property hereunder.
- 8.6. The Pledgee shall be entitled to designate in writing its legal counsel or other agents to exercise on its behalf the Pledge, and neither the Pledgors nor Party C shall object thereto.
- 8.7. When the Pledgee disposes of the Pledge in accordance with this Agreement, the Pledgors and Party C shall provide necessary assistance to the Pledgee for its exercise of the Pledge.

9. Default Liabilities

- 9.1. In the event that the Pledgors or Party C materially breach any provision under this Agreement, the Pledgee is entitled to terminate this Agreement and/or claim damages from the Pledgors or Party C; this Section 9 shall not preclude any other rights entitled to the Pledgee as provided under this Agreement.
- 9.2. The Pledgors or Party C may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.

10. Assignment

- 10.1. The Pledgors and Party C shall not donate, transfer or dispose of their rights and obligations under this Agreement without prior written consent of the Pledgee.
- 10.2. This Agreement shall be binding upon the Pledgors and its successors and any permitted assignees, and effective upon the Pledgee and each of its successors and assignees.

- 10.3. The Pledgee may assign any or all of its rights and obligations under the Transaction Documents and this Agreement to any person designated by it at any time. In this case, the assignee shall enjoy and assume the rights and obligations of the Pledgee under the Transaction Documents and this Agreement as if the assignee were a party hereto or thereto, as applicable.
- 10.4. In the event of a change of Pledgee due to assignment, the Pledgors shall, at the request of the Pledgee, execute a new pledge agreement with the new pledgee with the same terms and conditions as this Agreement, and register such new pledge with the relevant administration for industry and commerce.
- 10.5. The Pledgors and Party C shall strictly comply with the provisions of this Agreement and other relevant agreements to which any Party is a party, including the Transaction Documents, and perform the obligations thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Unless with the written instructions of the Pledgee, the Pledgors shall not exercise their remaining rights in respect of the Pledged Share of Property.

11. Termination

- 11.1. Upon the full and complete performance by the Pledgors and Party C of all of their Contractual Obligations and full satisfaction of the Secured Indebtedness, the Pledgee shall, upon the Pledgors' request, release the Pledge of the Pledged Share of Property hereunder and cooperate with the Pledgors in relation to both the deregistration of the Pledge of the Pledged Share of Property in the shareholders' register of Party C and the deregistration of the Pledge of the Pledged Share of Property with the relevant administration of industry and commerce.
- 11.2. The provisions under Section 9, Section 13, Section 14 and this Section 11.2 shall survive the termination of this Agreement.

12. Costs and Other Expenses

All costs and actual expenses arising in connection with this Agreement, including without limitation the legal fees, processing fees, stamp duty, any other taxes and expenses, shall be borne by Party C.

13. Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, partners, authorized representative of executive partners, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, partners, authorized representative of executive partners, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, partners, authorized representative of executive partners, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

14. Governing Law and Disputes Resolution

- 14.1. The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the laws of the PRC.
- 14.2. Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Parties for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 14.3. The Parties agree that the arbitral tribunal or the arbitrator shall have the right to award any remedies in accordance with the terms hereunder and applicable PRC laws, including without limitation temporary and permanent injunctive remedies (as required by the business operation of Party C or compulsory transfer of the assets), the specific performance of the Contractual Obligations, the remedies in respect of Party C's share of property or real estates, and the liquidation orders against Party C.
- 14.4. To the extent permitted by PRC laws, pending the formation of an arbitral tribunal or under the appropriate circumstances, the Parties are entitled to resort to a court of competent jurisdiction for temporary injunctive remedies or other temporary remedies to support the arbitration. In this regard, the Parties reached a consensus that to the extent as permitted by applicable laws, the courts in Hong Kong, the Cayman Islands, the PRC and the place where Party C's major assets are located shall be deemed to have jurisdiction.

14.5. Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

15. Notices

- 15.1. All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
- 15.2. Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered on the date of receipt or refusal at the address specified for notices.
- 15.3. Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 15.4. For the purpose of notification, the addresses of the Parties are as follows:

Party A: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, C7, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

E-mail: []

Party B:

Name: Beijing Gongse Enterprise Management Co., Ltd.

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

E-mail: []

Name: Yang Qihu

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

E-mail: []

Name: Gu Dejun

Address: 17th Floor, Songri Dingsheng Building, No.9996 Shennan Road, Nanshan District, Shenzhen

E-mail: []

Name: Zhou Jie

Address: 17F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

E-mail: []

Name: Chen Xing

Address: 8th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Email: []

Name: Liang Yunheng

Address: 20F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

E-mail: []

Party C: Beijing Shangqin Culture Management Partnership (Limited Partnership)

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

E-mail: []

15.5. Each Party may at any time change its address for notices by delivering a notice to the other Parties in accordance with this Section.

16. Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

17. Effectiveness

- 17.1. This Agreement comes into effect upon duly execution by all the Parties.
- 17.2. Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon signing or stamping by the Parties and completion of the governmental registration procedures (if applicable) in accordance with the regulations.

18. Language and Counterparts

This Agreement is written in Chinese in nine (9) originals, with each of the Pledgee, the Pledgors (Beijing Gongse Enterprise Management Co., Ltd., Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing and Liang Yunheng) and Party C holding one (1) original, and the other one original will be submitted for registration.

[The remainder of this page is intentionally left blank]

IN WITNESS HEREOF, the Parties have caused this Share of Property Pledge Agreement to be executed by their respective authorized representative on the date first above written.

Party A: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

Party B:

Name: Beijing Gongse Enterprise Management Co., Ltd.

[Company Chop is affixed]

By: /s/ Gu Dejun

Name: Gu Dejun

Title: Legal Representative

By: /s/ Gu Dejun

Name: Gu Dejun

By: /s/ Zhou Jie

Name: Zhou Jie

By: /s/ Chen Xing

Name: Chen Xing

By: /s/ Liang Yunheng

Name: Liang Yunheng

By: /s/ Yang Qihu

Name: Yang Qihu

Party C: Beijing Shangqin Culture Management Partnership (Limited Partnership)

[Partnership Chop is affixed]

By: /s/ Yang Qihu

Name: Yang Qihu

Title: Authorized Representative of Executive Partner

Signature Page of Share of Property Pledge Agreement among Tencent Music (Beijing) Co., Ltd., Beijing Gongse Enterprise Management Co., Ltd., Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing, Liang Yunheng and Beijing Shangqin Culture Management Partnership (Limited Partnership)

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on July 14, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Beijing Gongse Enterprise Management Co., Ltd.** (the “**Borrower**”), a limited liability company, organized and existing under the laws of the PRC, with its address at Room 0142, 4th Floor, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 0.0005% of the share of property in Beijing Shangqin Culture Management Partnership (Limited Partnership) (the “**Beijing Shangqin**”). All the existing and future partnership rights and interests the Borrower holds in the Beijing Shangqin are referred to as the “**Borrower’s Share of Property**”;
2. The Lender agrees to provide a loan in the amount of RMB 5 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 Loan

- 1.1 The Lender agrees to provide a loan in the amount of RMB 5 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:

- 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;

- 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;
 - 1.1.3 the Borrower is no longer the partner of the Beijing Shangqin, regardless of the reasons thereof;
 - 1.1.4 the Borrower or its shareholders, directors, supervisors and senior management commit a crime or is involved in a crime;
 - 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Shangqin in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement regarding all share of property and assets of Beijing Shangqin (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
 - 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Shangqin or the working capital of the Beijing Shangqin. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
 - 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Share of Property under the Exclusive Option Agreement, transfer all the share of property in the Beijing Shangqin to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of share of property in the Beijing Shangqin (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
 - 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Share of Property at any time, at a price as specified in the Exclusive Option Agreement.

- 1.6 The Borrower also warrants to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a partner in the Beijing Shangqin.
- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower’s Share of Property from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 **Representations and Warranties**

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
 - 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
 - 2.2.1 the Borrower is a company duly incorporated and validly existing under the PRC laws;
 - 2.2.2 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and

- 2.2.4 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the partner of the Beijing Shangqin that during the term of this Agreement he will procure the Beijing Shangqin:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Shangqin to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement among the Borrower, Beijing Shangqin and the Lender;
 - 3.2.2 at the request of the Lender, execute Beijing Shangqin’s partnership affairs in accordance with Beijing Shangqin’s partnership agreement and its supplementary documents;

- 3.2.3 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Share of Property Pledge Agreement (together with its amendments from time to time, the “**Share of Property Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
- 3.2.4 except as provided under the Share of Property Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Share of Property, or allow creation of any other security interests thereupon;
- 3.2.5 to procure the partners and/or the board of directors of the Beijing Shangqin not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower’s Share of Property, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.6 to procure the partners and/or the board of the directors of the Beijing Shangqin not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.7 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower’s Share of Property;
- 3.2.8 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower’s Share of Property;
- 3.2.9 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Shangqin without prior written consent from the Lender;
- 3.2.10 to appoint any person as nominated by the Lender to the board of the Beijing Shangqin upon the request of the Lender;
- 3.2.11 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower’s Share of Property to the Lender or any person as designated by it, and procure any other partner of the Beijing Shangqin to waive the right of first refusal regarding such transfer of share of property under this Section;

- 3.2.12 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other partner of the Beijing Shangqin to transfer unconditionally and immediately all the share of property owned by such partner to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of share of property under this Section;
- 3.2.13 if the Lender purchases the Borrower's Share of Property from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and
- 3.2.14 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 10/000 until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
- 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.

5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

Email: []

The Borrower: Beijing Gongse Enterprise Management Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, partners and their authorized representative, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

- 7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.
- 7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

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- 8.5 The attachment to this Agreement (if any) is an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Beijing Gongse Enterprise Management Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Gu Dejun

Name: Gu Dejun

Title: Legal Representative

Signature Page of Loan Agreement between Tencent Music (Beijing) Co., Ltd. and
Beijing Gongse Enterprise Management Co., Ltd.

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on July 14, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Yang Qihu** (the “**Borrower**”), a Chinese citizen with Identification No. [].

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 19.9999% share of property in Beijing Shangqin Culture Management Partnership (Limited Partnership) (the “**Beijing Shangqin**”). All the existing and future share of property the Borrower holds in Beijing Shangqin are referred to as the “**Borrower’s Share of Property**”;
2. The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 Loan

- 1.1 The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:
 - 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;
 - 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;

- 1.1.3 the Borrower is no longer the partner of the Beijing Shangqin or its affiliates, or resigns from the Lender, the Beijing Shangqin or its affiliates, regardless of the reasons thereof;
- 1.1.4 the Borrower commit a crime or is involved in a crime;
- 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Shangqin in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
- 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Shangqin or the working capital of the Beijing Shangqin. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
- 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Share of Property under the Exclusive Option Agreement, transfer all the share of property in the Beijing Shangqin to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of share of property in the Beijing Shangqin (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
- 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Share of Property at any time, at a price as specified in the Exclusive Option Agreement.
- 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a partner in the Beijing Shangqin.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Share of Property from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the partner of the Beijing Shangqin that during the term of this Agreement he will procure the Beijing Shangqin:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Shangqin to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement among the Borrower, Beijing Shangqin and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Share of Property Pledge Agreement (together with its amendments from time to time, the “**Share of Property Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Share of Property Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Share of Property, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the partners and/or the board of directors of the Beijing Shangqin not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Share of Property, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the partners and/or the board of the directors of the Beijing Shangqin not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Share of Property;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Share of Property;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Shangqin without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Shangqin upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Share of Property to the Lender or any person as designated by it, and procure any other partner of the Beijing Shangqin to waive the right of first refusal regarding such transfer of share of property under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other partner of the Beijing Shangqin to transfer unconditionally and immediately all the share of property owned by such partner to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of share of property under this Section;
- 3.2.12 if the Lender purchases the Borrower's Share of Property from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 1‰ until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

Email: []

The Borrower: Yang Qihu

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, partners and their authorized representative, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

- 7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments to this Agreement (if any) are an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Yang Qihu

Signature: /s/ Yang Qihu

Signature Page of Loan Agreement between Tencent Music (Beijing) Co., Ltd. and Yang Qihu

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on July 14, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Gu Dejun** (the “**Borrower**”), a Chinese Citizen, with Identification No. [].

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 19.9999% share of property in Beijing Shangqin Culture Management Partnership (Limited Partnership) (the “**Beijing Shangqin**”). All the existing and future share of property the Borrower holds in Beijing Shangqin are referred to as the “**Borrower’s Share of Property**”;
2. The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 Loan

- 1.1 The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:
 - 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;
 - 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;

- 1.1.3 the Borrower is no longer the partner of the Beijing Shangqin or its affiliates, or resigns from the Lender, the Beijing Shangqin or its affiliates, regardless of the reasons thereof;
- 1.1.4 the Borrower commit a crime or is involved in a crime;
- 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Shangqin in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
- 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Shangqin or the working capital of the Beijing Shangqin. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
- 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Share of Property under the Exclusive Option Agreement, transfer all the share of property in the Beijing Shangqin to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of share of property in the Beijing Shangqin (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
- 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Share of Property at any time, at a price as specified in the Exclusive Option Agreement.
- 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a partner in the Beijing Shangqin.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Share of Property from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the partner of the Beijing Shangqin that during the term of this Agreement he will procure the Beijing Shangqin:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Shangqin to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement among the Borrower, Beijing Shangqin and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Share of Property Pledge Agreement (together with its amendments from time to time, the “**Share of Property Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Share of Property Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Share of Property, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the partners and/or the board of directors of the Beijing Shangqin not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Share of Property, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the partners and/or the board of the directors of the Beijing Shangqin not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Share of Property;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Share of Property;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Shangqin without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Shangqin upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Share of Property to the Lender or any person as designated by it, and procure any other partner of the Beijing Shangqin to waive the right of first refusal regarding such transfer of share of property under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other partner of the Beijing Shangqin to transfer unconditionally and immediately all the share of property owned by such partner to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of partnership interest under this Section;
- 3.2.12 if the Lender purchases the Borrower's Share of Property from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 1‰ until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

Email: []

The Borrower: Gu Dejun

Address: 17F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, partners and their authorized representative, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

- 7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments to this Agreement (if any) are an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Gu Dejun

Signature: /s/ Gu Dejun

Signature Page of Loan Agreement between Tencent Music (Beijing) Co., Ltd. and Gu Dejun

- 1.1.3 the Borrower is no longer the partner of the Beijing Shangqin or its affiliates, or resigns from the Lender, the Beijing Shangqin or its affiliates, regardless of the reasons thereof;
- 1.1.4 the Borrower commit a crime or is involved in a crime;
- 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Shangqin in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
- 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Shangqin or the working capital of the Beijing Shangqin. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
- 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Share of Property under the Exclusive Option Agreement, transfer all the share of property in the Beijing Shangqin to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of share of property in the Beijing Shangqin (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
- 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Share of Property at any time, at a price as specified in the Exclusive Option Agreement.
- 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a partner in the Beijing Shangqin.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Share of Property from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the partner of the Beijing Shangqin that during the term of this Agreement he will procure the Beijing Shangqin:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Shangqin to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement among the Borrower, Beijing Shangqin and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Share of Property Pledge Agreement (together with its amendments from time to time, the “**Share of Property Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Share of Property Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Share of Property, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the partners and/or the board of directors of the Beijing Shangqin not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Share of Property, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the partners and/or the board of the directors of the Beijing Shangqin not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Share of Property;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Share of Property;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Shangqin without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Shangqin upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Share of Property to the Lender or any person as designated by it, and procure any other partner of the Beijing Shangqin to waive the right of first refusal regarding such transfer of share of property under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other partner of the Beijing Shangqin to transfer unconditionally and immediately all the share of property owned by such partner to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of partnership interest under this Section;
- 3.2.12 if the Lender purchases the Borrower's Share of Property from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 100‰ until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

Email: []

The Borrower: Zhou Jie

Address: 17F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, partners and their authorized representative, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

- 7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments to this Agreement (if any) are an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Zhou Jie

Signature: /s/ Zhou Jie

Signature Page of Loan Agreement between Tencent Music (Beijing) Co., Ltd. and Zhou Jie

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on July 14, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Chen Xing** (the “**Borrower**”), a Chinese Citizen, with Identification No. [].

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 19.9999% share of property in Beijing Shangqin Culture Management Partnership (Limited Partnership) (the “**Beijing Shangqin**”). All the existing and future share of property the Borrower holds in Beijing Shangqin are referred to as the “**Borrower’s Share of Property**”;
2. The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 **Loan**

- 1.1 The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:
 - 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;
 - 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;

- 1.1.3 the Borrower is no longer the partner of the Beijing Shangqin or its affiliates, or resigns from the Lender, the Beijing Shangqin or its affiliates, regardless of the reasons thereof;
- 1.1.4 the Borrower commit a crime or is involved in a crime;
- 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Shangqin in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
- 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Shangqin or the working capital of the Beijing Shangqin. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
- 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Share of Property under the Exclusive Option Agreement, transfer all the share of property in the Beijing Shangqin to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of share of property in the Beijing Shangqin (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
- 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Share of Property at any time, at a price as specified in the Exclusive Option Agreement.
- 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a partner in the Beijing Shangqin.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Share of Property from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the partner of the Beijing Shangqin that during the term of this Agreement he will procure the Beijing Shangqin:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Shangqin to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement among the Borrower, Beijing Shangqin and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Share of Property Pledge Agreement (together with its amendments from time to time, the “**Share of Property Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Share of Property Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Share of Property, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the partners and/or the board of directors of the Beijing Shangqin not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Share of Property, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the partners and/or the board of the directors of the Beijing Shangqin not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Share of Property;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Share of Property;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Shangqin without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Shangqin upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Share of Property to the Lender or any person as designated by it, and procure any other partner of the Beijing Shangqin to waive the right of first refusal regarding such transfer of share of property under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other partner of the Beijing Shangqin to transfer unconditionally and immediately all the share of property owned by such partner to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of partnership interest under this Section;
- 3.2.12 if the Lender purchases the Borrower's Share of Property from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 1‰ until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

Email: []

The Borrower: Chen Xing

Address: 8th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, partners and their authorized representative, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

- 7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments to this Agreement (if any) are an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Chen Xing

Signature: /s/ Chen Xing

Signature Page of Loan Agreement between Tencent Music (Beijing) Co., Ltd. and Chen Xing

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on July 14, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Liang Yunheng** (the “**Borrower**”), a Chinese Citizen, with Identification No. [].

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 19.9999% share of property in Beijing Shangqin Culture Management Partnership (Limited Partnership) (the “**Beijing Shangqin**”). All the existing and future share of property the Borrower holds in Beijing Shangqin are referred to as the “**Borrower’s Share of Property**”;
2. The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 **Loan**

- 1.1 The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:
 - 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;
 - 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;

- 1.1.3 the Borrower is no longer the partner of the Beijing Shangqin or its affiliates, or resigns from the Lender, the Beijing Shangqin or its affiliates, regardless of the reasons thereof;
- 1.1.4 the Borrower commit a crime or is involved in a crime;
- 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Shangqin in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
- 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Shangqin or the working capital of the Beijing Shangqin. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
- 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Share of Property under the Exclusive Option Agreement, transfer all the share of property in the Beijing Shangqin to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of share of property in the Beijing Shangqin (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
- 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Share of Property at any time, at a price as specified in the Exclusive Option Agreement.
- 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a partner in the Beijing Shangqin.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Share of Property from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the partner of the Beijing Shangqin that during the term of this Agreement he will procure the Beijing Shangqin:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Shangqin to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement among the Borrower, Beijing Shangqin and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Share of Property Pledge Agreement (together with its amendments from time to time, the “**Share of Property Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Share of Property Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Share of Property, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the partners and/or the board of directors of the Beijing Shangqin not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Share of Property, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the partners and/or the board of the directors of the Beijing Shangqin not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Share of Property;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Share of Property;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Shangqin without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Shangqin upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Share of Property to the Lender or any person as designated by it, and procure any other partner of the Beijing Shangqin to waive the right of first refusal regarding such transfer of share of property under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other partner of the Beijing Shangqin to transfer unconditionally and immediately all the share of property owned by such partner to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of partnership interest under this Section;
- 3.2.12 if the Lender purchases the Borrower's Share of Property from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 1‰ until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

Email: []

The Borrower: Liang Yunheng

Address: 20F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, partners and their authorized representative, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

- 7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments to this Agreement (if any) are an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Liang Yunheng

Signature: /s/ Liang Yunheng

Signature Page of Loan Agreement between Tencent Music (Beijing) Co., Ltd. And Liang Yunheng

**Power of Attorney Re Partner Rights of
Beijing Shangqin Culture Management Partnership (Limited Partnership)**

The Company, Beijing Gongse Enterprise Management Co., Ltd., a limited liability company, organized and existing under the laws of the PRC, with Unified Social Credit Code: 91110108MA01T49E9G, holding 0.0005% of the share of property in Beijing Shangqin Culture Management Partnership (Limited Partnership) (the “**Beijing Shangqin**”) as of the date of this Power of Attorney (representing RMB 5 registered capital of Beijing Shangqin), hereby irrevocably authorizes Tencent Music (Beijing) Co., Ltd. (the “**WFOE**”) to exercise the following rights with respect to the existing and future share of property held by the Company itself in Beijing Shangqin (the “**Owned Share of Property**”) during the effective term of this Power of Attorney:

Authorizing WFOE as the sole and exclusive proxy of the Company, to exercise, including without limitation, the following rights on the Company’s behalf with full authority with respect to the Owned Share of Property: 1) to attend the partners’ meetings of Beijing Shangqin; 2) to exercise all partner’s rights and partner’s voting rights which the Company is entitled with under the laws and the articles of association of Beijing Shangqin, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Share of Property; 3) as partnership manager set forth in the Limited Partnership Agreement, execute and manage the partnership affairs; and 4) as the Company’s authorized representative, to appoint and elect the executive partner and its authorized representative together with any other persons authorized to execute the partnership affairs of Beijing Shangqin.

WFOE shall be authorized to execute, on the Company’s behalf, any and all agreements to which the Company shall be a party as specified in the Exclusive Option Agreement entered into as of July 14, 2020 by and among the Company, WFOE and Beijing Shangqin, the Share of Property Pledge Agreement entered into as of July 14, 2020 by and among the Company, WFOE and Beijing Shangqin, and the Loan Agreement entered into as of July 14, 2020 by and between the Company and WFOE (together with any amendments, revisions or restatements, the “**Transaction Documents**”), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Share of Property shall be deemed conducted or executed by the Company itself which the Company shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform the Company or obtain the Company’s prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as the Company is a partner of Beijing Shangqin, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, the Company hereby waives all rights in connection with the Owned Share of Property that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on its own.

[The remainder of this page is intentionally left blank]

Beijing Gongse Enterprise Management Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Gu Dejun

Name: Gu Dejun

Title: Legal representative

14 July, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal representative

Acknowledged by:

Beijing Shangqin Culture Management Partnership (Limited Partnership)

[Partnership Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Authorized Representative of Executive Partner

Signature Page of Power of Attorney Re Partner Rights of Beijing Shangqin Culture Management Partnership (Limited Partnership) between Tencent Music (Beijing) Co., Ltd. and Beijing Gongse Enterprise Management Co., Ltd.

