REGULATIONS

This section summarizes applicable PRC laws, rules, regulations, government and industry policies and requirements that materially affect our PRC operating entities' business and operations. This summary does not constitute a full description of all applicable laws and regulations. **[REDACTED]** should note that it is based on laws and regulations in effect as of the date of this document, which may be amended.

Regulations Related to Corporation and Foreign Investment

The establishment, operation and management of PRC corporate entities are governed by the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"), promulgated on December 29, 1993, last amended on December 29, 2023 and effective July 1, 2024. It regulates limited liability companies and joint stock limited companies, both legal persons. A company is liable to creditors up to the full value of its assets. Shareholders of a limited liability company are liable up to their subscribed capital contributions, and shareholders of a joint stock limited company up to the capital for their subscribed shares. The Company Law applies to both domestic and foreign-invested companies. Our PRC subsidiaries are limited liability companies established thereunder, while Guangdong Holyfire was converted into a joint stock limited company in 2014.

On March 15, 2019, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") was adopted. On December 26, 2019, the Implementing Rules of the Foreign Investment Law (《中華人民共和國外商投資法實施條例》) (the "**Implementing Rules**") were issued. Both became effective on January 1, 2020, replacing three prior laws governing foreign investment in the PRC and their respective implementing rules. The Foreign Investment Law defines "foreign investments" as investment activities by foreign investors in the PRC, directly or indirectly, including:(i) establishing foreign-invested enterprises in the PRC;(ii) acquiring shares, equity interests or similar rights of PRC enterprises;(iii) investing in new projects in the PRC; and (iv) other forms prescribed by laws, regulations or the State Council. The Implementing Rules adopt a "see-through" principle, under which investments made in the PRC by foreign-invested enterprises are also subject to the Foreign Investment Law and the Implementing Rules. They establish a pre-entry national treatment plus negative list system for foreign investment. Foreign investors receive treatment no less favorable than domestic investors at entry, except for sectors on the negative list. Investments in prohibited sectors are not allowed; restricted sectors are subject to special requirements regarding equity ratio and senior management, among others.

Current PRC foreign investment entry requirements are set forth in the Special Administrative Measures for the Entry of Foreign Investment (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**2024 Negative List**"), effective as of November 1, 2024. Industries not listed on the 2024 Negative List are generally permitted for foreign investment and accorded national treatment. Investments in prohibited sectors under the Negative List are not allowed, while investments in restricted sectors must comply with the conditions specified therein. Our PRC subsidiaries do not engage in any industries prohibited or restricted under the 2024 Negative List.

Pursuant to the Implementing Rules, foreign-invested enterprises shall be registered by the State Administration for Market Regulation (the "**SAMR**") or its authorized local counterparts. For licensed industries, competent authorities review applications under the same conditions and procedures as for domestic investors, and may not impose discriminatory requirements.

Pursuant to the Foreign Investment Law, the Implementing Rules and the Information Reporting Measures for Foreign Investment (《外商投資信息報告辦法》), a foreign investment information reporting system has been established. Foreign investors or foreign-invested enterprises shall report investment information to competent commerce authorities via the enterprise registration system and the national enterprise credit information publicity system. Market regulation authorities shall promptly forward such information to competent commerce authorities. Failure to comply with the reporting requirements shall result in legal liabilities.

Regulations Related to Dividend Distributions

Pursuant to the Company Law, the Foreign Investment Law and its Implementing Rules, companies must set aside at least 10% of after-tax profits as general reserves until such reserves reach 50% of registered capital. Profit distribution is not allowed until prior-year losses are offset. Retained profits from prior years may be distributed together with current-year distributable profits. Under SAFE Circular 3 (2017), for profit remittances exceeding USD50,000, banks shall verify board resolutions, tax filings and audited financial statements, and prior-year losses must be offset before remittance.