**Power of Attorney Re Partner Rights of
Beijing Shangqin Culture Management Partnership (Limited Partnership)**

I, Yang Qihu, a Chinese citizen with the Chinese Identification No. [], holding 19.9999% of the share of property in Beijing Shangqin Culture Management Partnership (Limited Partnership) (the “**Beijing Shangqin**”) as of the date of this Power of Attorney (representing RMB 199,999 registered capital of Beijing Shangqin), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the “**WFOE**”) to exercise the following rights with respect to the existing and future share of property held by myself in Beijing Shangqin (the “**Owned Share of Property**”) during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Share of Property: 1) to attend the partners’ meetings of Beijing Shangqin; 2) to exercise all partner’s rights and partner’s voting rights which I am entitled with under the laws and the articles of association of Beijing Shangqin, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Share of Property; 3) as partnership manager set forth in the Limited Partnership Agreement, execute and manage the partnership affairs; and 4) as my authorized representative, to appoint and elect the executive partner and its authorized representative together with any other persons authorized to execute the partnership affairs of Beijing Shangqin.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Shangqin, the Share of Property Pledge Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Shangqin, and the Loan Agreement entered into as of July 14, 2020 by and between me and WFOE (together with any amendments, revisions or restatements, the “**Transaction Documents**”), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Share of Property shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a partner of Beijing Shangqin, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Share of Property that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

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Signature: /s/ Yang Qihu
Name: Yang Qihu
14 July, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal representative

Acknowledged by:

Beijing Shangqin Culture Management Partnership (Limited Partnership)

[Partnership Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Authorized Representative of Executive Partner

Signature Page of Power of Attorney Re Partner Rights of Beijing Shangqin Culture Management Partnership (Limited Partnership) between Tencent Music (Beijing) Co., Ltd. and Yang Qihu.

**Power of Attorney Re Partner Rights of
Beijing Shangqin Culture Management Partnership (Limited Partnership)**

I, Gu Dejun, a Chinese citizen with the Chinese Identification No. [], holding 19.9999% of the share of property in Beijing Shangqin Culture Management Partnership (Limited Partnership) (the “**Beijing Shangqin**”) as of the date of this Power of Attorney (representing RMB 199,999 registered capital of Beijing Shangqin), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the “**WFOE**”) to exercise the following rights with respect to the existing and future share of property held by myself in Beijing Shangqin (the “**Owned Share of Property**”) during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Share of Property: 1) to attend the partners’ meetings of Beijing Shangqin; 2) to exercise all partner’s rights and partner’s voting rights which I am entitled with under the laws and the articles of association of Beijing Shangqin, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Share of Property; 3) as partnership manager set forth in the Limited Partnership Agreement, execute and manage the partnership affairs; and 4) as my authorized representative, to appoint and elect the executive partner and its authorized representative together with any other persons authorized to execute the partnership affairs of Beijing Shangqin.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Shangqin, the Share of Property Pledge Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Shangqin, and the Loan Agreement entered into as of July 14, 2020 by and between me and WFOE (together with any amendments, revisions or restatements, the “**Transaction Documents**”), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Share of Property shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a partner of Beijing Shangqin, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Share of Property that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

[The remainder of this page is intentionally left blank]

Signature: /s/ Gu Dejun
Name: Gu Dejun
14 July, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal representative

Acknowledged by:

Beijing Shangqin Culture Management Partnership (Limited Partnership)

[Partnership Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Authorized Representative of Executive Partner

Signature Page of Power of Attorney Re Partner Rights of Beijing Shangqin Culture Management Partnership (Limited Partnership) between Tencent Music (Beijing) Co., Ltd. and Gu Dejun

**Power of Attorney Re Partner Rights of
Beijing Shangqin Culture Management Partnership (Limited Partnership)**

I, Zhou Jie, a Chinese citizen with the Chinese Identification No. [], holding 19.9999% of the share of property in Beijing Shangqin Culture Management Partnership (Limited Partnership) (the “**Beijing Shangqin**”) as of the date of this Power of Attorney (representing RMB 199,999 registered capital of Beijing Shangqin), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the “**WFOE**”) to exercise the following rights with respect to the existing and future share of property held by myself in Beijing Shangqin (the “**Owned Share of Property**”) during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Share of Property: 1) to attend the partners’ meetings of Beijing Shangqin; 2) to exercise all partner’s rights and partner’s voting rights which I am entitled with under the laws and the articles of association of Beijing Shangqin, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Share of Property; 3) as partnership manager set forth in the Limited Partnership Agreement, execute and manage the partnership affairs; and 4) as my authorized representative, to appoint and elect the executive partner and its authorized representative together with any other persons authorized to execute the partnership affairs of Beijing Shangqin.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Shangqin, the Share of Property Pledge Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Shangqin, and the Loan Agreement entered into as of July 14, 2020 by and between me and WFOE (together with any amendments, revisions or restatements, the “**Transaction Documents**”), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Share of Property shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a partner of Beijing Shangqin, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Share of Property that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

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Signature: /s/ Zhou Jie
Name: Zhou Jie
14 July, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal representative

Acknowledged by:

Beijing Shangqin Culture Management Partnership (Limited Partnership)

[Partnership Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Authorized Representative of Executive Partner

Signature Page of Power of Attorney Re Partner Rights of Beijing Shangqin Culture Management Partnership (Limited Partnership) between Tencent Music (Beijing) Co., Ltd. and Zhou Jie

**Power of Attorney Re Partner Rights of
Beijing Shangqin Culture Management Partnership (Limited Partnership)**

I, Chen Xing, a Chinese citizen with the Chinese Identification No. [], holding 19.9999% of the share of property in Beijing Shangqin Culture Management Partnership (Limited Partnership) (the “**Beijing Shangqin**”) as of the date of this Power of Attorney (representing RMB 199,999 registered capital of Beijing Shangqin), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the “**WFOE**”) to exercise the following rights with respect to the existing and future share of property held by myself in Beijing Shangqin (the “**Owned Share of Property**”) during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Share of Property: 1) to attend the partners’ meetings of Beijing Shangqin; 2) to exercise all partner’s rights and partner’s voting rights which I am entitled with under the laws and the articles of association of Beijing Shangqin, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Share of Property; 3) as partnership manager set forth in the Limited Partnership Agreement, execute and manage the partnership affairs; and 4) as my authorized representative, to appoint and elect the executive partner and its authorized representative together with any other persons authorized to execute the partnership affairs of Beijing Shangqin.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Shangqin, the Share of Property Pledge Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Shangqin, and the Loan Agreement entered into as of July 14, 2020 by and between me and WFOE (together with any amendments, revisions or restatements, the “**Transaction Documents**”), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Share of Property shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a partner of Beijing Shangqin, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Share of Property that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

[The remainder of this page is intentionally left blank]

Signature: /s/ Chen Xing
Name: Chen Xing
14 July, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal representative

Acknowledged by:

Beijing Shangqin Culture Management Partnership (Limited Partnership)

[Partnership Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Authorized Representative of Executive Partner

Signature Page of Power of Attorney Re Partner Rights of Beijing Shangqin Culture Management Partnership (Limited Partnership) between Tencent Music (Beijing) Co., Ltd. and Chen Xing

**Power of Attorney Re Partner Rights of
Beijing Shangqin Culture Management Partnership (Limited Partnership)**

I, Liang Yunheng, a Chinese citizen with the Chinese Identification No. [], holding 19.9999% of the share of property in Beijing Shangqin Culture Management Partnership (Limited Partnership) (the “**Beijing Shangqin**”) as of the date of this Power of Attorney (representing RMB 199,999 registered capital of Beijing Shangqin), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the “**WFOE**”) to exercise the following rights with respect to the existing and future share of property held by myself in Beijing Shangqin (the “**Owned Share of Property**”) during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Share of Property: 1) to attend the partners’ meetings of Beijing Shangqin; 2) to exercise all partner’s rights and partner’s voting rights which I am entitled with under the laws and the articles of association of Beijing Shangqin, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Share of Property; 3) as partnership manager set forth in the Limited Partnership Agreement, execute and manage the partnership affairs; and 4) as my authorized representative, to appoint and elect the executive partner and its authorized representative together with any other persons authorized to execute the partnership affairs of Beijing Shangqin.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Shangqin, the Share of Property Pledge Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Shangqin, and the Loan Agreement entered into as of July 14, 2020 by and between me and WFOE (together with any amendments, revisions or restatements, the “**Transaction Documents**”), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Share of Property shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a partner of Beijing Shangqin, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Share of Property that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

[The remainder of this page is intentionally left blank]

Signature: /s/ Liang Yunheng
Name: Liang Yunheng
14 July, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal representative

Acknowledged by:

Beijing Shangqin Culture Management Partnership (Limited Partnership)

[Partnership Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Authorized Representative of Executive Partner

Signature Page of Power of Attorney Re Partner Rights of Beijing Shangqin Culture Management Partnership (Limited Partnership) between Tencent Music (Beijing) Co., Ltd. and Liang Yunheng

Exclusive Business Cooperation Agreement

This Exclusive Business Cooperation Agreement (this “Agreement”) is entered into by and between the following parties on July 14, 2020 in Beijing, the People’s Republic of China (“China” or the “PRC”).

Party A: **Tencent Music (Beijing) Co., Ltd.**, a wholly foreign-owned enterprise, organized and existing under the laws of the PRC, with its address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

Party B: **Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)**, a limited partnership, organized and existing under the laws of the PRC, with its address at Room 0124, 4th Floor, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing.

Each of Party A and Party B shall be hereinafter referred to as a “Party” respectively, and as the “Parties” collectively.

Whereas,

1. Party A is a wholly foreign owned enterprise established in China, which has necessary resources to provide computer software technology development, technical training, copyright agency services and organization of cultural and artistic exchange activities;
2. Party B is a limited partnership established in China with exclusively domestic capital and is permitted to engage in “organization of cultural and artistic exchange activities (excluding commercial performance); business management; business management consulting; business planning; market research; copyright transfer; copyright agency; design, production, agency and release of advertisements; technology development, technology services, technology consultation and technology transfer. (Market players shall, according to the law, independently select business projects and carry out business activities; projects subject to approval in accordance with laws must be licensed before operating; shall not carry out business activities involving projects prohibited or restricted by the industrial policies of the State or Beijing Municipality.)”. The businesses conducted by Party B currently and any time during the term of this Agreement are collectively referred to as the “Main Business”;
3. Party A is willing to provide Party B with information consulting services and other services in relation to the Main Business during the term of this Agreement, utilizing its advantages in human resources and information. Party B is willing to accept such services provided by Party A or Party A’s designee(s), each on the terms set forth herein.

Now, therefore, through mutual discussion, the Parties have reached the following agreements:

1. Services Provided by Party A

- 1.1 Party B hereby appoints Party A as Party B's exclusive services provider to provide Party B with comprehensive information consulting services and other services during the term of this Agreement, in accordance with the terms and conditions of this Agreement, including but not limited to the follows:
- (1) Licensing Party B to use any software (if any) legally owned by Party A and providing software maintenance and updating services for Party B;
 - (2) Technical support and training for employees of Party B;
 - (3) Providing services in related to consultancy, collection and research of project investment for Party B (excluding market research business that wholly foreign-owned enterprises are prohibited from conducting under PRC laws);
 - (4) Providing consultation services in economic information, business information, technology information, and business management consultation for Party B;
 - (5) Providing marketing and promotion and corporate image planning services for Party B;
 - (6) Leasing of equipment or properties; and
 - (7) Other services requested by Party B from time to time to the extent permitted under PRC law.
- 1.2 Party B agrees to accept such services provided by Party A. Party B further agrees that unless with Party A's prior written consent, during the term of this Agreement, Party B shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar corporation relationship with any third party regarding the matters contemplated by this Agreement. Party A may designate other parties, who may enter into certain agreements described in Section 1.3 with Party B, to provide Party B with relevant services as set forth in this Agreement.
- 1.3 Ways of Service Provision
- 1.3.1 Party A and Party B agree that during the term of this Agreement, as applicable, Party B may enter into further service agreements with Party A or any other party designated by Party A, which shall provide the specific contents, manner, personnel, and fees for the specific services.

- 1.3.2 To fulfill this Agreement, Party A and Party B agree that during the term of this Agreement, as applicable, Party B may, at any time, enter into equipment or property lease agreement with Party A or any other party designated by Party A, which shall permit Party B to use Party A's relevant equipment or property based on the needs of the business of Party B.
- 1.3.3 Party B hereby grants to Party A an irrevocable and exclusive option to purchase from Party B, to the extent permitted under PRC laws and at Party A's sole discretion, any or all of the assets and business of Party B, at the minimum purchase price permitted by PRC laws. The Parties shall then enter into a separate assets or business transfer agreement, specifying the terms and conditions of the transfer of the assets.

2. Service Fees and Payment

- 2.1 The fees payable by Party B to Party A during the term of this Agreement shall be calculated as follows:
 - 2.1.1 Party B shall pay service fee to Party A monthly. The service fee for each month shall consist of management fee and services provision fee, which shall be determined by the Parties through negotiation in consideration of:
 - (1) complexity and difficulty of the services provided by Party A;
 - (2) title of and time consumed by employees of Party A providing the services;
 - (3) contents and business value of the services provided by Party A;
 - (4) market price of the same type of services;
 - (5) operation conditions of the Party B.
 - 2.1.2 If Party A transfers technology to Party B or develops software or other technology as entrusted by Party B or leases equipment or properties to Party B, the technology transfer price, development fees or rental fees shall be determined by the Parties based on the actual situations.

3. Intellectual Property Rights and Confidentiality Clauses

- 3.1 Party A shall have exclusive and proprietary ownership, rights and interests in any and all intellectual properties arising out of or created during the performance of this Agreement, including but not limited to copyrights, patents, patent applications, software, technical secrets, trade secrets and others. Party B shall execute all appropriate documents, take all appropriate actions, submit all filings and/or applications, render all appropriate assistance and otherwise conduct whatever is necessary as deemed by Party A at its sole discretion for the purposes of vesting any ownership, right or interest of any such intellectual property rights in Party A, and/or perfecting the protections for any such intellectual property rights in Party A.

3.2 The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third party, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, partners and their representatives, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, partners and their representatives, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, partners and their representatives, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

4. **Representations and Warranties**

4.1 Party A hereby represents, warrants and covenants as follows:

- 4.1.1 Party A is a wholly foreign owned enterprise legally established and validly existing in accordance with the laws of the PRC. Party A or the service providers designated by Party A will obtain all government permits and licenses for providing the service under this Agreement before providing such services.
- 4.1.2 Party A has taken all necessary corporate actions, obtained all necessary authorizations as well as all consents and approvals from third parties and government authorities (if required) for the execution, delivery and performance of this Agreement. Party A's execution, delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation.
- 4.1.3 This Agreement constitutes Party A's legal, valid and binding obligations, and shall be enforceable against it in accordance with its terms.

- 4.2 Party B hereby represents, warrants and covenants as follows:
- 4.2.1 Party B is a limited partnership legally established and validly existing in accordance with the laws of the PRC and has obtained and will maintain all permits and licenses for engaging in the Main Business.
 - 4.2.2 Party B has taken all necessary partnership actions, obtained all necessary authorizations as well as all consents and approvals from its partners, third parties and government agencies (if required) for the execution, delivery and performance of this Agreement. Party B's execution, delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation or any provisions explicitly provided in the partnership agreement or any of its supplementary documents.
 - 4.2.3 This Agreement constitutes Party B's legal, valid and binding obligations, and shall be enforceable against it in accordance with its terms.

5. **Term of Agreement**

- 5.1 This Agreement shall become effective upon execution by the Parties. Unless terminated in accordance with the provisions of this Agreement or terminated in writing by Party A, this Agreement shall remain effective.
- 5.2 During the term of this Agreement, each Party shall renew its operation term in a timely manner prior to the expiration thereof so as to enable this Agreement to remain effective. This Agreement shall be terminated upon the expiration of the operation term of a Party if the application for renewal of its operation term is not approved by relevant government authorities.
- 5.3 The rights and obligations of the Parties under Sections 3, 6, 7 and this Section 5.3 shall survive the termination of this Agreement.

6. **Governing Law and Disputes Resolution**

- 6.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of the PRC .
- 6.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's written request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the arbitration award shall be final and binding to all Parties. Each Party has the right to apply for enforcement of an arbitral award to a court of competent jurisdiction (including a Chinese court).

- 6.3 To the extent permitted by PRC laws and where appropriate, the arbitration tribunal may grant any remedies in accordance with the provisions of this Agreement and applicable PRC laws, including preliminary and permanent injunctive relief (such as injunction against carrying out business activities, or mandating the transfer of assets), specific performance of contractual obligations, remedies concerning the share of property in the partnership or assets of Party B and awards directing Party B to conduct liquidation.
- 6.4 To the extent permitted by PRC laws, when awaiting the formation of the arbitration tribunal or otherwise under appropriate conditions, either Party may seek preliminary injunctive relief or other interlocutory remedies from a court with competent jurisdiction to facilitate the arbitration. Without violating the applicable governing laws, the Parties agree that the courts of Hong Kong, Cayman Islands, China and the place where the main assets of Party A are located shall all be deemed to have competent jurisdiction.
- 6.5 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

7. **Breach of Agreement and Indemnification**

- 7.1 If Party B conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B to indemnify all damages. This Section 7.1 shall not prejudice any other rights of Party A herein.
- 7.2 Unless otherwise required by applicable laws, Party B shall not have any right to terminate this Agreement in any event.
- 7.3 Party B shall indemnify and hold harmless Party A from any losses, injuries, obligations or expenses caused by any lawsuit, claims or other demands against Party A arising from or caused by the services provided by Party A to Party B pursuant this Agreement, except where such losses, injuries, obligations or expenses arise from the gross negligence or willful misconduct of Party A.

8. Force Majeure

- 8.1 In the case of any force majeure events (“Force Majeure”) such as earthquake, typhoon, flood, fire, flu, war, strikes or any other events that cannot be predicted and are unpreventable and unavoidable by the affected Party, which directly causes the failure of either Party to perform or completely perform this Agreement, then the Party affected by such Force Majeure shall not take any responsibility for such failure, however it shall give the other Party written notices without any delay, and shall provide details of such event within 15 days after sending out such notice, explaining the reasons for such failure of, partial or delay of performance.
- 8.2 If such Party claiming Force Majeure fails to notify the other Party and furnish it with proof pursuant to the above provision, such Party shall not be excused from the non-performance of its obligations hereunder. The Party so affected by the event of Force Majeure shall use reasonable efforts to minimize the consequences of such Force Majeure and to promptly resume performance hereunder whenever the causes of such excuse are cured. Should the Party so affected by the event of Force Majeure fail to resume performance hereunder when the causes of such excuse are cured, such Party shall be liable to the other Party.
- 8.3 In the event of Force Majeure, the Parties shall immediately consult with each other to find an equitable solution and shall use all reasonable efforts to reduce the consequences of such Force Majeure.

9. Notices

- 9.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
 - 9.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.
 - 9.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

9.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attn: TME Legal Management Department - Investment and M&A

Email: []

Party B: Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attn: TME Legal Management Department - Investment and M&A

Email: []

9.3 Any Party may at any time change its address for notices by delivering notice to the other Party in accordance with the terms hereof.

10. Assignment

10.1 Without Party A's prior written consent, Party B shall not assign its rights and obligations under this Agreement to any third party.

10.2 Party B agrees that Party A may assign its obligations and rights under this Agreement to any third party and in case of such assignment, Party A is only required to give written notice to Party B and does not need any consent from Party B for such assignment.

11. Taxes and Fees

All taxes and fees incurred by each Party as a result of the execution and performance of this Agreement shall be borne by each Party respectively.

12. Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any aspect. The Parties shall negotiate in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

13. Amendments and Supplements

Any amendments and supplements to this Agreement shall be in writing. The amendment agreements and supplementary agreements that have been signed by the Parties and relate to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

14. **Language and Counterparts**

This Agreement is written in Chinese in two (2) originals with each Party having one copy.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Business Cooperation Agreement as of the date first above written.

Party A: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

By: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

**Party B: Beijing Yuzhong Entertainment Culture
Partnership (Limited Partnership)**

[Partnership Chop is affixed]

By: /s/ Chen Xing

Name: Chen Xing

Title: Authorized Representative of Executive Partner

Signature Page of Exclusive Business Cooperation Agreement between
Tencent Music (Beijing) Co., Ltd. and Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

Exclusive Option Agreement

This Exclusive Option Agreement (this “Agreement”) is executed by and among the following Parties as of July 14, 2020 in Beijing, the People’s Republic of China (“China” or the “PRC”):

Party A: **Tencent Music (Beijing) Co., Ltd.**, a wholly foreign-owned enterprise, organized and existing under the laws of the PRC, with its address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

Party B: **Beijing Gongse Enterprise Management Co., Ltd.**, a limited liability company, organized and existing under the laws of the PRC, with Unified Social Credit Code: 91110108MA01T49E9G; and
Yang Qihu, a Chinese Citizen with Identification No.: []; and
Gu Dejun, a Chinese Citizen, with Identification No. []; and
Zhou Jie, a Chinese Citizen with Identification No.: []; and
Chen Xing, a Chinese Citizen with Identification No.: []; and
Liang Yunheng, a Chinese Citizen with Identification No.: [].

Party C: **Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)**, a limited partnership, organized and existing under the laws of the PRC, with its address at Room 0124, 4th Floor, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing.

In this Agreement, Party A, Party B, and Party C shall each be referred to as a “Party” respectively, and shall be collectively referred to as the “Parties”.

Whereas:

1. Party B includes Beijing Gongse Enterprise Management Co., Ltd., Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing and Liang Yunheng. They are partners of Party C and as of the date hereof collectively hold 100 % of the share of property in of Party C, representing RMB1,000,000 in the registered capital of Party C. Beijing Gongse Enterprise Management Co., Ltd. as a general partner holds 0.0005% share of property in of Party C, representing RMB 5 in the registered capital thereof; Yang Qihu as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof; and Gu Dejun as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof; and Zhou Jie as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof; and Chen Xing as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof; and Liang Yunheng as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof.

2. Party B intends to irrevocably grant Party A an exclusive option to purchase all the share of property in Party C without prejudice of PRC laws, and Party A intends to accept such share of property in purchase option (defined as below).
3. Party C intends to irrevocably grant Party A an exclusive option to purchase its entire assets without prejudice to PRC laws, and Party A intends to accept such asset purchase option (defined as below).

After mutual discussions and negotiations, the Parties have now reached the following agreement:

1. Sale and Purchase of Share of Property and Assets

1.1 Option Granted

- 1.1.1 Whereas Party A paid Party B RMB 10 as consideration, and Party B confirmed the receipt and the sufficiency of such consideration, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a "Designee") to purchase the share of property in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by PRC laws and at the price described in Section 1.3 herein ("Share of Property Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Share of Property Purchase Option or other rights with respect to the share of property in Party B. Party C hereby agrees to the grant by Party B of the Share of property Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts, or non-corporate organizations.
- 1.1.2 Party C hereby exclusively, irrevocably and unconditionally grants Party A an irrevocable and exclusive right to require Party C to transfer part or all of company assets (the assets may be transferred in whole or in part at Party A's sole discretion and commercial consideration, "Purchased Asset") to Party A or its Designee to the extent permitted by PRC laws and under the terms and conditions herein ("Asset Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Asset Purchase Option or any other right with respect to Party C's assets. Party A agrees to accept such Asset Purchase Option.
- 1.1.3 Party B hereby jointly and severally agrees that Party C grants such Asset Purchase Option to Party A in accordance with Section 1.1.2 above and other terms herein, and the Purchased Asset may be transferred to Party A or Designee(s) by Party A when the Asset Purchase Option is exercised.

- 1.2 Steps for Exercise
- 1.2.1 The exercise of the Share of Property Purchase Option and the Asset Purchase Option by Party A shall be subject to the provisions of the laws and regulations of China.
- 1.2.2 When Party A exercises the Share of Property Purchase Option, a written notice shall be issued to Party B (the “Share of Property Purchase Option Notice”), specifying:(a) Party A’s or the Designee’s decision to exercise the Share of Property Purchase Option; (b) the portion of share of property to be purchased by Party A or the Designee from Party B (the “Optioned Shares of Property”); and (c) the date for purchasing the Optioned Shares of Property or the date for the transfer of the Optioned Shares of Property.
- 1.2.3 When Party A exercises the Asset Purchase Option, a written notice shall be issued to Party B (the “Asset Purchase Option Notice”), specifying:(a) Party A’s or the Designee’s decision to exercise the Asset Purchase Option; (b) the list of assets to be purchased by Party A or the Designee from Party B (the “Optioned Asset”); and (c) the date for purchasing the Optioned Asset or the date for the transfer of the Optioned Asset.
- 1.3 Purchase Price
- 1.3.1 The purchase price (“Benchmark Purchase Price”) of all share of property shall be RMB 10. If PRC law requires a minimum price higher than the Benchmark Purchase Price when Party A exercises the Share of Property Purchase Option, the minimum price regulated by PRC law shall be the purchase price (collectively, the “Share of Property Purchase Price”).
- 1.3.2 Party B undertakes that it shall transfer the full amount of Share of Property Purchase Price obtained by Party B to Party A’s designated bank account.
- 1.3.3 In terms of Asset Purchase Option, Party A or its Designee shall pay RMB 1 as the purchase price for each exercise of the Asset Purchase Option. If PRC law requires a minimum price higher than the aforementioned net book value of the assets, the minimum price regulated by PRC law shall be the purchase price (collectively, the “Asset Purchase Price”).
- 1.3.4 Party C undertakes that it shall transfer the full amount of Asset Interest Purchase Price obtained by Party C to Party A’s designated bank account.

1.4 Transfer of Optioned Shares of Property

For each exercise of the Share of property Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a partners' meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Shares of Property to Party A and/or the Designee(s).
- 1.4.2 Party B shall obtain written statements from the other partners (if any) of Party C giving consent to the transfer of the share of property to Party A and/or the Designee(s) and waiving any right of first refusal related thereto.
- 1.4.3 Party B shall execute a share of property transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Share of Property Purchase Option Notice regarding the Optioned Shares of Property.
- 1.4.4 The relevant Parties shall execute all other necessary contracts, agreements, or documents, obtain all necessary government licenses and permits, and take all necessary actions to transfer the valid ownership of the Optioned Shares of Property to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Shares of Property. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention, or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Share of property Pledge Agreement, and Party B's Power of Attorney. "Party B's Share of Property Pledge Agreement" as used in this Agreement shall refer to the Share of Property Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modifications, amendments, and restatements thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with a power of attorney and any modifications, amendments, and restatements thereto.

1.5 Transfer of Purchased Assets

For each exercise of the Asset Purchase Option:

- 1.5.1 Party C shall obtain all necessary internal authorizations in accordance with Party B's then effective articles of association.
- 1.5.2 Party C shall enter into an asset transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Asset Purchase Option Notice regarding the Purchased Assets.

- 1.5.3 The relevant Parties shall execute all other necessary contracts, agreements, or documents, obtain all necessary government licenses and permits, and take all necessary actions to transfer the valid ownership of the Purchased Assets to Party A and/or the Designee(s), unencumbered by any security interests.

2. Covenants

2.1 Covenants regarding Party C

Party B (as partners of Party C) and Party C hereby covenant on the following:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change, or amend the partnership agreement of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners.
- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards and practices, as well as obtain and maintain all necessary government licenses and permits by prudently and effectively operating its business and handling its affairs.
- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage, or dispose of in any manner any material assets of Party C or legal or beneficial interest in the material business or revenues of Party C of more than RMB 100,000, or allow the encumbrance thereon of any security interests.
- 2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee, or suffer the existence of any debt, except for (i) payables incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A which Party A's written consent has been obtained.
- 2.1.5 They shall always operate all of Party C's businesses within the normal business scope to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value.
- 2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any material contract, except the contracts in the ordinary course of business (for the purpose of this subsection, a contract with a price exceeding RMB 100,000 shall be deemed a material contract).
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with a loan or credit.

- 2.1.8 They shall provide Party A with information on Party C's business operations and financial condition upon Party A's request.
- 2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses and own similar assets in the same area.
- 2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire, or invest in any person.
- 2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to Party C's assets, business, or revenue.
- 2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims.
- 2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute profits to its partners, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its partners.
- 2.1.14 At the request of Party A, they shall appoint any person designated by Party A as authorized representative of executive partner or any other person authorized to execute partnership affairs of Party C.
- 2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates.
- 2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquidated without prior written consent by Party A.

2.2 Covenants of Party B

Party B hereby covenants to the following:

- 2.2.1 Without the prior written consent of Party A, at any time from the date of execution of this Agreement, Party B shall not sell, transfer, mortgage, or dispose of in any other manner any legal or beneficial interest in the share of property in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Share of Property Pledge Agreement and Party B's Power of Attorney.

- 2.2.2 Party B shall cause all partners and the authorized representative of executive partner of Party C not to approve any sale, transfer, mortgage, or disposition in any other manner of any legal or beneficial interest in the share of property in Party C held by Party B, or allow the encumbrance thereon of any other security interest without the prior written consent of Party A, except for the interest placed in accordance with Party B's Share of Property Pledge Agreement and Party B's Power of Attorney.
- 2.2.3 Without the prior written consent of Party A, Party B shall cause all partners and the authorized representative of executive partner of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person.
- 2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to the share of property in Party C held by Party B.
- 2.2.5 Party B shall cause all partners of Party C to vote their approval of the transfer of the Optioned Shares of Property as set forth in this Agreement and to take any and all other actions that may be requested by Party A.
- 2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims.
- 2.2.7 Party B shall appoint any designee of Party A as the authorized representative of executive partner or any other person authorized to execute partnership affairs of Party C, at the request of Party A.
- 2.2.8 Party B hereby waives its right of first refusal with respect to the transfer of share of property by any other partner of Party C to Party A (if any), and gives consent to the execution by each other partner of Party C with Party A and Party C the exclusive option agreement, the share of property pledge agreement and the power of attorney similar to this Agreement, Party B's Share of Property Pledge Agreement and Party B's Power of Attorney, and accepts not to take any actions in conflict with such documents executed by the other partners.
- 2.2.9 Party B shall promptly donate any profits, dividends, or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under the applicable PRC laws. And

2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C, and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the share of property subject to this Agreement hereunder or under Party B's Share of Property Pledge Agreement or under Party B's Power of Attorney, Party B shall not exercise such rights excluding in such manner in accordance with the written instructions of Party A.

3. Representations and Warranties

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer, that:

- 3.1 They have the power, capacity, and authority to execute and deliver this Agreement and any share of property transfer contracts to which they are parties concerning each transfer of the Optioned Shares of Property as described thereunder (each, a "Transfer Contract"), and to perform their obligations under this Agreement and any Transfer Contract. Party B and Party C agree to enter into Transfer Contracts substantially consistent with the terms of this Agreement upon Party A's exercise of the Share of Property Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid, and binding obligations, and shall be enforceable against them in accordance with the provisions thereof.
- 3.2 Party B and Party C have obtained any and all approvals and consents from the relevant government authorities and third parties (if required) for the execution, delivery, and performance of this Agreement.
- 3.3 The execution and delivery of this Agreement or any Transfer Contract and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violations of any applicable PRC laws; (ii) be inconsistent with the articles of association, bylaws, or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them.
- 3.4 Party B has a good and merchantable title to the share of property held by Party B in Party C. Except for Party B's Share of Property Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such share of property.
- 3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets.

- 3.6 Party C does not have any outstanding debts, except for (i) debt incurred within its normal business scope; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions. And
- 3.8 There is no pending or threatened litigation, arbitration, or administrative proceedings relating to the share of property in Party C, assets of Party C, or Party C itself.

4. Effective Date and Term

This Agreement shall become effective upon execution by the Parties, and remain in effect until all share of property held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

5. Governing Law and Disputes Resolution

5.1 Governing Law

The execution, effectiveness, interpretation, performance, amendment, and termination of this Agreement as well as any dispute resolution hereunder shall be governed by the laws of the PRC.

5.2 Methods of Disputes Resolution

In the event of any dispute arising with respect to the construction and performance of this Agreement, the Parties shall first attempt to resolve the dispute through friendly negotiations. In the event that the Parties fail to reach an agreement on the dispute within 30 days after either Party's written request to the other Parties for dispute resolution through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the arbitration award shall be final and binding to all Parties.

Each Party agrees that the arbitral tribunal or arbitrator shall have the right to give any remedies, including preliminary and permanent injunctive relief (such as injunction against carrying out business activities, or mandating the transfer of assets), specific performance of contractual obligations, remedies concerning the share of property or assets of Party C and awards directing Party C to conduct liquidation.

To the extent permitted by PRC laws, when awaiting the formation of the arbitration tribunal or otherwise under appropriate conditions, either Party may seek preliminary injunctive relief or other interlocutory remedies from a court with competent jurisdiction to facilitate the arbitration. Without violating the applicable governing laws, the Parties agree that the courts of Hong Kong SAR, Cayman Islands, China and the place where the main assets of Party C are located shall all be deemed to have competent jurisdiction.

Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

6. Taxes and Fees

Each Party shall pay any and all transfer and registration taxes, expenses, and fees incurred thereby or levied thereon in accordance with the laws of the PRC in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

7. Notices

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, prepaid postage, commercial courier services, or facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, courier services, registered mail, or prepaid postage shall be deemed effectively given on the date of receipt or refusal at the address specified for such notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of the transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road,
Chaoyang District, Beijing

Attn: TME Legal Management Department - Investment M&A

Email: []

Party B:

Name: **Beijing Gongse Enterprise Management Co., Ltd.**

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road,
Chaoyang District, Beijing

Attn: TME Legal Management Department - Investment M&A

Email: []

Name: **Yang Qihu**
Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road,
Chaoyang District, Beijing
Email: []

Name: **Gu Dejun**
Address: 17F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen
Email: []

Name: **Zhou Jie**
Address: 17F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen
Email: []

Name: **Chen Xing**
Address: 8th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road,
Chaoyang District, Beijing
Email: []

Name: **Liang Yunheng**
Address: 20F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen
Email: []

Party C: Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)
Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road,
Chaoyang District, Beijing
Attn: TME Legal Management Department - Investment M&A
Email: []

7.3 Any Party may at any time change its address for notices by having a notice delivered to the other Parties in accordance with the terms hereof.

8. Confidentiality

The Parties acknowledge that the existence and the terms of this Agreement, and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain the confidentiality of all such confidential information, and without obtaining the written consent of other Parties, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be featured in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, partners, authorized representative of partners, directors, employees, legal counsels, or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, partners, authorized representative of partners, employees, legal counsels, or financial advisors shall be bound by the confidential obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, partners, authorized representative of partners, director, employees of, or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and that Party shall be held liable for breach of this Agreement.

9. Further Warranties

The Parties agree to promptly execute the documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and to take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

10. Breach of Agreement

- 10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B or Party C to compensate all damages This Section 10 shall not prejudice any other rights of Party A herein.
- 10.2 Party B or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by the applicable laws.

11. Force Majeure Event

- 11.1 "**Force Majeure Event**" means any event that is beyond one Party's scope of reasonable control, and is unavoidable under the affected Party's reasonable care, including but not limited to, natural disasters, wars, riots, etc. However, lack of credit, funding or financing may not be considered as beyond one Party's reasonable control. When the implementation of this Agreement is delayed or hindered due to any Force Majeure Event, the affected Party shall not bear any liability for such delayed and hindered performance under this Agreement. The Party affected by Force Majeure Event seeking to waive any liability under this Agreement shall notify the other Party as soon as possible of the exemption and the steps to be taken to complete the performance.
- 11.2 The Party affected by Force Majeure Event shall not bear any liability under this Agreement. The Party seeking to waive liability can only be exempted when he affected Party has made reasonable and feasible efforts to perform this Agreement and such exemption shall be limited to such delayed and hindered performance. Once the reasons for such exemption are corrected and remedied, the Parties agree to use their best efforts to perform this Agreement.

12. Miscellaneous

12.1 Amendments, changes, and supplements

Any amendments, changes, and supplements to this Agreement shall require the execution of a written agreement by all of the Parties.

12.2 Entire agreement

Except for the amendments, supplements, or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supersede all prior oral and written consultations, representations, and contracts reached with respect to the subject matter of this Agreement.

12.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain, or otherwise affect the meanings of the provisions of this Agreement.

12.4 Language

This Agreement is written in Chinese in eight (8) originals, with each Party having one copy.

12.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal, or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality, or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal, or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by the relevant laws and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal, or unenforceable provisions.

12.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

12.7 Survival

12.7.1 Any obligations that occur or are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

12.7.2 The provisions of Sections 5, 8, 10 and this Section 12.7 shall survive the termination of this Agreement.

12.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall be deemed as a waiver by such Party with respect to any similar breach in other circumstances.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the authorized representatives of the Parties have executed this Exclusive Option Agreement as of the date first above written.

Party A: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

By: /s/ Yang Qihu
Name: Yang Qihu
Title: Legal Representative

Party B:

Name: **Beijing Gongse Enterprise Management Co., Ltd.**

[Company Chop is affixed]

By: /s/ Gu Dejun
Name: Gu Dejun
Title: Legal Representative

By: /s/ Gu Dejun

Name: Gu Dejun

By: /s/ Zhou Jie

Name: Zhou Jie

By: /s/ Chen Xing

Name: Chen Xing

By: /s/ Liang Yunheng

Name: Liang Yunheng

By: /s/ Yang Qihu

Name: Yang Qihu

Party C: Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

[Partnership Chop is affixed]

By: /s/ Chen Xing

Name: Chen Xing

Title: Authorized Representative of Executive Partner

Signature Page of Exclusive Option Agreement among Tencent Music (Beijing) Co., Ltd. and Beijing Gongse Enterprise Management Co., Ltd., Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing, Liang Yunheng and Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

Share of Property Pledge Agreement

This Share of Property Pledge Agreement (the “**Agreement**”) is entered into by and among the following Parties on July 14, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

Party A: Tencent Music (Beijing) Co., Ltd. (the “**Pledgee**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

Party B: Beijing Gongse Enterprise Management Co., Ltd., a limited liability company, organized and existing under the laws of the PRC, with Unified Social Credit Code: 91110108MA01T49E9G; and

Yang Qihu, a Chinese citizen with Chinese Identification No. []; and

Gu Dejun, a Chinese citizen with Chinese Identification No. []; and

Zhou Jie, a Chinese citizen with Chinese Identification No. []; and

Chen Xing, a Chinese citizen with Chinese Identification No. []; and

Liang Yunheng, a Chinese citizen with Chinese Identification No. [].

(The aforesaid Beijing Gongse Enterprise Management Co., Ltd., Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing and Liang Yunheng hereinafter referred to as a “**Pledgor**” respectively and as the “**Pledgors**” collectively);

Party C: Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership), a limited partnership, organized and existing under the laws of the PRC, with its address at Room 0124, 4th Floor, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing.

In this Agreement, each of the Pledgee, the Pledgors and Party C shall be referred to as a “**Party**” respectively or as the “**Parties**” collectively.

Whereas:

- The Pledgor Beijing Gongse Enterprise Management Co., Ltd. is a limited liability company, organized and existing under the laws of the PRC; the pledgors Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing and Liang Yunheng are Chinese citizens. As of the date of this Agreement, the investors hold an aggregate of 100% of the share of property in Party C, representing the registered capital of RMB 1,000,000. (1) Beijing Gongse Enterprise Management Co., Ltd. as a general partner holds 0.0005% of share of property in Party C, representing RMB 5 in the registered capital thereof; (2) Yang Qihu as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof; (3) Gu Dejun as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof; (4) Zhou Jie as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof; (5) Chen Xing as a limited partner holds 19.9999% of the share of property in Party C, representing RMB 199,999 in the registered capital thereof; (6) Liang Yunheng as a limited partner holds 19.9999% of share of property in Party C, representing RMB 199,999 in the registered capital thereof. Party C is a limited partnership established in Beijing China and engages in “organization of cultural and artistic exchange activities (excluding commercial performance); business management; business management consulting; business planning; market research; copyright transfer; copyright agency; design, production, agency and release of advertisements; technology development, technology services, technology consultation and technology transfer”. Party C hereby acknowledges the rights and obligations of the Pledgors and the Pledgee under this Agreement and intends to provide any necessary assistance in registering the Pledge.

2. The Pledgee is a wholly foreign-owned enterprise registered in China. The Pledgee and Party C have executed an Exclusive Business Cooperation Agreement in Beijing (as defined below). The Pledgee, the Pledgors and Party C have executed an Exclusive Option Agreement (as defined below). The Pledgee and Pledgors have executed a Loan Agreement (as defined below). Each of the Pledgors has executed a Power of Attorney in favor of the Pledgee (as defined below).
3. To ensure that Party C and the Pledgors fully perform its or their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney, the Pledgors pledge to the Pledgee all the share of property they hold in Party C as security for the performance of Party C' and the Pledgors' obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and Offset Agreement and the Power of Attorney.

To perform the terms of the Transaction Documents, the Parties have mutually agreed to execute this Agreement upon the following terms.

1. Definitions

Unless otherwise provided in this Agreement, the terms below shall have the following meanings:

- 1.1. **Pledge:** means the security interest granted by the Pledgors to the Pledgee pursuant to Section 2 of this Agreement, i.e., the right of the Pledgee to be compensated on a preferential basis with any proceeds received from conversion, auction or sale of the Pledged Share of Property.

- 1.2. **Pledged Share of Property:** means 100% of the share of property in Party C collectively held by the Pledgors now, representing RMB 1,000,000 of Party C's registered capital, and all the future share of property in Party C held by the Pledgors.
- 1.3. **Term of Pledge:** means the term set forth in Section 3.1 of this Agreement.
- 1.4. **Transaction Documents:** means the Exclusive Business Cooperation Agreement entered into by and between Party C and the Pledgee on July 14, 2020 in Beijing (the "**Exclusive Business Cooperation Agreement**"); the Exclusive Option Agreement entered into by and among the Pledgors, Party C and the Pledgee on July 14, 2020 in Beijing (the "**Exclusive Option Agreement**"); the Loan Agreements entered into by and between the Pledgee and each of the Pledgors respectively on July 14, 2020 (the "**Loan Agreement**"); the Power of Attorney executed by each of the Pledgors respectively on July 14, 2020 in Beijing (the "**Power of Attorney**"), and any amendments, revisions and/or restatements to the aforesaid documents.
- 1.5. **Contractual Obligations:** means all the obligations of the Pledgors under the Exclusive Option Agreement, the Power of Attorney and this Agreement, and all the obligations of Party C under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and this Agreement.
- 1.6. **Secured Indebtedness:** means all direct, indirect, consequential losses and losses of anticipated profits suffered by the Pledgee as a result of any Event of Default of the Pledgors and/or Party C, of which the basis for the amount of such losses includes without limitation reasonable business plans and profit forecasts of the Pledgee, the service fees that Party C is obliged to pay under Exclusive Business Cooperation Agreement, as well as all expenses as incurred by the Pledgee in connection with its enforcement for the performance of Contractual Obligations against the Pledgors and/or Party C.
- 1.7. **Event of Default:** means any circumstances as set forth in Section 7 of this Agreement.
- 1.8. **Notice of Default:** means the notice issued by the Pledgee in accordance with this Agreement declaring an Event of Default.

2. The Pledge

- 2.1. The Pledgors hereby agree to pledge to the Pledgee the Pledged Share of Property in accordance with this Agreement as security for the performance of the Contractual Obligations and the repayment of the Secured Indebtedness. Party C hereby agrees for the Pledgors to pledge the Pledged Share of Property to the Pledgee in accordance with this Agreement.

- 2.2. During the Term of Pledge, the Pledgee is entitled to receive any dividends or distributions in respect of the Pledged Share of Property. With the prior written consent of the Pledgee, the Pledgors may collect such dividends or distributions in respect of the Pledged Share of Property. Any dividends or distributions received by the Pledgee in respect of the Pledged Share of Property after deduction of income tax paid by Pledgors shall, upon the Pledgee's request, (1) be deposited into a bank account designated by the Pledgee, be placed under the custody of the Pledgee, be used as security for the Contractual Obligations and be first applied towards full satisfaction of the Secured Indebtedness; or (2) to the extent permitted by the PRC laws, be unconditionally donated to the Pledgee or any person designated by the Pledgee.
- 2.3. With the prior written consent of the Pledgee, the Pledgors may subscribe for increased capital in Party C. Any increase in the capital contributed by the Pledgors to the registered capital of Party C as a result of any capital increase shall also be deemed as the Pledged Share of Property.
- 2.4. In the event that Party C is to be dissolved or liquidated as required by any mandatory rules of the PRC laws, upon the lawful completion of such dissolution or liquidation procedure, any proceeds distributed by Party C to the Pledgors shall, upon the Pledgee's request, (1) be deposited into a bank account designated by the Pledgee, be placed under the custody of the Pledgee, and be used as security for the Contractual Obligations and be first applied towards full satisfaction of the Secured Indebtedness; or (2) to the extent permitted by the PRC laws, be unconditionally donated to the Pledgee or any person designated by the Pledgee.