Regulations Relating to Advertising Industry

The Advertising Law of the PRC (《中華人民共和國廣告法》) (the "**Advertising Law**") was promulgated on October 27, 1994, effective February 1, 1995, and last amended on April 29, 2021. Under the Advertising Law, advertisements must not be false or misleading, use superlatives such as "national-level", "top-tier" and "best", disparage competitors, or fail to be clearly identifiable as advertisements; advertising agents shall verify supporting documents and advertisement content, and shall not provide services for non-compliant advertisements; advertising agents may face joint and several liabilities with advertisers, advance compensation to consumers, administrative penalties or even criminal liabilities for false advertisements; advertisements for medical treatment, pharmaceuticals, medical devices, pesticides, veterinary medicines, healthcare food and other legally regulated categories must be pre-approved by competent authorities.

The Advertising Law further provides that online advertisements shall not disrupt users' normal internet use, and pop-up advertisements must feature a conspicuous one-click closing button. Under the Administrative Measures for Internet Advertising (《互聯網廣告管理辦法》) promulgated on February 25, 2023 and effective May 1, 2023, advertising agents and publishers must establish registration, review and archive management systems, verify advertiser information, keep advertising archives for at least three years, and employ qualified advertisement reviewers. Advertising contents must comply with intellectual property requirements. Unauthorized use of copyrighted works may constitute infringement, trademark use shall not involve counterfeiting or cause confusion. Patented products or methods must clearly indicate patent numbers and types and false patent representations are prohibited.

Pursuant to the Advertising Law, advertising agents must publicize their fee standards and methods. Under the Provisions on Clearly Marking the Prices of Advertisement Services (《廣告服務明碼標價規定》) promulgated on November 28, 2005 and effective January 1, 2006, advertising operators must clearly mark their service prices, which are market-regulated and independently set based on costs, supply and demand.

Regulations Relating to Commercial Performance Agency Services and Marketing Campaigns

According to the Regulations for the Administration of Commercial Performances (《營業性演出管理條例》) (the "**Commercial Performances Regulations**"), which was promulgated on August 11, 1997, and last amended on November 29, 2020, entities engaged in commercial performance activities shall obtain a Commercial Performance Permit from the competent cultural authorities. Foreign investors are permitted to establish wholly foreign-owned performance brokerage agencies, which shall apply to the cultural administrative department of the State Council for approval to conduct commercial performance operations. Guangdong Holyfire holds a Commercial Performance Permit issued by the Guangzhou Municipal Bureau of Culture, Radio, Television and Tourism on December 6, 2024, valid until December 16, 2026. The permit classifies it as a domestic performance brokerage agency, with business scope covering performance organization, marketing and brokerage. Following its restructuring into a foreign-invested enterprise, Guangdong Holyfire is in the process of updating the entity type recorded in the permit. The Implementation Rules of the Commercial Performances Regulations (《營業性演出管理條例實施細則》) further define performance brokerage agencies as entities engaged in performance organization, production, marketing, intermediation, agency services, as well as performer signing, promotion and representation.

According to the Regulations on Safety Administration of Large-scale Public Activities (《大型群眾性活動安全管理條例》) (the "**Large-scale Public Activities Regulations**"), which was promulgated on September 14, 2007 and effective October 1, 2007, a "large-scale public activity" is defined as an event open to the public with an expected attendance of 1,000 or more, including sports competitions, concerts, exhibitions, fairs, festivals and lotteries. A security approval system is enforced by public security authorities: county-level authorities approve events with 1,000–5,000 attendees, while municipal-level authorities approve those with over 5,000 attendees. The organizer bears primary responsibility for security, including formulating a security plan covering the event details, security personnel deployment and emergency response measures. Approved events may not have their time, location, content or scale altered without permission. Public security organs deploy police as necessary to maintain order, manage traffic, handle emergencies and investigate illegal activities.

Under the Fire Control Law of the People's Republic of China (《中華人民共和國消防法》), organizers of large-scale public activities shall obtain a safety permit from public security authorities, formulate fire fighting and emergency evacuation plans and conduct drills, clarify fire safety responsibilities, appoint fire safety managers, ensure fire-fighting facilities and equipment are fully equipped and functional, and comply with fire safety technical standards and provisions regarding evacuation routes, safety exits, signage, emergency lighting and fire engine access.