3. **Term of Pledge**

- 3.1. The Pledge shall become effective on the date of execution of this Agreement and shall be continuously valid until full performance of the Contractual Obligations and full satisfaction of the Secured Indebtedness. The Pledgors and Party C shall, (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the relevant administration for industry and commerce for the registration of the Pledge contemplated herein within 30 business days following the execution of this Agreement. The Parties covenant that for the purpose of registration of the Pledged Share of Property, the Parties and other partners of Party C shall submit to the administration of industry and commerce this Agreement or a share of property pledge agreement in the form required by the administration of industry and commerce of where Party C locates, which shall truly reflect the information of the Pledge hereunder (the "**AIC Pledge Agreement**"). For matters not specified in the AIC Pledge Agreement, the parties shall be bound by the provisions of this Agreement. The Pledgors and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant administration of industry and commerce, to ensure that the Pledge shall be registered as soon as possible after filing.

- 3.2. During the Term of Pledge, in the event the Pledgors and/or Party C fail to fulfill the Contractual Obligations or pay the Secured Indebtedness, the Pledgee shall be entitled to, but not be obliged to, exercise the Pledge in accordance with this Agreement.

4. Custody for Certificates of the Pledge

- 4.1. During the Term of Pledge, the Pledgors shall deliver to the Pledgee within one (1) week following the execution of this Agreement the certificate of capital contributions of share of property to Party C and the register of partners which records the Pledge. The Pledgee will place such documents in custody throughout the entire Term of Pledge specified in this Agreement.

5. Representations and Warranties of the Pledgors and Party C

The Pledgors and Party C hereby severally and jointly represent and warrant to the Pledgee as of the date hereof as follows:

- 5.1. The Pledgors, Beijing Gongse Enterprise Management Co., Ltd., Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing and Liang Yunheng, are the legal and beneficial owners of the Pledged Share of Property.
- 5.2. The Pledgee is entitled to dispose of and transfer the Pledged Share of Property in accordance with this Agreement.
- 5.3. Except for the Pledge, the Pledgors have not created any other pledges or other security interest on the Pledged Share of Property.
- 5.4. The Pledgors and Party C have obtained all necessary approvals and consents from government authorities and third parties (if any) in connection with the execution, delivery and performance of this Agreement.
- 5.5. The execution, delivery and performance of this Agreement do not (i) result in any violation of any relevant PRC laws; (ii) result in any conflict with the articles of association or other constitutional documents of Party C; (iii) result in any breach of any agreement to which it is a party or by which it is bound, or constitute any default under any agreement to which it is a party or by which it is bound; (iv) result in any breach of any permit or license issued or granted to it and/or any condition of the validity thereof; or (v) result in the revocation or suspension of, or imposition of conditions on, any permit or license issued to it.

6. Undertakings by the Pledgors and Party C

- 6.1. During the Term of Pledge, the Pledgors and Party C severally and jointly undertake to the Pledgee that:
- 6.1.1. Without the prior written consent of the Pledgee, the Pledgors shall not transfer the Pledged Share of Property, create or permit to be created any security interest or other encumbrances on the Pledged Share of Property, except for the performance of the Transaction Documents.
- 6.1.2. The Pledgors and Party C shall comply with the provisions of all the laws and regulations relating to the pledge of rights, and shall, within five (5) days upon receipt of any notice, order or recommendation issued or promulgated by the relevant competent authorities regarding the Pledge, present such notice, order or recommendation to the Pledgee, and concurrently comply with such notice, order or recommendation, or object thereto upon the reasonable request or consent of the Pledgee.
- 6.1.3. The Pledgors and Party C shall promptly notify the Pledgee of any event or notice received by the Pledgors that may have an impact on the Pledged Share of Property or any portion thereof, and that may change any undertakings and obligations of the Pledgors hereunder or may have an impact on the fulfillment of any obligations by the Pledgors hereunder.
- 6.1.4. Party C shall complete its business term extension registration formalities three (3) months prior to the expiry of its business term such that the validity of this Agreement shall be maintained.
- 6.2. The Pledgors agree that the rights granted to the Pledgee in respect of the Pledge hereunder shall not be interrupted or harmed by any legal procedure initiated by the Pledgors, any successors of the Pledgors or their entrusting party or any other persons.
- 6.3. The Pledgors undertake to the Pledgee that in order to protect or perfect the security for the Contractual Obligations and the Secured Indebtedness under this Agreement, the Pledgors shall execute in good faith and cause other parties who have interests in the Pledge to execute all the certificates of rights, agreements, and/or perform and procure other parties who have interests in the Pledge to perform acts as required by the Pledgee, facilitate the exercise of the Pledgee's rights granted hereunder and enter into all relevant documents regarding ownership of the Pledged Share of Property with the Pledgee or any person (individuals or legal persons) designated by the Pledgee, as well as provide the Pledgee with all notices, orders and decisions regarding the Pledge as required by the Pledgee within a reasonable period of time.

6.4. The Pledgors hereby undertake to the Pledgee to comply with and perform all the undertakings, representations and warranties and terms hereunder. In the event that the Pledgors fail to perform or fail to fully perform such undertakings, representations and warranties and terms hereunder, the Pledgors shall indemnify the Pledgee against all the losses resulting therefrom.

7. Event of Default

7.1. Each of the following circumstances shall constitute an Event of Default:

7.1.1. The Pledgors breach any of its obligations under the Transaction Documents and/or this Agreement.

7.1.2. Party C breaches any of its obligations under the Transaction Documents and/or this Agreement.

7.2. Should there arises any event set forth in Section 7.1 or any circumstance that may result in the foregoing events, the Pledgors and Party C shall immediately notify the Pledgee in writing.

7.3. Unless an Event of Default set forth in this Section 7.1 has been remedied at the request of the Pledgee within twenty (20) days upon receipt of the notice of the Pledgee to the Pledgors and/or Party C requesting the rectification of such Event of Default, the Pledgee may issue a Notice of Default to the Pledgors in writing at any time thereafter, requesting the exercise of the Pledge in accordance with Section 8 hereof.

8. Exercise of the Pledge

8.1. The Pledgee shall issue a Notice of Default to the Pledgors for the exercise of the Pledge.

8.2. Subject to the provisions of Section 7.3, the Pledgee may exercise its right to dispose of the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Upon the Pledgee's exercise of its right to dispose of the Pledge, the Pledgors shall no longer own any right and interest in respect of the Pledged Share of Property.

8.3. Upon the issuance of the Notice of Default in accordance with Section 8.1, the Pledgee is entitled to exercise all the remedies, rights and powers available to it under the PRC laws, the Transaction Documents and this Agreement, including without limitation to converse, auction or sell the Pledged Share of Property for prior satisfaction of indebtedness. The Pledgee shall not be held liable for any losses arising from its reasonable exercise of such rights and powers.

- 8.4. The proceeds received by the Pledgee as a result of the exercise of the Pledge shall be first applied towards payment of the taxes and expenses payable in connection with the disposal of the Pledged Share of Property and the performance of the Contractual Obligations and the repayment of the Secured Indebtedness to the Pledgee. Any remaining balance after the deduction of the foregoing payments, if any, shall be returned to the Pledgors or any other person who is entitled to such balance under applicable laws and regulations, or be deposited with the notary public at the place where the Pledgee is located, any costs incurred arising out of such deposit shall be borne by the Pledgors; and to the extent permitted by the PRC laws, the Pledgors shall unconditionally donate such balance to the Pledgee or any person designated by the Pledgee.
- 8.5. The Pledgee shall be entitled to elect to exercise, simultaneously or successively, any of its breach of contract remedies; the Pledgee shall not be required to first exercise other breach of contract remedies prior to exercising its right to converse, auction or sell the Pledged Share of Property hereunder.
- 8.6. The Pledgee shall be entitled to designate in writing its legal counsel or other agents to exercise on its behalf the Pledge, and neither the Pledgors nor Party C shall object thereto.
- 8.7. When the Pledgee disposes of the Pledge in accordance with this Agreement, the Pledgors and Party C shall provide necessary assistance to the Pledgee for its exercise of the Pledge.

9. Default Liabilities

- 9.1. In the event that the Pledgors or Party C materially breach any provision under this Agreement, the Pledgee is entitled to terminate this Agreement and/or claim damages from the Pledgors or Party C; this Section 9 shall not preclude any other rights entitled to the Pledgee as provided under this Agreement.
- 9.2. The Pledgors or Party C may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.

10. Assignment

- 10.1. The Pledgors and Party C shall not donate, transfer or dispose of their rights and obligations under this Agreement without prior written consent of the Pledgee.
- 10.2. This Agreement shall be binding upon the Pledgors and its successors and any permitted assignees, and effective upon the Pledgee and each of its successors and assignees.

- 10.3. The Pledgee may assign any or all of its rights and obligations under the Transaction Documents and this Agreement to any person designated by it at any time. In this case, the assignee shall enjoy and assume the rights and obligations of the Pledgee under the Transaction Documents and this Agreement as if the assignee were a party hereto or thereto, as applicable.
- 10.4. In the event of a change of Pledgee due to assignment, the Pledgors shall, at the request of the Pledgee, execute a new pledge agreement with the new pledgee with the same terms and conditions as this Agreement, and register such new pledge with the relevant administration for industry and commerce.
- 10.5. The Pledgors and Party C shall strictly comply with the provisions of this Agreement and other relevant agreements to which any Party is a party, including the Transaction Documents, and perform the obligations thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Unless with the written instructions of the Pledgee, the Pledgors shall not exercise their remaining rights in respect of the Pledged Share of Property.

11. Termination

- 11.1. Upon the full and complete performance by the Pledgors and Party C of all of their Contractual Obligations and full satisfaction of the Secured Indebtedness, the Pledgee shall, upon the Pledgors' request, release the Pledge of the Pledged Share of Property hereunder and cooperate with the Pledgors in relation to both the deregistration of the Pledge of the Pledged Share of Property in the shareholders' register of Party C and the deregistration of the Pledge of the Pledged Share of Property with the relevant administration of industry and commerce.
- 11.2. The provisions under Section 9, Section 13, Section 14 and this Section 11.2 shall survive the termination of this Agreement.

12. Costs and Other Expenses

All costs and actual expenses arising in connection with this Agreement, including without limitation the legal fees, processing fees, stamp duty, any other taxes and expenses, shall be borne by Party C.

13. Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, partners, authorized representative of executive partners, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, partners, authorized representative of executive partners, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, partners, authorized representative of executive partners, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

14. Governing Law and Disputes Resolution

- 14.1. The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the laws of the PRC.
- 14.2. Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Parties for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 14.3. The Parties agree that the arbitral tribunal or the arbitrator shall have the right to award any remedies in accordance with the terms hereunder and applicable PRC laws, including without limitation temporary and permanent injunctive remedies (as required by the business operation of Party C or compulsory transfer of the assets), the specific performance of the Contractual Obligations, the remedies in respect of Party C's share of property or real estates, and the liquidation orders against Party C.

- 14.4. To the extent permitted by PRC laws, pending the formation of an arbitral tribunal or under the appropriate circumstances, the Parties are entitled to resort to a court of competent jurisdiction for temporary injunctive remedies or other temporary remedies to support the arbitration. In this regard, the Parties reached a consensus that to the extent as permitted by applicable laws, the courts in Hong Kong, the Cayman Islands, the PRC and the place where Party C's major assets are located shall be deemed to have jurisdiction.
- 14.5. Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

15. Notices

- 15.1. All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
- 15.2. Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered on the date of receipt or refusal at the address specified for notices.
- 15.3. Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 15.4. For the purpose of notification, the addresses of the Parties are as follows:

Party A: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, C7, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

E-mail: []

Party B:

Name: Beijing Gongse Enterprise Management Co., Ltd.

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

E-mail: []

Name: Yang Qihu
Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing
E-mail: []

Name: Gu Dejun
Address: 17th Floor, Songri Dingsheng Building, No.9996 Shennan Road, Nanshan District, Shenzhen
E-mail: []

Name: Zhou Jie
Address: 17F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen
E-mail: []

Name: Chen Xing
Address: 8th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing
Email: []

Name: Liang Yunheng
Address: 20F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen
E-mail: []

Party C: Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)
Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing
Attention: TME Legal Management Department - Investment M&A
E-mail: []

15.5. Each Party may at any time change its address for notices by delivering a notice to the other Parties in accordance with this Section.

16. Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

17. Effectiveness

- 17.1. This Agreement comes into effect upon duly execution by all the Parties.
- 17.2. Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon signing or stamping by the Parties and completion of the governmental registration procedures (if applicable) in accordance with the regulations.

18. Language and Counterparts

This Agreement is written in Chinese in nine (9) originals, with each of the Pledgee, the Pledgors (Beijing Gongse Enterprise Management Co., Ltd., Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing and Liang Yunheng) and Party C holding one(1) original, and the other one original will be submitted for registration.

[The remainder of this page is intentionally left blank]

IN WITNESS HEREOF, the Parties have caused this Share of Property Pledge Agreement to be executed by their respective authorized representative on the date first above written.

Party A: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

Party B:

Name: Beijing Gongse Enterprise Management Co., Ltd.

By: /s/ Gu Dejun

Name: Gu Dejun

[Company Chop is affixed]

By: /s/ Gu Dejun

Name: Gu Dejun

Title: Legal Representative

By: /s/ Zhou Jie

By: /s/ Chen Xing

Name: Zhou Jie

Name: Chen Xing

By: /s/ Liang Yunheng

By: /s/ Yang Qihu

Name: Liang Yunheng

Name: Yang Qihu

Party C: Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

[Partnership Chop is affixed]

By: /s/ Chen Xing

Name: Chen Xing

Title: Authorized Representative of Executive Partner

Signature Page of Share Property Pledge Agreement among Tencent Music (Beijing) Co., Ltd. and
Beijing Gongse Enterprise Management Co., Ltd., Yang Qihu, Gu Dejun, Zhou Jie, Chen Xing, Liang Yunheng and Beijing Yuzhong
Entertainment Culture Partnership (Limited Partnership)

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on July 14, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Beijing Gongse Enterprise Management Co., Ltd.** (the “**Borrower**”), a limited liability company, organized and existing under the laws of the PRC, with its address at Room 0142, 4th Floor, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 0.0005% of the share of property in Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) (the “**Beijing Yuzhong**”). All the existing and future partnership rights and interests the Borrower holds in the Beijing Yuzhong are referred to as the “**Borrower’s Share of Property**”;
2. The Lender agrees to provide a loan in the amount of RMB 5 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 Loan

- 1.1 The Lender agrees to provide a loan in the amount of RMB 5 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:

- 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;

- 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;
 - 1.1.3 the Borrower is no longer the partner of the Beijing Yuzhong, or resigns from the Lender, the Beijing Yuzhong or its affiliates, regardless of the reasons thereof;
 - 1.1.4 the Borrower or its shareholders, directors, supervisors and senior management commit a crime or is involved in a crime;
 - 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Yuzhong in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement regarding all share of property and assets of Beijing Yuzhong (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
 - 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warrants to use the Loan to pay for its investment or increase in the registered capital of the Beijing Yuzhong or the working capital of the Beijing Yuzhong. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
 - 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Share of Property under the Exclusive Option Agreement, transfer all the share of property in the Beijing Yuzhong to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of share of property in the Beijing Yuzhong (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
 - 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Share of Property at any time, at a price as specified in the Exclusive Option Agreement.

- 1.6 The Borrower also warrants to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a partner in the Beijing Yuzhong.
- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower’s Share of Property from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
 - 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
 - 2.2.1 the Borrower is a company duly incorporated and validly existing under the PRC laws
 - 2.2.2 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and

- 2.2.4 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the partner of the Beijing Yuzhong that during the term of this Agreement he will procure the Beijing Yuzhong:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Yuzhong to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement among the Borrower, Beijing Yuzhong and the Lender;
 - 3.2.2 at the request of the Lender, execute Beijing Yuzhong’s partnership affairs in accordance with Beijing Yuzhong’s partnership agreement and its supplementary documents;

- 3.2.3 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Share of Property Pledge Agreement (together with its amendments from time to time, the “**Share of Property Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
- 3.2.4 except as provided under the Share of Property Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Share of Property, or allow creation of any other security interests thereupon;
- 3.2.5 to procure the partners and/or the board of directors of the Beijing Yuzhong not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower’s Share of Property, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.6 to procure the partners and/or the board of the directors of the Beijing Yuzhong not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.7 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower’s Share of Property;
- 3.2.8 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower’s Share of Property;
- 3.2.9 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Yuzhong without prior written consent from the Lender;
- 3.2.10 to appoint any person as nominated by the Lender to the board of the Beijing Yuzhong upon the request of the Lender;
- 3.2.11 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower’s Share of Property to the Lender or any person as designated by it, and procure any other partner of the Beijing Yuzhong to waive the right of first refusal regarding such transfer of share of property under this Section;

- 3.2.12 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other partner of the Beijing Yuzhong to transfer unconditionally and immediately all the share of property owned by such partner to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of share of property under this Section;
- 3.2.13 if the Lender purchases the Borrower's Share of Property from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and
- 3.2.14 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 10/1000 until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:

5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.

5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

Email: []

The Borrower: Beijing Gongse Enterprise Management Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, partners and their authorized representative, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

- 7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.
- 7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

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- 8.5 The attachment to this Agreement (if any) is an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Beijing Gongse Enterprise Management Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Gu Dejun

Name: Gu Dejun

Title: Legal Representative

Signature Page of Loan Agreement between Tencent Music (Beijing) Co., Ltd. and
Beijing Gongse Enterprise Management Co., Ltd.

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on July 14, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Yang Qihu** (the “**Borrower**”), a Chinese citizen with Identification No. [].

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 19.9999% of the share of property in Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) (the “**Beijing Yuzhong**”). All the existing and future partnership rights and interests the Borrower holds in the Beijing Yuzhong are referred to as the “**Borrower’s Share of Property**”;
2. The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 **Loan**

- 1.1 The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:
 - 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;
 - 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;

- 1.1.3 the Borrower is no longer the partner of the Beijing Yuzhong or resigns from the Lender, the Beijing Yuzhong or its affiliates, regardless of the reasons thereof;
- 1.1.4 the Borrower commit a crime or is involved in a crime;
- 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Yuzhong in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
- 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Yuzhong or the working capital of the Beijing Yuzhong. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
- 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Share of Property under the Exclusive Option Agreement, transfer all the Share of Property in the Beijing Yuzhong to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of share of property in the Beijing Yuzhong (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
- 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Share of Property at any time, at a price as specified in the Exclusive Option Agreement.
- 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a partner in the Beijing Yuzhong.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Share of Property from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the partner of the Beijing Yuzhong that during the term of this Agreement he will procure the Beijing Yuzhong:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Yuzhong to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement among the Borrower, Beijing Yuzhong and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Share of Property Pledge Agreement (together with its amendments from time to time, the “**Share of Property Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Share of Property Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Share of Property, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the partners and/or the board of directors of the Beijing Yuzhong not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Share of Property, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the partners and/or the board of the directors of the Beijing Yuzhong not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Share of Property;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Share of Property;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Yuzhong without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Yuzhong upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Share of Property to the Lender or any person as designated by it, and procure any other partner of the Beijing Yuzhong to waive the right of first refusal regarding such transfer of share of property under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other partner of the Beijing Yuzhong to transfer unconditionally and immediately all the Share of Property owned by such partner to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of share of property under this Section;
- 3.2.12 if the Lender purchases the Borrower's Share of Property from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 1‰ until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

Email: []

The Borrower: Yang Qihu

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, partners and their authorized representative, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments to this Agreement (if any) are an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Yang Qihu

Signature: /s/ Yang Qihu

Signature Page of Loan Agreement between Tencent Music (Beijing) Co., Ltd. and Yang Qihu

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on July 14, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Gu Dejun** (the “**Borrower**”), a Chinese Citizen, with Identification No. [].

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 19.9999% share of property in Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) (the “**Beijing Yuzhong**”). All the existing and future share of property the Borrower holds in the Beijing Yuzhong are referred to as the “**Borrower’s Share of Property**”;
2. The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 **Loan**

- 1.1 The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:
 - 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;
 - 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;

- 1.1.3 the Borrower is no longer the partner of the Beijing Yuzhong or its affiliates, or resigns from the Lender, the Beijing Yuzhong or its affiliates, regardless of the reasons thereof;
- 1.1.4 the Borrower commit a crime or is involved in a crime;
- 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Yuzhong in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
- 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Yuzhong or the working capital of the Beijing Yuzhong. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
- 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Share of Property under the Exclusive Option Agreement, transfer all the share of property in the Beijing Yuzhong to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of share of property in the Beijing Yuzhong (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
- 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Share of Property at any time, at a price as specified in the Exclusive Option Agreement.
- 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a partner in the Beijing Yuzhong.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Share of Property from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the partner of the Beijing Yuzhong that during the term of this Agreement he will procure the Beijing Yuzhong:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the "**Exclusive Business Cooperation Agreement**") to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;

- 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Yuzhong to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement among the Borrower, Beijing Yuzhong and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Share of Property Pledge Agreement (together with its amendments from time to time, the “**Share of Property Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Share of Property Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Share of Property, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the partners and/or the board of directors of the Beijing Yuzhong not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Share of Property, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the partners and/or the board of the directors of the Beijing Yuzhong not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Share of Property;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Share of Property;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Yuzhong without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Yuzhong upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Share of Property to the Lender or any person as designated by it, and procure any other partner of the Beijing Yuzhong to waive the right of first refusal regarding such transfer of share of property under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other partner of the Beijing Yuzhong to transfer unconditionally and immediately all the share of property owned by such partner to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of share of property under this Section;
- 3.2.12 if the Lender purchases the Borrower's Share of Property from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 1‰ until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

Email: []

The Borrower: Gu Dejun

Address: 17F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, partners and their authorized representative, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.

- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments to this Agreement (if any) are an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Gu Dejun

Signature: /s/ Gu Dejun

Signature Page of Loan Agreement between Tencent Music (Beijing) Co., Ltd. and Gu Dejun

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on July 14, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Zhou Jie** (the “**Borrower**”), a Chinese Citizen, with Identification No. [].

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 19.9999% share of property in Beijing Yuzhong Culture Management Partnership (Limited Partnership) (the “**Beijing Yuzhong**”). All the existing and future share of property the Borrower holds in the Beijing Yuzhong are referred to as the “**Borrower’s Share of Property**”;
2. The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 **Loan**

- 1.1 The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:
 - 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;
 - 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;

- 1.1.3 the Borrower is no longer the partner of the Beijing Yuzhong or its affiliates, or resigns from the Lender, the Beijing Yuzhong or its affiliates, regardless of the reasons thereof;
- 1.1.4 the Borrower commit a crime or is involved in a crime;
- 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Yuzhong in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
- 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Yuzhong or the working capital of the Beijing Yuzhong. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
- 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Share of Property under the Exclusive Option Agreement, transfer all the share of property in the Beijing Yuzhong to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of share of property in the Beijing Yuzhong (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
- 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Share of Property at any time, at a price as specified in the Exclusive Option Agreement.
- 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a partner in the Beijing Yuzhong.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Share of Property from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the partner of the Beijing Yuzhong that during the term of this Agreement he will procure the Beijing Yuzhong:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Yuzhong to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement among the Borrower, Beijing Yuzhong and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Share of Property Pledge Agreement (together with its amendments from time to time, the “**Share of Property Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Share of Property Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Share of Property, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the partners and/or the board of directors of the Beijing Yuzhong not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Share of Property, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the partners and/or the board of the directors of the Beijing Yuzhong not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Share of Property;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Share of Property;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Yuzhong without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Yuzhong upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Share of Property to the Lender or any person as designated by it, and procure any other partner of the Beijing Yuzhong to waive the right of first refusal regarding such transfer of share of property under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other partner of the Beijing Yuzhong to transfer unconditionally and immediately all the share of property owned by such partner to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of partnership interest under this Section;
- 3.2.12 if the Lender purchases the Borrower's Share of Property from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 1‰ until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

Email: []

The Borrower: Zhou Jie

Address: 17F, Songri Dingsheng Building, No. 9996, Shennan Road, Nanshan District, Shenzhen

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, partners and their authorized representative, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

- 7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments to this Agreement (if any) are an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Zhou Jie

Signature: /s/ Zhou Jie

Signature Page of Loan Agreement between Tencent Music (Beijing) Co., Ltd. and Zhou Jie

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on July 14, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Chen Xing** (the “**Borrower**”), a Chinese Citizen, with Identification No. [].

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 19.9999% share of property in Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) (the “**Beijing Yuzhong**”). All the existing and future share of property the Borrower holds in the Beijing Yuzhong are referred to as the “**Borrower’s Share of Property**”;
2. The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 **Loan**

- 1.1 The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:
 - 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;
 - 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;

- 1.1.3 the Borrower is no longer the partner of the Beijing Yuzhong or its affiliates, or resigns from the Lender, the Beijing Yuzhong or its affiliates, regardless of the reasons thereof;
- 1.1.4 the Borrower commit a crime or is involved in a crime;
- 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Yuzhong in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
- 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Yuzhong or the working capital of the Beijing Yuzhong. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
- 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Share of Property under the Exclusive Option Agreement, transfer all the share of property in the Beijing Yuzhong to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of share of property in the Beijing Yuzhong (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
- 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Share of Property at any time, at a price as specified in the Exclusive Option Agreement.
- 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a partner in the Beijing Yuzhong.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Share of Property from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the partner of the Beijing Yuzhong that during the term of this Agreement he will procure the Beijing Yuzhong:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Yuzhong to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement among the Borrower, Beijing Yuzhong and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Share of Property Pledge Agreement (together with its amendments from time to time, the “**Share of Property Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Share of Property Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Share of Property, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the partners and/or the board of directors of the Beijing Yuzhong not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Share of Property, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the partners and/or the board of the directors of the Beijing Yuzhong not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Share of Property;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Share of Property;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Yuzhong without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Yuzhong upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Share of Property to the Lender or any person as designated by it, and procure any other partner of the Beijing Yuzhong to waive the right of first refusal regarding such transfer of share of property under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other partner of the Beijing Yuzhong to transfer unconditionally and immediately all the share of property owned by such partner to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of share of property under this Section;
- 3.2.12 if the Lender purchases the Borrower's Share of Property from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 1‰ until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment M&A

Email: []

The Borrower: Chen Xing

Address: 8th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, partners and their authorized representative, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, partners and their authorized representative, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

- 7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments to this Agreement (if any) are an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Chen Xing

Signature: /s/ Chen Xing

Signature Page of Loan Agreement between Tencent Music (Beijing) Co., Ltd. and Chen Xing

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on July 14, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Liang Yunheng** (the “**Borrower**”), a Chinese Citizen, with Identification No. [].

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 19.9999% share of property in Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) (the “**Beijing Yuzhong**”). All the existing and future share of property the Borrower holds in the Beijing Yuzhong are referred to as the “**Borrower’s Share of Property**”;
2. The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 **Loan**

- 1.1 The Lender agrees to provide a loan in the amount of RMB 199,999 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:
 - 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;
 - 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;

- 1.1.3 the Borrower is no longer the partner of the Beijing Yuzhong or its affiliates, or resigns from the Lender, the Beijing Yuzhong or its affiliates, regardless of the reasons thereof;
- 1.1.4 the Borrower commit a crime or is involved in a crime;
- 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Yuzhong in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
- 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Yuzhong or the working capital of the Beijing Yuzhong. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
- 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Share of Property under the Exclusive Option Agreement, transfer all the share of property in the Beijing Yuzhong to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of share of property in the Beijing Yuzhong (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
- 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Share of Property at any time, at a price as specified in the Exclusive Option Agreement.
- 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a partner in the Beijing Yuzhong.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Share of Property from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the partner of the Beijing Yuzhong that during the term of this Agreement he will procure the Beijing Yuzhong:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which it is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Yuzhong to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement among the Borrower, Beijing Yuzhong and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Share of Property Pledge Agreement (together with its amendments from time to time, the “**Share of Property Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Share of Property Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Share of Property, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the partners and/or the board of directors of the Beijing Yuzhong not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Share of Property, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the partners and/or the board of the directors of the Beijing Yuzhong not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Share of Property;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Share of Property;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Yuzhong without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Yuzhong upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Share of Property to the Lender or any person as designated by it, and procure any other partner of the Beijing Yuzhong to waive the right of first refusal regarding such transfer of share of property under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other partner of the Beijing Yuzhong to transfer unconditionally and immediately all the share of property owned by such partner to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of share of property under this Section;
- 3.2.12 if the Lender purchases the Borrower's Share of Property from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 1â%₀₀₀ until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

- 7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments to this Agreement (if any) are an integral part of and has the same effect with this Agreement.
- 8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Liang Yunheng

Signature: /s/ Liang Yunheng

Signature Page of Loan Agreement between Tencent Music (Beijing) Co., Ltd. and Liang Yunheng

**Power of Attorney Re Partner Rights of
Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)**

The Company, Beijing Gongse Enterprise Management Co., Ltd., a limited liability company, organized and existing under the laws of the PRC, with Unified Social Credit Code: 91110108MA01T49E9G, holding 0.0005% of the share of property in Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) (the “**Beijing Yuzhong**”) as of the date of this Power of Attorney (representing RMB 5 registered capital of Beijing Yuzhong), hereby irrevocably authorizes Tencent Music (Beijing) Co., Ltd. (the “**WFOE**”) to exercise the following rights with respect to the existing and future share of property held by the Company itself in Beijing Yuzhong (the “**Owned Share of Property**”) during the effective term of this Power of Attorney:

Authorizing WFOE as the sole and exclusive proxy of the Company, to exercise, including without limitation, the following rights on the Company’s behalf with full authority with respect to the Owned Share of Property: 1) to attend the partners’ meetings of Beijing Yuzhong; 2) to exercise all partner’s rights and partner’s voting rights which the Company is entitled with under the laws and the articles of association of Beijing Yuzhong, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Share of Property; 3) as partnership manager set forth in the Limited Partnership Agreement, execute and manage the partnership affairs; and 4) as the Company’s authorized representative, to appoint and elect the executive partner and its authorized representative together with any other persons authorized to execute the partnership affairs of Beijing Yuzhong.

WFOE shall be authorized to execute, on the Company’s behalf, any and all agreements to which the Company shall be a party as specified in the Exclusive Option Agreement entered into as of July 14, 2020 by and among the Company, WFOE and Beijing Yuzhong, the Share of Property Pledge Agreement entered into as of July 14, 2020 by and among the Company, WFOE and Beijing Yuzhong, and the Loan Agreement entered into as of July 14, 2020 by and between the Company and WFOE (together with any amendments, revisions or restatements, the “**Transaction Documents**”), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Share of Property shall be deemed conducted or executed by the Company itself which the Company shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform the Company or obtain the Company’s prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as the Company is a partner of Beijing Yuzhong, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, the Company hereby waives all rights in connection with the Owned Share of Property that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on its own.

[The remainder of this page is intentionally left blank]

Beijing Gongse Enterprise Management Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Gu Dejun

Name: Gu Dejun

Title: Legal Representative

July 14, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal representative

Acknowledged by:

Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

[Partnership Chop is affixed]

Signature: /s/ Chen Xing

Name: Chen Xing

Title: Authorized Representative of Executive Partner

Signature Page of Power of Attorney Re Partner Rights of Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) between Tencent Music (Beijing) Co., Ltd. and Beijing Gongse Enterprise Management Co., Ltd.

**Power of Attorney Re Partner Rights of
Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)**

I, Yang Qihu, a Chinese citizen with the Chinese Identification No. [], holding 19.9999% of the share of property in Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) (the “**Beijing Yuzhong**”) as of the date of this Power of Attorney (representing RMB 199,999 registered capital of Beijing Yuzhong), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the “**WFOE**”) to exercise the following rights with respect to the existing and future share of property held by myself in Beijing Yuzhong (the “**Owned Share of Property**”) during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Share of Property: 1) to attend the partners’ meetings of Beijing Yuzhong; 2) to exercise all partner’s rights and partner’s voting rights which I am entitled with under the laws and the articles of association of Beijing Yuzhong, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Share of Property; 3) as partnership manager set forth in the Limited Partnership Agreement, execute and manage the partnership affairs; and 4) as my authorized representative, to appoint and elect the executive partner and its authorized representative together with any other persons authorized to execute the partnership affairs of Beijing Yuzhong.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Yuzhong, the Share of Property Pledge Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Yuzhong, and the Loan Agreement entered into as of July 14, 2020 by and between me and WFOE (together with any amendments, revisions or restatements, the “**Transaction Documents**”), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Share of Property shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a partner of Beijing Yuzhong, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Share of Property that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

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Signature: /s/ Yang Qihu
Name: Yang Qihu
July 14, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal representative

Acknowledged by:

Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

[Partnership Chop is affixed]

Signature: /s/ Chen Xing

Name: Chen Xing

Title: Authorized Representative of Executive Partner

Signature Page of Power of Attorney Re Partner Rights of Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) between Tencent Music (Beijing) Co., Ltd. and Yang Qihu.

**Power of Attorney Re Partner Rights of
Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)**

I, Gu Dejun, a Chinese citizen with the Chinese Identification No. [], holding 19.9999% of the share of property in Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) (the “**Beijing Yuzhong**”) as of the date of this Power of Attorney (representing RMB 199,999 registered capital of Beijing Yuzhong), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the “**WFOE**”) to exercise the following rights with respect to the existing and future share of property held by myself in Beijing Yuzhong (the “**Owned Share of Property**”) during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Share of Property: 1) to attend the partners’ meetings of Beijing Yuzhong; 2) to exercise all partner’s rights and partner’s voting rights which I am entitled with under the laws and the articles of association of Beijing Yuzhong, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Share of Property; 3) as partnership manager set forth in the Limited Partnership Agreement, execute and manage the partnership affairs; and 4) as my authorized representative, to appoint and elect the executive partner and its authorized representative together with any other persons authorized to execute the partnership affairs of Beijing Yuzhong.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Yuzhong, the Share of Property Pledge Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Yuzhong, and the Loan Agreement entered into as of July 14, 2020 by and between me and WFOE (together with any amendments, revisions or restatements, the “**Transaction Documents**”), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Share of Property shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a partner of Beijing Yuzhong, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Share of Property that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

[The remainder of this page is intentionally left blank]

Signature: /s/ Gu Dejun
Name: Gu Dejun
July 14, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal representative

Acknowledged by:

Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

[Partnership Chop is affixed]

Signature: /s/ Chen Xing

Name: Chen Xing

Title: Authorized Representative of Executive Partner

Signature Page of Power of Attorney Re Partner Rights of Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) between Tencent Music (Beijing) Co., Ltd. and Gu Dejun.

**Power of Attorney Re Partner Rights of
Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)**

I, Zhou Jie, a Chinese citizen with the Chinese Identification No. [], holding 19.9999% of the share of property in Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) (the “**Beijing Yuzhong**”) as of the date of this Power of Attorney (representing RMB 199,999 registered capital of Beijing Yuzhong), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the “**WFOE**”) to exercise the following rights with respect to the existing and future share of property held by myself in Beijing Yuzhong (the “**Owned Share of Property**”) during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Share of Property: 1) to attend the partners’ meetings of Beijing Yuzhong; 2) to exercise all partner’s rights and partner’s voting rights which I am entitled with under the laws and the articles of association of Beijing Yuzhong, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Share of Property; 3) as partnership manager set forth in the Limited Partnership Agreement, execute and manage the partnership affairs; and 4) as my authorized representative, to appoint and elect the executive partner and its authorized representative together with any other persons authorized to execute the partnership affairs of Beijing Yuzhong.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Yuzhong, the Share of Property Pledge Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Yuzhong, and the Loan Agreement entered into as of July 14, 2020 by and between me and WFOE (together with any amendments, revisions or restatements, the “**Transaction Documents**”), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Share of Property shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a partner of Beijing Yuzhong, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Share of Property that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

[The remainder of this page is intentionally left blank]

Signature: /s/ Zhou Jie
Name: Zhou Jie
July 14, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal representative

Acknowledged by:

Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

[Partnership Chop is affixed]

Signature: /s/ Chen Xing

Name: Chen Xing

Title: Authorized Representative of Executive Partner

Signature Page of Power of Attorney Re Partner Rights of Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) between Tencent Music (Beijing) Co., Ltd. and Zhou Jie.

**Power of Attorney Re Partner Rights of
Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)**

I, Chen Xing, a Chinese citizen with the Chinese Identification No. [], holding 19.9999% of the share of property in Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) (the “**Beijing Yuzhong**”) as of the date of this Power of Attorney (representing RMB 199,999 registered capital of Beijing Yuzhong), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the “**WFOE**”) to exercise the following rights with respect to the existing and future share of property held by myself in Beijing Yuzhong (the “**Owned Share of Property**”) during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Share of Property: 1) to attend the partners’ meetings of Beijing Yuzhong; 2) to exercise all partner’s rights and partner’s voting rights which I am entitled with under the laws and the articles of association of Beijing Yuzhong, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Share of Property; 3) as partnership manager set forth in the Limited Partnership Agreement, execute and manage the partnership affairs; and 4) as my authorized representative, to appoint and elect the executive partner and its authorized representative together with any other persons authorized to execute the partnership affairs of Beijing Yuzhong.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Yuzhong, the Share of Property Pledge Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Yuzhong, and the Loan Agreement entered into as of July 14, 2020 by and between me and WFOE (together with any amendments, revisions or restatements, the “**Transaction Documents**”), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Share of Property shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a partner of Beijing Yuzhong, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Share of Property that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

[The remainder of this page is intentionally left blank]

Signature: /s/ Chen Xing
Name: Chen Xing
July 14, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal representative

Acknowledged by:

Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

[Partnership Chop is affixed]

Signature: /s/ Chen Xing

Name: Chen Xing

Title: Authorized Representative of Executive Partner

Signature Page of Power of Attorney Re Partner Rights of Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) between Tencent Music (Beijing) Co., Ltd. and Chen Xing.

**Power of Attorney Re Partner Rights of
Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)**

I, Liang Yunheng, a Chinese citizen with the Chinese Identification No. [], holding 19.9999% of the share of property in Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) (the “**Beijing Yuzhong**”) as of the date of this Power of Attorney (representing RMB 199,999 registered capital of Beijing Yuzhong), hereby irrevocably authorize Tencent Music (Beijing) Co., Ltd. (the “**WFOE**”) to exercise the following rights with respect to the existing and future share of property held by myself in Beijing Yuzhong (the “**Owned Share of Property**”) during the effective term of this Power of Attorney:

Authorizing WFOE as my sole and exclusive proxy, to exercise, including without limitation, the following rights on my behalf with full authority with respect to the Owned Share of Property: 1) to attend the partners’ meetings of Beijing Yuzhong; 2) to exercise all partner’s rights and partner’s voting rights which I am entitled with under the laws and the articles of association of Beijing Yuzhong, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Share of Property; 3) as partnership manager set forth in the Limited Partnership Agreement, execute and manage the partnership affairs; and 4) as my authorized representative, to appoint and elect the executive partner and its authorized representative together with any other persons authorized to execute the partnership affairs of Beijing Yuzhong.

WFOE shall be authorized to execute, on my behalf, any and all agreements to which I shall be a party as specified in the Exclusive Option Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Yuzhong, the Share of Property Pledge Agreement entered into as of July 14, 2020 by and among me, WFOE and Beijing Yuzhong, and the Loan Agreement entered into as of July 14, 2020 by and between me and WFOE (together with any amendments, revisions or restatements, the “**Transaction Documents**”), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Share of Property shall be deemed conducted or executed by myself which I shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform me or obtain my prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as I am a partner of Beijing Yuzhong, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, I hereby waive all rights in connection with the Owned Share of Property that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on my own.

[The remainder of this page is intentionally left blank]

Signature: /s/ Liang Yunheng
Name: Liang Yunheng
July 14, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal representative

Acknowledged by:

Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

[Partnership Chop is affixed]

Signature: /s/ Chen Xing

Name: Chen Xing

Title: Authorized Representative of Executive Partner

Signature Page of Power of Attorney Re Partner Rights of Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) between Tencent Music (Beijing) Co., Ltd. and Liang Yunheng.

Exclusive Business Cooperation Agreement

This Exclusive Business Cooperation Agreement (this “Agreement”) is entered into by and between the following parties on July 28, 2020 in Beijing, the People’s Republic of China (“China” or the “PRC”).

Party A: **Tencent Music (Beijing) Co., Ltd.**, a wholly foreign-owned enterprise, organized and existing under the laws of the PRC, with its address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

Party B: **Beijing Zhizheng Music Culture Co., Ltd.**, a limited liability company, organized and existing under the laws of the PRC, with its address at Room 0118, 4th Floor, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing.

Each of Party A and Party B shall be hereinafter referred to as a “Party” respectively, and as the “Parties” collectively.

Whereas,

1. Party A is a wholly foreign owned enterprise established in China, which has necessary resources to provide computer software technology development, technical training, copyright agency services and organization of cultural and artistic exchange activities;
2. Party B is a company established in China with exclusively domestic capital and is permitted to engage in organization of cultural and artistic exchange activities (excluding commercial performance); business management; business management consulting; business planning; market research; copyright transfer; copyright agency; design, production, agency and release of advertisements; technology development, technology services, technology consultation and technology transfer. (Market players shall, according to the law, independently select business projects and carry out business activities; projects subject to approval in accordance with laws must be licensed before operating; shall not carry out business activities involving projects prohibited or restricted by the industrial policies of the State or Beijing Municipality.) The businesses conducted by Party B currently and any time during the term of this Agreement are collectively referred to as the “Main Business”;
3. Party A is willing to provide Party B with information consulting services and other services in relation to the Main Business during the term of this Agreement, utilizing its advantages in human resources and information. Party B is willing to accept such services provided by Party A or Party A’s designee(s), each on the terms set forth herein.

Now, therefore, through mutual discussion, the Parties have reached the following agreements:

1. **Services Provided by Party A**

1.1 Party B hereby appoints Party A as Party B's exclusive services provider to provide Party B with comprehensive information consulting services and other services during the term of this Agreement, in accordance with the terms and conditions of this Agreement, including but not limited to the follows:

- (1) Licensing Party B to use any software (if any) legally owned by Party A and providing software maintenance and updating services for Party B;
- (2) Technical support and training for employees of Party B;
- (3) Providing services in related to consultancy, collection and research of project investment for Party B (excluding market research business that wholly foreign-owned enterprises are prohibited from conducting under PRC laws);
- (4) Providing consultation services in economic information, business information, technology information, and business management consultation for Party B;
- (5) Providing marketing and promotion and corporate image planning services for Party B;
- (6) Leasing of equipment or properties; and
- (7) Other services requested by Party B from time to time to the extent permitted under PRC law.

1.2 Party B agrees to accept such services provided by Party A. Party B further agrees that unless with Party A's prior written consent, during the term of this Agreement, Party B shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar corporation relationship with any third party regarding the matters contemplated by this Agreement. Party A may designate other parties, who may enter into certain agreements described in Section 1.3 with Party B, to provide Party B with relevant services as set forth in this Agreement.

1.3 Ways of Service Provision

1.3.1 Party A and Party B agree that during the term of this Agreement, as applicable, Party B may enter into further service agreements with Party A or any other party designated by Party A, which shall provide the specific contents, manner, personnel, and fees for the specific services.

- 1.3.2 To fulfill this Agreement, Party A and Party B agree that during the term of this Agreement, as applicable, Party B may, at any time, enter into equipment or property lease agreement with Party A or any other party designated by Party A, which shall permit Party B to use Party A's relevant equipment or property based on the needs of the business of Party B.
- 1.3.3 Party B hereby grants to Party A an irrevocable and exclusive option to purchase from Party B, to the extent permitted under PRC laws and at Party A's sole discretion, any or all of the assets and business of Party B, at the minimum purchase price permitted by PRC laws. The Parties shall then enter into a separate assets or business transfer agreement, specifying the terms and conditions of the transfer of the assets.

2. **Service Fees and Payment**

- 2.1 The fees payable by Party B to Party A during the term of this Agreement shall be calculated as follows:
 - 2.1.1 Party B shall pay service fee to Party A monthly. The service fee for each month shall consist of management fee and services provision fee, which shall be determined by the Parties through negotiation in consideration of:
 - (1) complexity and difficulty of the services provided by Party A;
 - (2) title of and time consumed by employees of Party A providing the services;
 - (3) contents and business value of the services provided by Party A;
 - (4) market price of the same type of services;
 - (5) operation conditions of the Party B.
 - 2.1.2 If Party A transfers technology to Party B or develops software or other technology as entrusted by Party B or leases equipment or properties to Party B, the technology transfer price, development fees or rental fees shall be determined by the Parties based on the actual situations.

3. **Intellectual Property Rights and Confidentiality Clauses**

- 3.1 Party A shall have exclusive and proprietary ownership, rights and interests in any and all intellectual properties arising out of or created during the performance of this Agreement, including but not limited to copyrights, patents, patent applications, software, technical secrets, trade secrets and others. Party B shall execute all appropriate documents, take all appropriate actions, submit all filings and/or applications, render all appropriate assistance and otherwise conduct whatever is necessary as deemed by Party A at its sole discretion for the purposes of vesting any ownership, right or interest of any such intellectual property rights in Party A, and/or perfecting the protections for any such intellectual property rights in Party A.

3.2 The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third party, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

4. **Representations and Warranties**

4.1 Party A hereby represents, warrants and covenants as follows:

- 4.1.1 Party A is a wholly foreign owned enterprise legally established and validly existing in accordance with the laws of the PRC. Party A or the service providers designated by Party A will obtain all government permits and licenses for providing the service under this Agreement before providing such services.
- 4.1.2 Party A has taken all necessary corporate actions, obtained all necessary authorizations as well as all consents and approvals from third parties and government authorities (if required) for the execution, delivery and performance of this Agreement. Party A's execution, delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation.
- 4.1.3 This Agreement constitutes Party A's legal, valid and binding obligations, and shall be enforceable against it in accordance with its terms.

- 4.2 Party B hereby represents, warrants and covenants as follows:
- 4.2.1 Party B is a company legally established and validly existing in accordance with the laws of the PRC and has obtained and will maintain all permits and licenses for engaging in the Main Business.
 - 4.2.2 Party B has taken all necessary corporate actions, obtained all necessary authorizations as well as all consents and approvals from third parties and government agencies (if required) for the execution, delivery and performance of this Agreement. Party B's execution, delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation.
 - 4.2.3 This Agreement constitutes Party B's legal, valid and binding obligations, and shall be enforceable against it in accordance with its terms.

5. **Term of Agreement**

- 5.1 This Agreement shall become effective upon execution by the Parties. Unless terminated in accordance with the provisions of this Agreement or terminated in writing by Party A, this Agreement shall remain effective.
- 5.2 During the term of this Agreement, each Party shall renew its operation term in a timely manner prior to the expiration thereof so as to enable this Agreement to remain effective. This Agreement shall be terminated upon the expiration of the operation term of a Party if the application for renewal of its operation term is not approved by relevant government authorities.
- 5.3 The rights and obligations of the Parties under Sections 3, 6, 7 and this Section 5.3 shall survive the termination of this Agreement.

6. **Governing Law and Disputes Resolution**

- 6.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of the PRC .
- 6.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's written request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the arbitration award shall be final and binding to all Parties. Each Party has the right to apply for enforcement of an arbitral award to a court of competent jurisdiction (including a Chinese court).

- 6.3 To the extent permitted by PRC laws and where appropriate, the arbitration tribunal may grant any remedies in accordance with the provisions of this Agreement and applicable PRC laws, including preliminary and permanent injunctive relief (such as injunction against carrying out business activities, or mandating the transfer of assets), specific performance of contractual obligations, remedies concerning the equity interest or assets of Party B and awards directing Party B to conduct liquidation.
- 6.4 To the extent permitted by PRC laws, when awaiting the formation of the arbitration tribunal or otherwise under appropriate conditions, either Party may seek preliminary injunctive relief or other interlocutory remedies from a court with competent jurisdiction to facilitate the arbitration. Without violating the applicable governing laws, the Parties agree that the courts of Hong Kong, Cayman Islands, China and the place where the main assets of Party A are located shall all be deemed to have competent jurisdiction.
- 6.5 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

7. **Breach of Agreement and Indemnification**

- 7.1 If Party B conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B to indemnify all damages. This Section 7.1 shall not prejudice any other rights of Party A herein.
- 7.2 Unless otherwise required by applicable laws, Party B shall not have any right to terminate this Agreement in any event.
- 7.3 Party B shall indemnify and hold harmless Party A from any losses, injuries, obligations or expenses caused by any lawsuit, claims or other demands against Party A arising from or caused by the services provided by Party A to Party B pursuant this Agreement, except where such losses, injuries, obligations or expenses arise from the gross negligence or willful misconduct of Party A.

8. **Force Majeure**

- 8.1 In the case of any force majeure events (“Force Majeure”) such as earthquake, typhoon, flood, fire, flu, war, strikes or any other events that cannot be predicted and are unpreventable and unavoidable by the affected Party, which directly causes the failure of either Party to perform or completely perform this Agreement, then the Party affected by such Force Majeure shall not take any responsibility for such failure, however it shall give the other Party written notices without any delay, and shall provide details of such event within 15 days after sending out such notice, explaining the reasons for such failure of, partial or delay of performance.
- 8.2 If such Party claiming Force Majeure fails to notify the other Party and furnish it with proof pursuant to the above provision, such Party shall not be excused from the non-performance of its obligations hereunder. The Party so affected by the event of Force Majeure shall use reasonable efforts to minimize the consequences of such Force Majeure and to promptly resume performance hereunder whenever the causes of such excuse are cured. Should the Party so affected by the event of Force Majeure fail to resume performance hereunder when the causes of such excuse are cured, such Party shall be liable to the other Party.
- 8.3 In the event of Force Majeure, the Parties shall immediately consult with each other to find an equitable solution and shall use all reasonable efforts to reduce the consequences of such Force Majeure.

9. **Notices**

- 9.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
 - 9.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.
 - 9.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 9.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road,
Chaoyang District, Beijing

Attn: TME Legal Management Department – Investment and M&A

Email: []

Party B: Beijing Zhizheng Music Culture Co., Ltd.

Address: 5th Floor, C7, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attn: TME Legal Management Department – Investment and M&A

Email: []

9.3 Any Party may at any time change its address for notices by delivering notice to the other Party in accordance with the terms hereof.

10. Assignment

10.1 Without Party A's prior written consent, Party B shall not assign its rights and obligations under this Agreement to any third party.

10.2 Party B agrees that Party A may assign its obligations and rights under this Agreement to any third party and in case of such assignment, Party A is only required to give written notice to Party B and does not need any consent from Party B for such assignment.

11. Taxes and Fees

All taxes and fees incurred by each Party as a result of the execution and performance of this Agreement shall be borne by each Party respectively.

12. Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any aspect. The Parties shall negotiate in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

13. Amendments and Supplements

Any amendments and supplements to this Agreement shall be in writing. The amendment agreements and supplementary agreements that have been signed by the Parties and relate to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

14. **Language and Counterparts**

This Agreement is written in Chinese in two (2) originals, with each Party having one copy.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Business Cooperation Agreement as of the date first above written.

Party A: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

By: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

Party B: Beijing Zhizheng Music Culture Co., Ltd.

[Company Chop is affixed]

By: /s/ Chen Xing

Name: Chen Xing

Title: Legal Representative

Signature Page of Exclusive Business Cooperation Agreement between
Tencent Music (Beijing) Co., Ltd. and Beijing Zhizheng Music Culture Co., Ltd.

Exclusive Option Agreement

This Exclusive Option Agreement (this “Agreement”) is executed by and among the following Parties as of July 28, 2020 in Beijing, the People’s Republic of China (“China” or the “PRC”):

- Party A:** **Tencent Music (Beijing) Co., Ltd.**, a wholly foreign-owned enterprise, organized and existing under the laws of the PRC, with its address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;
- Party B:** **Beijing Shangqin Culture Management Partnership (Limited Partnership)**, a limited partnership, organized and existing under the laws of the PRC, with its address at Room 0081, 4/F, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing; and **Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)**, a limited partnership, organized and existing under the laws of the PRC, with its address at Room 0124, 4th Floor, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing.
- Party C:** **Beijing Zhizheng Music Culture Co., Ltd.**, a limited liability company, organized and existing under the laws of the PRC, with its address at Room 0118, 4th Floor, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing.

In this Agreement, Party A, Party B, and Party C shall each be referred to as a “Party” respectively, and shall be collectively referred to as the “Parties”.

Whereas:

1. Party B includes Beijing Shangqin Culture Management Partnership (Limited Partnership) and Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership). They are shareholders of Party C and as of the date hereof collectively hold 100 % of the equity interests of Party C, representing RMB 2,000,000 in the registered capital of Party C. Beijing Shangqin Culture Management Partnership (Limited Partnership) holds 50% of the equity interests of Party C, representing RMB 1,000,000 in the registered capital thereof, and Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) holds 50% of the equity interests of Party C, representing RMB 1,000,000 in the registered capital thereof.
2. Party B intends to irrevocably grant Party A an exclusive option to purchase the entire equity interest in Party C without prejudice of PRC laws, and Party A intends to accept such equity interest purchase option (defined as below).
3. Party C intends to irrevocably grant Party A an exclusive option to purchase its entire assets without prejudice to PRC laws, and Party A intends to accept such asset purchase option (defined as below).

After mutual discussions and negotiations, the Parties have now reached the following agreement:

1. Sale and Purchase of Equity Interest and Assets

1.1 Option Granted

- 1.1.1 Whereas Party A paid Party B RMB 10 as consideration, and Party B confirmed the receipt and the sufficiency of such consideration, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a “Designee”) to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A’s sole and absolute discretion to the extent permitted by PRC laws and at the price described in Section 1.3 herein (“Equity Interest Purchase Option”). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term “person” as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts, or non-corporate organizations.
- 1.1.2 Party C hereby exclusively, irrevocably and unconditionally grants Party A an irrevocable and exclusive right to require Party C to transfer part or all of company assets (the assets may be transferred in whole or in part at Party A’s sole discretion and commercial consideration, “Purchased Asset”) to Party A or its Designee to the extent permitted by PRC laws and under the terms and conditions herein (“Asset Purchase Option”). Except for Party A and the Designee(s), no other person shall be entitled to the Asset Purchase Option or any other right with respect to Party C’s assets. Party A agrees to accept such Asset Purchase Option.
- 1.1.3 Party B hereby jointly and severally agrees that Party C grants such Asset Purchase Option to Party A in accordance with Section 1.1.2 above and other terms herein, and the Purchased Asset may be transferred to Party A or Designee(s) by Party A when the Asset Purchase Option is exercised.

1.2 Steps for Exercise

- 1.2.1 The exercise of the Equity Interest Purchase Option and the Asset Purchase Option by Party A shall be subject to the provisions of the laws and regulations of China.

- 1.2.2 When Party A exercises the Equity Interest Purchase Option, a written notice shall be issued to Party B (the “Equity Interest Purchase Option Notice”), specifying:(a) Party A’s or the Designee’s decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the “Optioned Interests”); and (c) the date for purchasing the Optioned Interests or the date for the transfer of the Optioned Interests.
- 1.2.3 When Party A exercises the Asset Purchase Option, a written notice shall be issued to Party B (the “Asset Purchase Option Notice”), specifying:(a) Party A’s or the Designee’s decision to exercise the Asset Purchase Option; (b) the list of assets to be purchased by Party A or the Designee from Party B (the “Optioned Asset”); and (c) the date for purchasing the Optioned Asset or the date for the transfer of the Optioned Asset.

1.3 Purchase Price

- 1.3.1 The purchase price (“Benchmark Purchase Price”) of all equity interests shall be RMB 10. If PRC law requires a minimum price higher than the Benchmark Purchase Price when Party A exercises the Equity Interest Purchase Option, the minimum price regulated by PRC law shall be the purchase price (collectively, the “Equity Interest Purchase Price”).
- 1.3.2 Party B undertakes that it shall transfer the full amount of Equity Interest Purchase Price obtained by Party B to Party A’s designated bank account.
- 1.3.3 In terms of Asset Purchase Option, Party A or its Designee shall pay RMB 1 as the purchase price for each exercise of the Asset Purchase Option. If PRC law requires a minimum price higher than the aforementioned net book value of the assets, the minimum price regulated by PRC law shall be the purchase price (collectively, the “Asset Purchase Price”).
- 1.3.4 Party C undertakes that it shall transfer the full amount of Asset Interest Purchase Price obtained by Party C to Party A’s designated bank account.

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders’ meeting, at which a resolution shall be adopted approving Party B’s transfer of the Optioned Interests to Party A and/or the Designee(s).
- 1.4.2 Party B shall obtain written statements from the other shareholders (if any) of Party C giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto.

- 1.4.3 Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests.
- 1.4.4 The relevant Parties shall execute all other necessary contracts, agreements, or documents, obtain all necessary government licenses and permits, and take all necessary actions to transfer the valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention, or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Equity Interest Pledge Agreement, and Party B's Power of Attorney. "Party B's Equity Interest Pledge Agreement" as used in this Agreement shall refer to the Equity Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modifications, amendments, and restatements thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with a power of attorney and any modifications, amendments, and restatements thereto.

1.5 Transfer of Purchased Assets

For each exercise of the Equity Interest Purchase Option:

- 1.5.1 Party C shall obtain all necessary internal authorizations in accordance with Party B's then effective articles of association.
- 1.5.2 Party C shall enter into an asset transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Asset Purchase Option Notice regarding the Purchased Assets.
- 1.5.3 The relevant Parties shall execute all other necessary contracts, agreements, or documents, obtain all necessary government licenses and permits, and take all necessary actions to transfer the valid ownership of the Purchased Assets to Party A and/or the Designee(s), unencumbered by any security interests.

2. Covenants

2.1 Covenants regarding Party C

Party B (as shareholders of Party C) and Party C hereby covenant on the following:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change, or amend the articles of association of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners.
- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards and practices, as well as obtain and maintain all necessary government licenses and permits by prudently and effectively operating its business and handling its affairs.
- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage, or dispose of in any manner any material assets of Party C or legal or beneficial interest in the material business or revenues of Party C of more than RMB 100,000, or allow the encumbrance thereon of any security interests.
- 2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee, or suffer the existence of any debt, except for (i) payables incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A which Party A's written consent has been obtained.
- 2.1.5 They shall always operate all of Party C's businesses within the normal business scope to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value.
- 2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any material contract, except the contracts in the ordinary course of business (for the purpose of this subsection, a contract with a price exceeding RMB 100,000 shall be deemed a material contract).
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with a loan or credit.
- 2.1.8 They shall provide Party A with information on Party C's business operations and financial condition upon Party A's request.
- 2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses and own similar assets in the same area.

- 2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire, or invest in any person.
- 2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to Party C's assets, business, or revenue.
- 2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims.
- 2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders.
- 2.1.14 At the request of Party A, they shall appoint any person designated by Party A as the director or executive director of Party C.
- 2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates.
- 2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquidated without prior written consent by Party A.

2.2 Covenants of Party B

Party B hereby covenants to the following:

- 2.2.1 Without the prior written consent of Party A, at any time from the date of execution of this Agreement, Party B shall not sell, transfer, mortgage, or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney.
- 2.2.2 Party B shall cause the shareholders' meeting and/or the directors (or the executive director) of Party C not to approve any sale, transfer, mortgage, or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any other security interest without the prior written consent of Party A, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney.

- 2.2.3 Without the prior written consent of Party A, Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person.
- 2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to the equity interests in Party C held by Party B.
- 2.2.5 Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A.
- 2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims.
- 2.2.7 Party B shall appoint any designee of Party A as the director or the executive director of Party C, at the request of Party A.
- 2.2.8 Party B hereby waives its right of first refusal with respect to the transfer of equity interest by any other shareholder of Party C to Party A (if any), and gives consent to the execution by each other shareholder of Party C with Party A and Party C the exclusive option agreement, the equity interest pledge agreement and the power of attorney similar to this Agreement, Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, and accepts not to take any actions in conflict with such documents executed by the other shareholders.
- 2.2.9 Party B shall promptly donate any profits, interests, dividends, or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under the applicable PRC laws. And
- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C, and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under Party B's Equity Interest Pledge Agreement or under Party B's Power of Attorney, Party B shall not exercise such rights excluding in such manner in accordance with the written instructions of Party A.

3. Representations and Warranties

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer, that:

- 3.1 They have the power, capacity, and authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning each transfer of the Optioned Interests as described thereunder (each, a "Transfer Contract"), and to perform their obligations under this Agreement and any Transfer Contract. Party B and Party C agree to enter into Transfer Contracts substantially consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid, and binding obligations, and shall be enforceable against them in accordance with the provisions thereof.
- 3.2 Party B and Party C have obtained any and all approvals and consents from the relevant government authorities and third parties (if required) for the execution, delivery, and performance of this Agreement.
- 3.3 The execution and delivery of this Agreement or any Transfer Contract and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violations of any applicable PRC laws; (ii) be inconsistent with the articles of association, bylaws, or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them.
- 3.4 Party B has a good and merchantable title to the equity interests held by Party B in Party C. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests.
- 3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets.

- 3.6 Party C does not have any outstanding debts, except for (i) debt incurred within its normal business scope; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions. And
- 3.8 There is no pending or threatened litigation, arbitration, or administrative proceedings relating to the equity interests in Party C, assets of Party C, or Party C itself.

4. Effective Date and Term

This Agreement shall become effective upon execution by the Parties, and remain in effect until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

5. Governing Law and Disputes Resolution

5.1 Governing Law

The execution, effectiveness, interpretation, performance, amendment, and termination of this Agreement as well as any dispute resolution hereunder shall be governed by the laws of the PRC.

5.2 Methods of Disputes Resolution

In the event of any dispute arising with respect to the construction and performance of this Agreement, the Parties shall first attempt to resolve the dispute through friendly negotiations. In the event that the Parties fail to reach an agreement on the dispute within 30 days after either Party's written request to the other Parties for dispute resolution through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the arbitration award shall be final and binding to all Parties.

Each Party agrees that the arbitral tribunal or arbitrator shall have the right to give any remedies, including preliminary and permanent injunctive relief (such as injunction against carrying out business activities, or mandating the transfer of assets), specific performance of contractual obligations, remedies concerning the equity interest or assets of Party C and awards directing Party C to conduct liquidation.

To the extent permitted by PRC laws, when awaiting the formation of the arbitration tribunal or otherwise under appropriate conditions, either Party may seek preliminary injunctive relief or other interlocutory remedies from a court with competent jurisdiction to facilitate the arbitration. Without violating the applicable governing laws, the Parties agree that the courts of Hong Kong SAR, Cayman Islands, China and the place where the main assets of Party C are located shall all be deemed to have competent jurisdiction.

Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

6. Taxes and Fees

Each Party shall pay any and all transfer and registration taxes, expenses, and fees incurred thereby or levied thereon in accordance with the laws of the PRC in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

7. Notices

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, prepaid postage, commercial courier services, or facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, courier services, registered mail, or prepaid postage shall be deemed effectively given on the date of receipt or refusal at the address specified for such notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of the transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, C7, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attn: TME Legal Management Department - Investment and M&A

Email: []

Party B:

Name: **Beijing Shangqin Culture Management Partnership (Limited Partnership)**
Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing
Attn: TME Legal Management Department - Investment and M&A
Email: []

Name: **Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)**
Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing
Attn: TME Legal Management Department - Investment and M&A
Email: []

Party C: Beijing Zhizheng Music Culture Co., Ltd.
Address: 5th Floor, C7, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing
Attn: TME Legal Management Department - Investment and M&A
Email: []

7.3 Any Party may at any time change its address for notices by having a notice delivered to the other Parties in accordance with the terms hereof.

8. Confidentiality

The Parties acknowledge that the existence and the terms of this Agreement, and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain the confidentiality of all such confidential information, and without obtaining the written consent of other Parties, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be featured in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels, or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels, or financial advisors shall be bound by the confidential obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of, or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and that Party shall be held liable for breach of this Agreement.

9. Further Warranties

The Parties agree to promptly execute the documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and to take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

10. Breach of Agreement

- 10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B or Party C to compensate all damages This Section 10 shall not prejudice any other rights of Party A herein.
- 10.2 Party B or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by the applicable laws.

11. Force Majeure Event

- 11.1 “**Force Majeure Event**” means any event that is beyond one Party’s scope of reasonable control, and is unavoidable under the affected Party’s reasonable care, including but not limited to, natural disasters, wars, riots, etc. However, lack of credit, funding or financing may not be considered as beyond one Party’s reasonable control. When the implementation of this Agreement is delayed or hindered due to any Force Majeure Event, the affected Party shall not bear any liability for such delayed and hindered performance under this Agreement. The Party affected by Force Majeure Event seeking to waive any liability under this Agreement shall notify the other Party as soon as possible of the exemption and the steps to be taken to complete the performance.
- 11.2 The Party affected by Force Majeure Event shall not bear any liability under this Agreement. The Party seeking to waive liability can only be exempted when he affected Party has made reasonable and feasible efforts to perform this Agreement and such exemption shall be limited to such delayed and hindered performance. Once the reasons for such exemption are corrected and remedied, the Parties agree to use their best efforts to perform this Agreement.

12. Miscellaneous

- 12.1 Amendments, changes, and supplements
Any amendments, changes, and supplements to this Agreement shall require the execution of a written agreement by all of the Parties.
- 12.2 Entire agreement
Except for the amendments, supplements, or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supersede all prior oral and written consultations, representations, and contracts reached with respect to the subject matter of this Agreement.

12.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain, or otherwise affect the meanings of the provisions of this Agreement.

12.4 Language

This Agreement is written in Chinese in four (4) originals, with each Party having one copy.

12.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal, or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality, or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal, or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by the relevant laws and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal, or unenforceable provisions.

12.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

12.7 Survival

12.7.1 Any obligations that occur or are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

12.7.2 The provisions of Sections 5, 8, 10 and this Section 12.7 shall survive the termination of this Agreement.

12.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall be deemed as a waiver by such Party with respect to any similar breach in other circumstances.

IN WITNESS WHEREOF, the authorized representatives of the Parties have executed this Exclusive Option Agreement as of the date first above written.

Party A: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

By: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

Party B:

**Beijing Shangqin Culture Management Partnership
(Limited Partnership)**

[Partnership Chop is affixed]

By: /s/ Yang Qihu

Name: Yang Qihu

Title: Authorized Representative of Executive Partner

**Beijing Yuzhong Entertainment Culture Partnership
(Limited Partnership)**

[Partnership Chop is affixed]

By: /s/ Chen Xing

Name: Chen Xing

Title: Authorized Representative of Executive Partner

Party C: Beijing Zhizheng Music Culture Co., Ltd.

[Company Chop is affixed]

By: /s/ Chen Xing

Name: Chen Xing

Title: Legal Representative

Signature Page of Exclusive Option Agreement among Tencent Music (Beijing) Co., Ltd. and
Beijing Shangqin Culture Management Partnership (Limited Partnership), Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) and
Beijing Zhizheng Music Culture Co., Ltd.

Equity Interest Pledge Agreement

This Equity Interest Pledge Agreement (the “**Agreement**”) is entered into by and among the following Parties on July 28, 2020 in Beijing, People’s Republic of C hina (the “**PRC**”):

Party A: Tencent Music (Beijing) Co., Ltd. (the “**Pledgee**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

Party B: Beijing Shangqin Culture Management Partnership (Limited Partnership), a limited partnership, organized and existing under the laws of the PRC, with its address at Room 0081, 4/F, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing; and

Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership), a limited partnership, organized and existing under the laws of the PRC, with its address at Room 0124, 4th Floor, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing.

(The aforesaid Beijing Shangqin Culture Management Partnership (Limited Partnership) and Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) hereinafter referred to as a “**Pledgor**” respectively and as the “**Pledgors**” collectively);

Party C: Beijing Zhizheng Music Culture Co., Ltd., a limited liability company incorporated and existing under the laws of the PRC, with its registered address at Room 0118, 4th Floor, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing

In this Agreement, each of the Pledgee, the Pledgors and Party C shall be referred to as a “**Party**” respectively or as the “**Parties**” collectively.

Whereas:

1. The Pledgors Beijing Shangqin Culture Management Partnership (Limited Partnership) and Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) are limited partnerships, organized and existing under the laws of the PRC. As of the date of this Agreement, the registered capital of Party C is RMB 2,000,000, and (1) Beijing Shangqin Culture Management Partnership (Limited Partnership) holds 50% of the equity interests of Party C, representing RMB 1,000,000 in the registered capital thereof; (2) Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) holds 50% of the equity interests of Party C, representing RMB 1,000,000 in the registered capital thereof. Party C is a limited liability company registered in Beijing, China, and is engaged in the business of “organization of cultural and artistic exchange activities (excluding commercial performance); business management; business management consulting; business planning; market research; copyright transfer; copyright agency; design, production, agency and release of advertisements; technology development, technology services, technology consultation and technology transfer. (Market players shall, according to the law, independently select business projects and carry out business activities; projects subject to approval in accordance with laws must be licensed before operating; shall not carry out business activities involving projects prohibited or restricted by the industrial policies of the State or Beijing Municipality.)”. Party C hereby acknowledges the rights and obligations of the Pledgors and the Pledgee under this Agreement and intends to provide any necessary assistance in registering the Pledge.
2. The Pledgee is a wholly foreign-owned enterprise registered in China. The Pledgee and Party C have executed an Exclusive Business Cooperation Agreement in Beijing (as defined below). The Pledgee, the Pledgors and Party C have executed an Exclusive Option Agreement (as defined below). The Pledgee and each of the Pledgors has executed a Loan Agreement (as defined below). Each of the Pledgors has executed a Power of Attorney in favor of the Pledgee (as defined below).
3. To ensure that Party C and the Pledgors fully perform its or their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney, the Pledgors pledge to the Pledgee all the equity interests they hold in Party C as security for the performance of Party C’ and the Pledgors’ obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney.

To perform the terms of the Transaction Documents, the Parties have mutually agreed to execute this Agreement upon the following terms.

1. Definitions

Unless otherwise provided in this Agreement, the terms below shall have the following meanings:

- 1.1. **Pledge:** means the security interest granted by the Pledgors to the Pledgee pursuant to Section 2 of this Agreement, i.e., the right of the Pledgee to be compensated on a preferential basis with any proceeds received from conversion, auction or sale of the Pledged Equity Interest.
- 1.2. **Pledged Equity Interest:** means 100% of the equity interests in Party C collectively held by the Pledgors now, representing RMB 2,000,000 of Party C’s registered capital, and all the future equity rights and interests in Party C held by the Pledgors.

- 1.3. **Term of Pledge:** means the term set forth in Section 3.1 of this Agreement.
- 1.4. **Transaction Documents:** means the Exclusive Business Cooperation Agreement entered into by and between Party C and the Pledgee on July 28, 2020 in Beijing (the “**Exclusive Business Cooperation Agreement**”); the Exclusive Option Agreement entered into by and among the Pledgors, Party C and the Pledgee on July 28, 2020 in Beijing (the “**Exclusive Option Agreement**”); the Loan Agreements entered into by and between the Pledgee and Pledgors on July 28, 2020 (the “**Loan Agreement**”); the Power of Attorney executed by the Pledgors respectively on July 28, 2020 in Beijing (the “**Power of Attorney**”), and any amendments, revisions and/or restatements to the aforesaid documents.
- 1.5. **Contractual Obligations:** means all the obligations of the Pledgors under the Exclusive Option Agreement, the Power of Attorney and this Agreement, and all the obligations of Party C under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and this Agreement.
- 1.6. **Secured Indebtedness:** means all direct, indirect, consequential losses and losses of anticipated profits suffered by the Pledgee as a result of any Event of Default of the Pledgors and/or Party C, of which the basis for the amount of such losses includes without limitation reasonable business plans and profit forecasts of the Pledgee, the service fees that Party C is obliged to pay under Exclusive Business Cooperation Agreement, as well as all expenses as incurred by the Pledgee in connection with its enforcement for the performance of Contractual Obligations against the Pledgors and/or Party C.
- 1.7. **Event of Default:** means any circumstances as set forth in Section 7 of this Agreement.
- 1.8. **Notice of Default:** means the notice issued by the Pledgee in accordance with this Agreement declaring an Event of Default.

2. The Pledge

- 2.1. The Pledgors hereby agree to pledge to the Pledgee the Pledged Equity Interest in accordance with this Agreement as security for the performance of the Contractual Obligations and the repayment of the Secured Indebtedness. Party C hereby agrees for the Pledgors to pledge the Pledged Equity Interest to the Pledgee in accordance with this Agreement.

- 2.2. During the Term of Pledge, the Pledgee is entitled to receive any dividends or distributions in respect of the Pledged Equity Interest. With the prior written consent of the Pledgee, the Pledgors may collect such dividends or distributions in respect of the Pledged Equity Interest. Any dividends or distributions received by the Pledgee in respect of the Pledged Equity Interest after deduction of income tax paid by Pledgors shall, upon the Pledgee's request, (1) be deposited into a bank account designated by the Pledgee, be placed under the custody of the Pledgee, be used as security for the Contractual Obligations and be first applied towards full satisfaction of the Secured Indebtedness; or (2) to the extent permitted by the PRC laws, be unconditionally donated to the Pledgee or any person designated by the Pledgee.
- 2.3. With the prior written consent of the Pledgee, the Pledgors may subscribe for increased capital in Party C. Any increase in the capital contributed by the Pledgors to the registered capital of Party C as a result of any capital increase shall also be deemed as the Pledged Equity Interest.
- 2.4. In the event that Party C is to be dissolved or liquidated as required by any mandatory rules of the PRC laws, upon the lawful completion of such dissolution or liquidation procedure, any proceeds distributed by Party C to the Pledgors shall, upon the Pledgee's request, (1) be deposited into a bank account designated by the Pledgee, be placed under the custody of the Pledgee, and be used as security for the Contractual Obligations and be first applied towards full satisfaction of the Secured Indebtedness; or (2) to the extent permitted by the PRC laws, be unconditionally donated to the Pledgee or any person designated by the Pledgee.

3. **Term of Pledge**

- 3.1. The Pledge shall become effective on such date when the pledge of the Pledged Equity Interest contemplated herein has been registered with the relevant administration for industry and commerce. The Pledge shall be continuously valid until full performance of the Contractual Obligations and full satisfaction of the Secured Indebtedness. The Pledgors and Party C shall, (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the relevant administration for industry and commerce for the registration of the Pledge contemplated herein within 30 business days following the execution of this Agreement. The Parties covenant that for the purpose of registration of the Pledged Equity Interest, the Parties and other shareholders of Party C shall submit to the administration of industry and commerce this Agreement or an equity interest pledge agreement in the form required by the administration of industry and commerce of where Party C locates, which shall truly reflect the information of the Pledge hereunder (the "**AIC Pledge Agreement**"). For matters not specified in the AIC Pledge Agreement, the parties shall be bound by the provisions of this Agreement. The Pledgors and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant administration of industry and commerce, to ensure that the Pledge shall be registered as soon as possible after filing.

- 3.2. During the Term of Pledge, in the event the Pledgors and/or Party C fail to fulfill the Contractual Obligations or pay the Secured Indebtedness, the Pledgee shall be entitled to, but not be obliged to, exercise the Pledge in accordance with this Agreement.

4. Custody for Certificates of the Pledge

- 4.1. During the Term of Pledge, the Pledgors shall deliver to the Pledgee within one (1) week following the execution of this Agreement the certificate of capital contributions to Party C and the register of shareholders which records the Pledge. The Pledgee will place such documents in custody throughout the entire Term of Pledge specified in this Agreement.

5. Representations and Warranties of the Pledgors and Party C

The Pledgors and Party C hereby severally and jointly represent and warrant to the Pledgee as of the date hereof as follows:

- 5.1. The Pledgors, Beijing Shangqin Culture Management Partnership (Limited Partnership) and Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership), are the legal and beneficial owners of the Pledged Equity Interest.
- 5.2. The Pledgee is entitled to dispose of and transfer the Pledged Equity Interest in accordance with this Agreement.
- 5.3. Except for the Pledge, the Pledgors have not created any other pledges or other security interest on the Pledged Equity Interest.
- 5.4. The Pledgors and Party C have obtained all necessary approvals and consents from government authorities and third parties (if any) in connection with the execution, delivery and performance of this Agreement.
- 5.5. The execution, delivery and performance of this Agreement do not (i) result in any violation of any relevant PRC laws; (ii) result in any conflict with the articles of association or other constitutional documents of Party C; (iii) result in any breach of any agreement to which it is a party or by which it is bound, or constitute any default under any agreement to which it is a party or by which it is bound; (iv) result in any breach of any permit or license issued or granted to it and/or any condition of the validity thereof; or (v) result in the revocation or suspension of, or imposition of conditions on, any permit or license issued to it.

6. Undertakings by the Pledgors and Party C

- 6.1. During the Term of Pledge, the Pledgors and Party C severally and jointly undertake to the Pledgee that:
- 6.1.1. Without the prior written consent of the Pledgee, the Pledgors shall not transfer the Pledged Equity Interest, create or permit to be created any security interest or other encumbrances on the Pledged Equity Interest, except for the performance of the Transaction Documents.
- 6.1.2. The Pledgors and Party C shall comply with the provisions of all the laws and regulations relating to the pledge of rights, and shall, within five (5) days upon receipt of any notice, order or recommendation issued or promulgated by the relevant competent authorities regarding the Pledge, present such notice, order or recommendation to the Pledgee, and concurrently comply with such notice, order or recommendation, or object thereto upon the reasonable request or consent of the Pledgee.
- 6.1.3. The Pledgors and Party C shall promptly notify the Pledgee of any event or notice received by the Pledgors that may have an impact on the Pledged Equity Interest or any portion thereof, and that may change any undertakings and obligations of the Pledgors hereunder or may have an impact on the fulfillment of any obligations by the Pledgors hereunder.
- 6.1.4. Party C shall complete its business term extension registration formalities three (3) months prior to the expiry of its business term such that the validity of this Agreement shall be maintained.
- 6.2. The Pledgors agree that the rights granted to the Pledgee in respect of the Pledge hereunder shall not be interrupted or harmed by any legal procedure initiated by the Pledgors, any successors of the Pledgors or their entrusting party or any other persons.
- 6.3. The Pledgors undertake to the Pledgee that in order to protect or perfect the security for the Contractual Obligations and the Secured Indebtedness under this Agreement, the Pledgors shall execute in good faith and cause other parties who have interests in the Pledge to execute all the certificates of rights, agreements, and/or perform and procure other parties who have interests in the Pledge to perform acts as required by the Pledgee, facilitate the exercise of the Pledgee's rights granted hereunder and enter into all relevant documents regarding ownership of the Pledged Equity Interest with the Pledgee or any person (individuals or legal persons) designated by the Pledgee, as well as provide the Pledgee with all notices, orders and decisions regarding the Pledge as required by the Pledgee within a reasonable period of time.

6.4. The Pledgors hereby undertake to the Pledgee to comply with and perform all the undertakings, representations and warranties and terms hereunder. In the event that the Pledgors fail to perform or fail to fully perform such undertakings, representations and warranties and terms hereunder, the Pledgors shall indemnify the Pledgee against all the losses resulting therefrom.

7. Event of Default

7.1. Each of the following circumstances shall constitute an Event of Default:

7.1.1. The Pledgors breach any of its obligations under the Transaction Documents and/or this Agreement.

7.1.2. Party C breaches any of its obligations under the Transaction Documents and/or this Agreement.

7.2. Should there arises any event set forth in Section 7.1 or any circumstance that may result in the foregoing events, the Pledgors and Party C shall immediately notify the Pledgee in writing.

7.3. Unless an Event of Default set forth in this Section 7.1 has been remedied at the request of the Pledgee within twenty (20) days upon receipt of the notice of the Pledgee to the Pledgors and/or Party C requesting the rectification of such Event of Default, the Pledgee may issue a Notice of Default to the Pledgors in writing at any time thereafter, requesting the exercise of the Pledge in accordance with Section 8 hereof.

8. Exercise of the Pledge

8.1. The Pledgee shall issue a Notice of Default to the Pledgors for the exercise of the Pledge.

8.2. Subject to the provisions of Section 7.3, the Pledgee may exercise its right to dispose of the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Upon the Pledgee's exercise of its right to dispose of the Pledge, the Pledgors shall no longer own any right and interest in respect of the Pledged Equity Interest.

8.3. Upon the issuance of the Notice of Default in accordance with Section 8.1, the Pledgee is entitled to exercise all the remedies, rights and powers available to it under the PRC laws, the Transaction Documents and this Agreement, including without limitation to converse, auction or sell the Pledged Equity Interests for prior satisfaction of indebtedness. The Pledgee shall not be held liable for any losses arising from its reasonable exercise of such rights and powers.

- 8.4. The proceeds received by the Pledgee as a result of the exercise of the Pledge shall be first applied towards payment of the taxes and expenses payable in connection with the disposal of the Pledged Equity Interest and the performance of the Contractual Obligations and the repayment of the Secured Indebtedness to the Pledgee. Any remaining balance after the deduction of the foregoing payments, if any, shall be returned to the Pledgors or any other person who is entitled to such balance under applicable laws and regulations, or be deposited with the notary public at the place where the Pledgee is located, any costs incurred arising out of such deposit shall be borne by the Pledgors; and to the extent permitted by the PRC laws, the Pledgors shall unconditionally donate such balance to the Pledgee or any person designated by the Pledgee.
- 8.5. The Pledgee shall be entitled to elect to exercise, simultaneously or successively, any of its breach of contract remedies; the Pledgee shall not be required to first exercise other breach of contract remedies prior to exercising its right to converse, auction or sell the Pledged Equity Interest hereunder.
- 8.6. The Pledgee shall be entitled to designate in writing its legal counsel or other agents to exercise on its behalf the Pledge, and neither the Pledgors nor Party C shall object thereto.
- 8.7. When the Pledgee disposes of the Pledge in accordance with this Agreement, the Pledgors and Party C shall provide necessary assistance to the Pledgee for its exercise of the Pledge.

9. Default Liabilities

- 9.1. In the event that the Pledgors or Party C materially breach any provision under this Agreement, the Pledgee is entitled to terminate this Agreement and/or claim damages from the Pledgors or Party C; this Section 9 shall not preclude any other rights entitled to the Pledgee as provided under this Agreement.
- 9.2. The Pledgors or Party C may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.

10. Assignment

- 10.1. The Pledgors and Party C shall not donate, transfer or dispose of their rights and obligations under this Agreement without prior written consent of the Pledgee.
- 10.2. This Agreement shall be binding upon the Pledgors and its successors and any permitted assignees, and effective upon the Pledgee and each of its successors and assignees.

- 10.3. The Pledgee may assign any or all of its rights and obligations under the Transaction Documents and this Agreement to any person designated by it at any time. In this case, the assignee shall enjoy and assume the rights and obligations of the Pledgee under the Transaction Documents and this Agreement as if the assignee were a party hereto or thereto, as applicable.
- 10.4. In the event of a change of Pledgee due to assignment, the Pledgors shall, at the request of the Pledgee, execute a new pledge agreement with the new pledgee with the same terms and conditions as this Agreement, and register such new pledge with the relevant administration for industry and commerce.
- 10.5. The Pledgors and Party C shall strictly comply with the provisions of this Agreement and other relevant agreements to which any Party is a party, including the Transaction Documents, and perform the obligations thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Unless with the written instructions of the Pledgee, the Pledgors shall not exercise their remaining rights in respect of the Pledged Equity Interest.

11. Termination

- 11.1. Upon the full and complete performance by the Pledgors and Party C of all of their Contractual Obligations and full satisfaction of the Secured Indebtedness, the Pledgee shall, upon the Pledgors' request, release the Pledge of the Pledged Equity Interest hereunder and cooperate with the Pledgors in relation to both the deregistration of the Pledge of the Pledged Equity Interest in the shareholders' register of Party C and the deregistration of the Pledge of the Pledged Equity Interest with the relevant administration of industry and commerce.
- 11.2. The provisions under Section 9, Section 13, Section 14 and this Section 11.2 shall survive the termination of this Agreement.

12. Costs and Other Expenses

All costs and actual expenses arising in connection with this Agreement, including without limitation the legal fees, processing fees, stamp duty, any other taxes and expenses, shall be borne by Party C.

13. Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

14. Governing Law and Disputes Resolution

- 14.1. The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the laws of the PRC.
- 14.2. Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Parties for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 14.3. The Parties agree that the arbitral tribunal or the arbitrator shall have the right to award any remedies in accordance with the terms hereunder and applicable PRC laws, including without limitation temporary and permanent injunctive remedies (as required by the business operation of Party C or compulsory transfer of the assets), the specific performance of the Contractual Obligations, the remedies in respect of Party C's equity interests or real estates, and the liquidation orders against Party C.
- 14.4. To the extent permitted by PRC laws, pending the formation of an arbitral tribunal or under the appropriate circumstances, the Parties are entitled to resort to a court of competent jurisdiction for temporary injunctive remedies or other temporary remedies to support the arbitration. In this regard, the Parties reached a consensus that to the extent as permitted by applicable laws, the courts in Hong Kong, the Cayman Islands, the PRC and the place where Party C's major assets are located shall be deemed to have jurisdiction.

14.5. Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

15. Notices

- 15.1. All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
- 15.2. Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered on the date of receipt or refusal at the address specified for notices.
- 15.3. Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 15.4. For the purpose of notification, the addresses of the Parties are as follows:

Party A: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department-Investment and M&A

E-mail: []

Party B:

Name: Beijing Shangqin Culture Management Partnership (Limited Partnership)

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment and M&A

E-mail: []

Name: Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment and M&A

E-mail: []

Party C: Beijing Zhizheng Music Culture Co., Ltd.

Address: 5th Floor, South District, Office Building, China National Convention Center, No. 7 Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment and M&A

E-mail: []

15.5. Each Party may at any time change its address for notices by delivering a notice to the other Parties in accordance with this Section.

16. Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

17. Effectiveness

17.1. This Agreement comes into effect upon duly execution by all the Parties.

17.2. Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon signing or stamping by the Parties and completion of the governmental registration procedures (if applicable) in accordance with the regulations.

18. Language and Counterparts

This Agreement is written in Chinese in five (5) originals, with each of the Pledgee, the Pledgors (Beijing Shangqin Culture Management Partnership (Limited Partnership) and Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)) and Party C holding one original, and the other one original will be submitted for registration.

[The remainder of this page is intentionally left blank]

IN WITNESS HEREOF, the Parties have caused this Equity Interest Pledge Agreement to be executed by their respective authorized representative on the date first above written.

Party A: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu
Name: Yang Qihu
Title: Legal Representative

**Party B:
Beijing Shangqin Culture Management Partnership
(Limited Partnership)**

[Partnership Chop is affixed]

By: /s/ Yang Qihu
Name: Yang Qihu
Title: Authorized Representative of Executive Partner

**Beijing Yuzhong Entertainment Culture Partnership
(Limited Partnership)**

[Partnership Chop is affixed]

By: /s/ Chen Xing
Name: Chen Xing
Title: Authorized Representative of Executive Partner

Party C: Beijing Zhizheng Music Culture Co., Ltd.

[Company Chop is affixed]

By: /s/ Chen Xing
Name: Chen Xing
Title: Legal Representative

Signature Page of Equity Interest Pledge Agreement among Tencent Music (Beijing) Co., Ltd. and Beijing Shangqin Culture Management Partnership (Limited Partnership) and Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) and Beijing Zhizheng Music Culture Co., Ltd.

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on July 28, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Beijing Shangqin Culture Management Partnership (Limited Partnership)** (the “**Borrower**”), a limited partnership, organized and existing under the laws of the PRC, with its address at Room 0081, 4/F, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing.

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 50% equity interests in Beijing Zhizheng Music Culture Co., Ltd. (the “**Beijing Zhizheng**”). All the existing and future equity rights and interests the Borrower holds in the Beijing Zhizheng are referred to as the “**Borrower’s Equity Interest**”;
2. The Lender agrees to provide a loan in the amount of RMB 1,000,000 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 Loan

- 1.1 The Lender agrees to provide a loan in the amount of RMB 1,000,000 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:

- 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;

- 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;
 - 1.1.3 the Borrower is no longer the shareholder of the Beijing Zhizheng or its affiliates, regardless of the reasons thereof;
 - 1.1.4 the Borrower or its shareholders, directors, supervisors and senior management commits a crime or is involved in a crime;
 - 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Zhizheng in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
 - 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Zhizheng or the working capital of the Beijing Zhizheng. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
 - 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Equity Interest under the Exclusive Option Agreement, transfer all the Borrower’s Equity Interest to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of the Borrower’s Equity Interest (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
 - 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Equity Interest at any time, at a price as specified in the Exclusive Option Agreement.
 - 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a shareholder in the Beijing Zhizheng.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Equity Interest from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the shareholder of the Beijing Zhizheng that during the term of this Agreement he will procure the Beijing Zhizheng:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which Beijing Zhizheng is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Zhizheng to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement between the Borrower and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement (together with its amendments from time to time, the “**Equity Interest Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Equity Interest Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Equity Interest, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the shareholders and/or the board of directors of the Beijing Zhizheng not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Equity Interest, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the shareholders and/or the board of the directors of the Beijing Zhizheng not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Equity Interest;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Equity Interest;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Zhizheng without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Zhizheng upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Equity Interest to the Lender or any person as designated by it, and procure any other shareholder of the Beijing Zhizheng to waive the right of first refusal regarding such transfer of equity interest under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other shareholder of the Beijing Zhizheng to transfer unconditionally and immediately all the equity interests owned by such shareholder to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of equity interest under this Section;

3.2.12 if the Lender purchases the Borrower's Equity Interest from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

- 4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.
- 4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.
- 4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 10/000 until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:
 - 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.
 - 5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment and M&A

Email: []

The Borrower: Beijing Shangqin Culture Management Partnership (Limited Partnership)

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment and M&A

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

- 7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachment to this Agreement (if any) is an integral part of and has the same effect with this Agreement.

8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Beijing Shangqin Culture Management Partnership (Limited Partnership)

[Partnership Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Authorized Representative of Executive Partner

Signature Page of Loan Agreement between Tencent Music (Beijing) Co., Ltd. and Beijing Shangqin Culture Management Partnership (Limited Partnership)

Loan Agreement

This Loan Agreement (the “**Agreement**”) is entered into by and between the following Parties on July 28, 2020 in Beijing, People’s Republic of China (the “**PRC**”):

(1) **Tencent Music (Beijing) Co., Ltd.** (the “**Lender**”), a wholly foreign-owned enterprise incorporated and existing under the laws of the PRC, with its registered address at Room 303, 3rd Floor of 101, -2nd to 8th Floor, No.7 Building, East Tianchen Road, Chaoyang District, Beijing;

(2) **Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)** (the “**Borrower**”), a limited partnership, organized and existing under the laws of the PRC, with its address at Room 0124, 4/F, Block A, Building 24, No. 68 Beiqing Road, Haidian District, Beijing.

The Lender and the Borrower shall hereinafter be referred to as a “**Party**” respectively and as the “**Parties**” collectively.

Whereas:

1. As of the date of this Agreement, the Borrower holds 50% equity interests in Beijing Zhizheng Music Culture Co., Ltd. (the “**Beijing Zhizheng**”). All the existing and future equity rights and interests the Borrower holds in the Beijing Zhizheng are referred to as the “**Borrower’s Equity Interest**”;
2. The Lender agrees to provide a loan in the amount of RMB 1,000,000 to the Borrower for the purposes as specified in this Agreement.

Upon friendly negotiation, the Parties have reached the following agreements for their mutual compliance:

1 Loan

- 1.1 The Lender agrees to provide a loan in the amount of RMB 1,000,000 to the Borrower in accordance with the terms hereof (the “**Loan**”). During the term of this Agreement, the Lender shall provide to the Borrower the respective amounts within one (1) month upon receipt of the notice by the Borrower requesting the provision of all or part of the Loan. The Loan shall be a long-term loan. During the term of the Loan, if any of the following events occurs, the Lender shall repay the Loan immediately in advance:
 - 1.1.1 30 days after the Borrower’s receipt of the written notice by the Lender requesting the repayment of the Loan;

- 1.1.2 the Borrower dies or becomes a person without capacity or with limited capacity for civil acts;
 - 1.1.3 the Borrower is no longer the shareholder of the Beijing Zhizheng or its affiliates, regardless of the reasons thereof;
 - 1.1.4 the Borrower or its shareholders, directors, supervisors and senior management commits a crime or is involved in a crime;
 - 1.1.5 according to the applicable PRC laws, the foreigners may invest in the existing major business of the Beijing Zhizheng in a manner of controlling or wholly owned shareholding and the relevant authorities in PRC begin to approve such business, and the Lender decides to exercise its right of exclusive option in accordance with the Exclusive Option Agreement (together with its amendments from time to time, the “**Exclusive Option Agreement**”) to which it is a party.
- 1.2 The Loan by the Lender under this Agreement only applies to the Borrower himself, not his successors or assignees.
 - 1.3 The Borrower agrees to accept the aforesaid loan provided by the Lender, and hereby agrees and warranties to use the Loan to pay for its investment or increase in the registered capital of the Beijing Zhizheng or the working capital of the Beijing Zhizheng. Unless with prior written consent of the Lender, the Borrower will not use the Loan for any other purpose.
 - 1.4 The Lender and the Borrower hereby agree and confirm that the Borrower may repay the loan only by the following methods as required by the Lender: according to the Lender’s right to purchase the Borrower’s Equity Interest under the Exclusive Option Agreement, transfer the Borrower’s Equity Interest to the Lender or any person (legal person or individual) as designated by the Lender, and use any proceeds obtained through the transfer of the Borrower’s Equity Interest (to the extent as permitted) to repay the Loan in accordance with this Agreement to the Lender in the method as designated by the Lender.
 - 1.5 The Lender and the Borrower hereby agree and confirm that, to the extent as permitted by the applicable laws, the Lender shall be entitled to, but not be obliged to, purchase or designate any person (legal person or individual) to purchase all or part of the Borrower’s Equity Interest at any time, at a price as specified in the Exclusive Option Agreement.
 - 1.6 The Borrower also warranties to execute an irrevocable power of attorney (together with its amendments from time to time, the “**Power of Attorney**”), which authorizes the Lender or a legal person or an individual as designated by the Lender to exercise all his or her rights as a shareholder in the Beijing Zhizheng.

- 1.7 The Loan under this Agreement will be deemed as an interest-free loan if the price to transfer the Borrower's Equity Interest from the Borrower to the Lender or any person as designated by the Lender is equal to or less than the amount of the Loan under this Agreement. However, if such transfer price exceeds the amount of the Loan under this Agreement, the exceeding amount will be deemed as the interest upon the Loan under this Agreement and repaid to the Lender from the Borrower.

2 Representations and Warranties

- 2.1 The Lender represents and warrants to the Borrower that from the date of this Agreement until termination hereof:
- 2.1.1 it is a company duly incorporated and validly existing under the PRC laws;
 - 2.1.2 it has the power to execute and perform this Agreement. Its execution and performance of this Agreement are in compliance with its business scope, articles of association or other organizational documents, and it has received all approvals and authorities necessary and appropriate to execute and perform this Agreement; and
 - 2.1.3 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Lender.
- 2.2 The Borrower represents and warrants that from the date of this Agreement until termination hereof:
- 2.2.1 the Borrower has the power to execute and perform this Agreement, and has received all approvals and authorities necessary and appropriate to execute and perform this Agreement;
 - 2.2.2 this Agreement, once executed, becomes legal, valid and enforceable obligations upon the Borrower; and
 - 2.2.3 there is no existing or potential dispute, suit, arbitration, administrative proceeding or any other legal proceeding in which the Borrower is involved.

3 Covenants from the Borrower

- 3.1 The Borrower covenants in his capacity as the shareholder of the Beijing Zhizheng that during the term of this Agreement he will procure the Beijing Zhizheng:
- 3.1.1 to strictly comply with the provisions of the Exclusive Option Agreement and the exclusive business cooperation agreement (together with its amendments from time to time, the “**Exclusive Business Cooperation Agreement**”) to which Beijing Zhizheng is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.1.2 to execute any contract or agreement regarding the business cooperation with the Lender (or any party as designated by the Lender) upon the request of the Lender (or any party as designated by the Lender), and to ensure the strict performance of such contract agreement;
 - 3.1.3 to provide to the Lender any and all information regarding its operations and financial conditions upon the request of the Lender;
 - 3.1.4 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding its assets, business and income;
 - 3.1.5 to appoint any person as nominated by the Lender to its board upon the request of the Lender.
- 3.2 The Borrower covenants during the term of this Agreement:
- 3.2.1 to procure, at his best efforts, the Beijing Zhizheng to conduct its major business, manage operation of subsidiary companies. The specific business scope shall be subject to the business license and the agreement between the Borrower and the Lender;
 - 3.2.2 to strictly comply with the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement (together with its amendments from time to time, the “**Equity Interest Pledge Agreement**”) and the Exclusive Option Agreement to which he as a party, perform the obligations thereunder, and to refrain from any action/omission that may affect the effectiveness and enforceability thereof;
 - 3.2.3 except as provided under the Equity Interest Pledge Agreement, not to sell, transfer, pledge or otherwise dispose any legal or beneficial interest of the Borrower’s Equity Interest, or allow creation of any other security interests thereupon;

- 3.2.4 to procure the shareholders and/or the board of directors of the Beijing Zhizheng not to approve any sale, transfer, pledge or otherwise disposal of any legal or beneficial interest of the Borrower's Equity Interest, or creation of any other security interests thereupon without prior written consent from the Lender, except to the Lender or its designated person;
- 3.2.5 to procure the shareholders and/or the board of the directors of the Beijing Zhizheng not to approve its merger or association with, or acquisition of or investment in any person without prior written consent from the Lender;
- 3.2.6 to immediately notify the Lender of any actual or potential litigation, arbitration or administrative proceeding regarding the Borrower's Equity Interest;
- 3.2.7 to execute any document, conduct any action, and make any claim or defense, necessary or appropriate to maintain his or her ownership of the Borrower's Equity Interest;
- 3.2.8 not to make any act and/or omission which may affect any asset, business or liability of the Beijing Zhizheng without prior written consent from the Lender;
- 3.2.9 to appoint any person as nominated by the Lender to the board of the Beijing Zhizheng upon the request of the Lender;
- 3.2.10 to the extent as permitted under the PRC laws and upon the request of the Lender at any time, to transfer unconditionally and immediately the Borrower's Equity Interest to the Lender or any person as designated by it, and procure any other shareholder of the Beijing Zhizheng to waive the right of first refusal regarding such transfer of equity interest under this Section;
- 3.2.11 to the extent permitted under the PRC laws and upon the request of the Lender at any time, to procure any other shareholder of the Beijing Zhizheng to transfer unconditionally and immediately all the equity interests owned by such shareholder to the Lender or any person as designated by it, and the Borrower hereby waives his or her right of first refusal regarding such transfer of equity interest under this Section;

3.2.12 if the Lender purchases the Borrower's Equity Interest from the Borrower pursuant to the Exclusive Option Agreement, to use the consideration of such purchase to repay the Loan to the Lender on priority; and

3.2.13 not to supplement, revise or amend its articles of association in any way, increase or decrease its registered capital, or change its shareholding structure in any way without prior written consent from the Lender.

4 Default Liabilities

4.1 In the event that the Borrower materially breaches any provision under this Agreement, the Lender is entitled to terminate this Agreement and claim damages from the Borrower; this Section 4.1 shall not preclude any other rights entitled to the Lender as provided under this Agreement.

4.2 The Borrower may not terminate or cancel this Agreement in any event unless otherwise provided under the laws.

4.3 If the Borrower fails to repay the Loan pursuant to the terms under this Agreement, he will be liable for a penalty interest accrued upon the amount due and payable at a daily interest rate of 10/000 until the Loan as well as any penalty interest and any other amount accrued thereupon are fully repaid by the Borrower.

5 Notices

5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the designated address of such party as listed below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively delivered shall be determined as follows:

5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively delivered upon the delivery.

5.1.2 Notices given by facsimile transmission shall be deemed effectively delivered on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notification, the addresses of the Parties are as follows:

The Lender: Tencent Music (Beijing) Co., Ltd.

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment and M&A

Email: []

The Borrower: Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

Address: 5th Floor, South District, National Convention Center, No. 7, Tianchen East Road, Chaoyang District, Beijing

Attention: TME Legal Management Department - Investment and M&A

Email: []

5.3 Each Party may at any time change its address for notices by delivering a notice to the other Party in accordance with this Section.

6 Confidentiality

The Parties acknowledge and confirm that the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall keep all such confidential information confidential, and shall not, without prior written consent of the other Party, disclose any confidential information to any third parties, except for information: (a) that is or will be available to the public (other than through the unauthorized disclosure to the public by the Party receiving confidential information); (b) that is required to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) that is disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to the terms set forth in this Section. Disclosure of any confidential information by the shareholders, directors, employees or entities engaged by any Party shall be deemed as disclosure of such confidential information by such Party, which Party shall be held liable for breach of contract.

7 Governing Law and Disputes Resolution

7.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of any disputes hereunder shall be governed by the PRC laws.

- 7.2 Any disputes arising in connection with the implementation and performance of this Agreement shall be settled through friendly consultations among the Parties, and where such disputes are still unsolved within thirty (30) days upon issuance of the written notice by one Party to the other Party for consultations, such disputes shall be submitted by either Party to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The arbitration shall take place in Beijing. The arbitration award shall be final and binding upon all the Parties.
- 7.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any disputes, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights and perform their respective obligations hereunder.

8 Miscellaneous

- 8.1 This Agreement shall be effective as of the date of its execution and expire until the Parties have performed their respective obligations under this Agreement.
- 8.2 This Agreement is written in Chinese in two (2) originals, with each of the Lender and the Borrower holding one original.
- 8.3 The Parties may amend and supplement this Agreement in writing. Any amendment and/or supplement to this Agreement by the Parties is an integral part of and has the same effect with this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachment to this Agreement (if any) is an integral part of and has the same effect with this Agreement.

8.6 Any obligation that occurs or becomes due under this Agreement prior to the expiry of this Agreement or early termination shall survive the expiration or early termination of this Agreement. The provisions under Section 4, Section 6, Section 7 and this Section 8.6 shall survive the termination of this Agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS HEREOF, the Parties have caused this Loan Agreement to be executed by their respective authorized representative on the date first above written.

The Lender: Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal Representative

The Borrower: Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

[Partnership Chop is affixed]

Signature: /s/ Chen Xing

Name: Chen Xing

Title: Authorized Representative of Executive Partner

Signature Page of Loan Agreement between Tencent Music (Beijing) Co., Ltd. and Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

**Power of Attorney Re Shareholder's Rights of
Beijing Zhizheng Music Culture Co., Ltd.**

Beijing Shangqin Culture Management Partnership (Limited Partnership) (the "**Company**"), a limited liability company, organized and existing under the laws of the PRC, with Unified Social Credit Code: 91110108MA01TJ884A, holding 50% of the equity interest in Beijing Zhizheng Music Culture Co., Ltd. (the "**Beijing Zhizheng**") as of the date of this Power of Attorney (representing RMB 1,000,000 registered capital of Beijing Zhizheng), hereby irrevocably authorizes Tencent Music (Beijing) Co., Ltd. (the "**WFOE**") to exercise the following rights with respect to the existing and future equity interests held by the Company itself in Beijing Zhizheng (the "**Owned Equity Interest**") during the effective term of this Power of Attorney:

Authorizing WFOE as the sole and exclusive proxy of the Company, to exercise, including without limitation, the following rights on the Company's behalf with full authority with respect to the Owned Equity Interest: 1) to attend the shareholders' meetings of Beijing Zhizheng; 2) to exercise all shareholder's rights and shareholder's voting rights which I am entitled with under the laws and the articles of association of Beijing Zhizheng, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Equity Interest; and 3) as the Company's authorized representative, to appoint and elect the legal representative, directors, supervisors, managers and other senior management of Beijing Zhizheng.

WFOE shall be authorized to execute, on the Company's behalf, any and all agreements to which the Company shall be a party as specified in the Exclusive Option Agreement entered into as of July 28, 2020 by and among the Company, WFOE and Beijing Zhizheng, the Equity Interest Pledge Agreement entered into as of July 28, 2020 by and among the Company, WFOE and Beijing Zhizheng, and the Loan Agreement entered into as of July 28, 2020 by and between the Company and WFOE (together with any amendments, revisions or restatements, the "**Transaction Documents**"), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Equity Interest shall be deemed conducted or executed by the Company itself which the Company shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform the Company or obtain the Company's prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as the Company is a shareholder of Beijing Zhizheng, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, the Company hereby waives all rights in connection with the Owned Equity Interest that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on its own.

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Beijing Shangqin Culture Management Partnership (Limited Partnership)

[Partnership Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Authorized Representative of Executive Partner

July 28, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal representative

Acknowledged by:

Beijing Zhizheng Music Culture Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Chen Xing

Name: Chen Xing

Title: Legal Representative

Signature Page of Power of Attorney Re Shareholder's Rights of Beijing Zhizheng Music Culture Co., Ltd. between Tencent Music (Beijing) Co., Ltd. and Beijing Shangqin Culture Management Partnership (Limited Partnership)

**Power of Attorney Re Shareholder's Rights of
Beijing Zhizheng Music Culture Co., Ltd.**

Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership) (the "**Company**"), a limited liability company, organized and existing under the laws of the PRC, with Unified Social Credit Code: 91110108MA01THX37E, holding 50% of the equity interest in Beijing Zhizheng Music Culture Co., Ltd. (the "**Beijing Zhizheng**") as of the date of this Power of Attorney (representing RMB 1,000,000 registered capital of Beijing Zhizheng), hereby irrevocably authorizes Tencent Music (Beijing) Co., Ltd. (the "**WFOE**") to exercise the following rights with respect to the existing and future equity interests held by the Company itself in Beijing Zhizheng (the "**Owned Equity Interest**") during the effective term of this Power of Attorney:

Authorizing WFOE as the sole and exclusive proxy of the Company, to exercise, including without limitation, the following rights on the Company's behalf with full authority with respect to the Owned Equity Interest: 1) to attend the shareholders' meetings of Beijing Zhizheng; 2) to exercise all shareholder's rights and shareholder's voting rights which I am entitled with under the laws and the articles of association of Beijing Zhizheng, including without limitation, rights to sell, transfer, pledge or otherwise dispose of all or any part of the Owned Equity Interest; and 3) as the Company's authorized representative, to appoint and elect the legal representative, directors, supervisors, managers and other senior management of Beijing Zhizheng.

WFOE shall be authorized to execute, on the Company's behalf, any and all agreements to which the Company shall be a party as specified in the Exclusive Option Agreement entered into as of July 28, 2020 by and among the Company, WFOE and Beijing Zhizheng, the Equity Interest Pledge Agreement entered into as of July 28, 2020 by and among the Company, WFOE and Beijing Zhizheng, and the Loan Agreement entered into as of July 28, 2020 by and between the Company and WFOE (together with any amendments, revisions or restatements, the "**Transaction Documents**"), and duly perform the Transaction Documents. The authority granted under this Power of Attorney shall not be limited by the exercise of such right in any way.

Any act conducted or any documents executed by WFOE with respect to the Owned Equity Interest shall be deemed conducted or executed by the Company itself which the Company shall acknowledge.

WFOE shall be entitled to assign the authority to any other individual or entity for conducting the abovementioned matters without the necessity to inform the Company or obtain the Company's prior consent. WFOE shall appoint a Chinese citizen to exercise the abovementioned rights as required by the PRC laws (if any).

As long as the Company is a shareholder of Beijing Zhizheng, this Power of Attorney shall be irrevocable and remain valid and effective from the date of this Power of Attorney.

During the effective term of this Power of Attorney, the Company hereby waives all rights in connection with the Owned Equity Interest that have been granted to WFOE under this Power of Attorney, and will refrain from exercising such rights on its own.

[The remainder of this page is intentionally left blank]

Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

[Partnership Chop is affixed]

Signature: /s/ Chen Xing

Name: Chen Xing

Title: Authorized Representative of Executive Partner

July 28, 2020

Accepted by:

Tencent Music (Beijing) Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Yang Qihu

Name: Yang Qihu

Title: Legal representative

Acknowledged by:

Beijing Zhizheng Music Culture Co., Ltd.

[Company Chop is affixed]

Signature: /s/ Chen Xing

Name: Chen Xing

Title: Legal Representative

Signature Page of Power of Attorney Re Shareholder's Rights of Beijing Zhizheng Music Culture Co., Ltd. between Tencent Music (Beijing) Co., Ltd. and Beijing Yuzhong Entertainment Culture Partnership (Limited Partnership)

List of Significant Subsidiaries, VIEs and Subsidiaries of VIEs

Significant Subsidiaries	Place of Incorporation
Tencent Music Entertainment Hong Kong Limited	Hong Kong
Tencent Music (Beijing) Co., Ltd.	PRC
Yeelion Online Network Technology (Beijing) Co., Ltd.	PRC
Tencent Music Entertainment Technology (Shenzhen) Co., Ltd.	PRC
VIEs	Place of Incorporation
Guangzhou Kugou Computer Technology Co., Ltd.	PRC
Beijing Kuwo Technology Co., Ltd.	PRC
Xizang Qiming Music Co., Ltd.	PRC
Subsidiaries of VIEs	Place of Incorporation
Tencent Music Entertainment (Shenzhen) Co., Ltd.	PRC

**Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Cussion Kar Shun Pang, certify that:

1. I have reviewed this annual report on Form 20-F of Tencent Music Entertainment Group (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:
 - (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: April 9, 2021

By: /s/ Cussion Kar Shun Pang

Name: Cussion Kar Shun Pang

Title: Chief Executive Officer

**Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Min Hu, certify that:

1. I have reviewed this annual report on Form 20-F of Tencent Music Entertainment Group (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:
 - (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: April 9, 2021

By: /s/ Min Hu

Name: Min Hu

Title: Chief Financial Officer

**Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the annual report of Tencent Music Entertainment Group (the "Company") on Form 20-F for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Cussion Kar Shun Pang, 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: April 9, 2021

By: /s/ Cussion Kar Shun Pang

Name: Cussion Kar Shun Pang

Title: Chief Executive Officer

中国北京市东长安街1号东方广场C1座9层 100738
电话: +86 10 8525 5500 传真: +86 10 8525 5511 / 8525 5522
北京 · 上海 · 深圳 · 香港
www.hankunlaw.com

HAN KUN
汉坤律师事务所
Han Kun Law Offices

Date: April 9, 2021

Tencent Music Entertainment Group

17/F, Matsunichi Building, Kejizhongyi Road
Midwest District of Hi-tech Park, Nanshan District
Shenzhen, 518057, the People's Republic of China

Dear Sirs/Madams,

We hereby consent to the reference to our firm in Tencent Music Entertainment Group's annual report on Form 20-F for the fiscal year ended December 31, 2020, which will be filed by Tencent Music Entertainment Group in April 2021 with the Securities and Exchange Commission pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and further consent to the incorporation by reference of the summaries of our opinions that appear in the annual report on Form 20-F into the Registration Statements (No. 333-230930) on Form S-8.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours Sincerely,

HAN KUN LAW OFFICES

/S/ HAN KUN LAW OFFICES

保密提示: 本文件仅致上述列明之收件人且其内容可能包含应予保密的信息。如阁下并非本文件写明之收件人或授权收件人, 敬请切勿复制、复印、使用或传播本文件或其任何内容, 亦请切勿依本文件之任何内容而采取任何行动。如有上述情况发生或收到之文件不清或有缺失, 敬请立即通过电话、电邮或传真与本所联系并归还本文件。多谢合作。



Our ref KKZ/713476-000003/19614550v1

Tencent Music Entertainment Group
 腾讯音乐娱乐集团
 17/F, Malata Building
 Keijizhongyi Road
 Midwest District of Hi-tech Park
 Nanshan District
 Shenzhen 518057
 People's Republic of China

9 April 2021

Dear Sir or Madam

Tencent Music Entertainment Group

We have acted as legal advisers as to the laws of the Cayman Islands to Tencent Music Entertainment Group, an exempted limited liability company incorporated in the Cayman Islands (the "**Company**"), in connection with the filing by the Company with the United States Securities and Exchange Commission (the "**SEC**") of an annual report on Form 20-F for the year ended 31 December 2020 (the "**Annual Report**").

We hereby consent to the reference to our firm under the heading "Item 10. Additional Information—E. Taxation—Cayman Islands Taxation" in the Annual Report, and we further consent to the incorporation by reference of the summary of our opinions under these headings into the Company's registration statement on Form S-8 (File No. 333-230930) that was filed on 18 April 2019, pertaining to the Company's 2014 Share Incentive Plan, the 2017 Option Plan and the 2017 Restricted Share Scheme.

We consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of 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

/s/ Maples and Calder (Hong Kong) LLP

Maples and Calder (Hong Kong) LLP

Maples and Calder (Hong Kong) LLP

26th Floor Central Plaza 18 Harbour Road Wanchai Hong Kong
 Tel +852 2522 9333 Fax +852 2537 2955 maples.com

Resident Hong Kong Partners: Anthony B. Webster (Cayman Islands), Michelle Lloyd (Ireland), Aisling Dwyer (British Virgin Islands) Ann Ng (Victoria (Australia)), John Trehey (New Zealand), Nick Harrold (England and Wales), Terence Ho (New South Wales (Australia)), L.K. Kan (England and Wales) W.C. Pao (England and Wales), Richard Spooner (England and Wales), Sharon Yap (New Zealand), Matthew Roberts (Western Australia (Australia)) Everton Robertson (Cayman Islands), Jonathan Silver (Republic of the Marshall Islands), Nick Stern (England & Wales), Juno Huang (Queensland (Australia)) Karen Pallaras (Victoria (Australia))

Non-Resident Partners: Jonathan Green (Cayman Islands), Jon Fowler (Cayman Islands), Kieran Walsh (Cayman Islands)

Cayman Islands Attorneys at Law | British Virgin Islands Solicitors | Irish Solicitors



普华永道

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (N0.333-230930) of Tencent Music Entertainment Group of our report dated April 9, 2021 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP

PricewaterhouseCoopers Zhong Tian LLP
Shenzhen, the People's Republic of China
April 9, 2021