The Law of the People's Republic of China on the Prevention and Control of Noise Pollution (《中華人民共和國噪聲污染防治法》) sets out clear rules on noise pollution control. In commercial activities, the use of loudspeakers or other high-noise means for advertising is prohibited. Business operators must take effective measures to prevent noise from their operations. Loudspeakers are banned in noise-sensitive building areas. Public entertainment and fitness activities must comply with venue rules on area, time and volume, adopt noise prevention measures, and prohibit excessive audio volume.

Under the PRC Civil Code, an organizer of a public activity who fails to fulfill its safety assurance obligation and causes harm shall bear tort liability. If harm is caused by a third party, the third party shall be liable; the organizer shall bear corresponding supplementary liability if it breaches its safety obligation, and may seek reimbursement from the third party thereafter.

Marketing activities involving food sales or catering services must comply with the Food Safety Law of the People's Republic of China (《中華人民共和國食品安全法》) and its supporting regulations. Entities engaged in food production, sales or catering (excluding edible agricultural products) must obtain the required permits or complete the filing procedures. All operators must ensure food safety, hold relevant qualifications, and comply with safety requirements in procurement, storage, processing and transportation.

Promotional materials for marketing must comply with the Advertising Law, and shall not contain false or misleading content or improper state-related elements. Packaging labels must follow the Food Safety Law (prepackaged food) and the Product Quality Law (non-food products) to ensure accurate and complete information. Trademark use in printed materials must comply with the Trademark Law and obtain proper authorization to prevent infringement.

Regulations Related to Internet Information Services

In accordance with the Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》) and the Measures for the Administration of Filing for Non-Commercial Internet Information Services (《非經營性互聯網信息服務備案管理辦法》), internet information services are classified into commercial and non-commercial services. The state adopts a licensing system for commercial internet information services and a filing system for non-commercial services. Non-commercial service providers shall complete filing with the provincial telecommunication administration, display their filing number and the filing system link of the Ministry of Industry and Information Technology (the "**MIIT**") on their homepage for public verification, and undergo annual reviews by the provincial telecommunication administration.

Regulations Related to Product Quality and Product Liability

Pursuant to the PRC Product Quality Law (《中華人民共和國產品質量法》) and the Civil Code of the People's Republic of China (《中華人民共和國民法典》), sellers shall establish an inspection and acceptance system, maintain product quality, refrain from falsifying markings, be liable for defective products and have the right to recourse.

Pursuant to the Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) and its implementing regulations, business operators must ensure product safety and provide authentic commodity information, and shall be subject to civil or criminal liabilities for non-compliance; consumers are entitled to protection of personal and property safety.

The Standardization Law of the People's Republic of China (《中華人民共和國標準化法》) and its implementing regulations apply to unified technical requirements across multiple sectors. Enterprises failing to comply with mandatory standards or publicized technical requirements shall bear civil liabilities. The Company's QR code service must comply with the national standard GB/T 33993-2024 from July 1, 2025.

Regulations Relating to Intellectual Property

China has adopted comprehensive legislation governing intellectual property rights, including copyrights, trademarks, patents and domain names. China is a signatory to the primary international conventions on intellectual property rights and has been a member of the Agreement on Trade Related Aspects of Intellectual Property Rights since its accession to the World Trade Organization in December 2001.

Copyright

The Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) was promulgated on September 7, 1990, effective June 1, 1991, and last amended on November 11, 2020. It extends copyright protection to internet activities, online-disseminated products and software, with a voluntary registration system administered by the Copyright Protection Center of China. The Regulations on the Protection of the Right to Network Dissemination of Information (《信息網絡傳播權

保護條例》) (effective July 1, 2006, amended January 30, 2013) requires consent and remuneration from rights holders for making others' works, performances or audio-visual products available to the public via information networks. The Regulations on Computer Software Protection (《計算機軟件保護條例》) and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) set out procedures and requirements with respect to the registration of software copyrights.

Trademark

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) which was promulgated on August 23, 1982, and last amended on April 23, 2019, the Trademark Office of the SAMR is responsible for trademark registration and administration, and the Trademark Review and Adjudication Board under SAMR handles trademark disputes. A registered trademark is valid for ten years, renewable within twelve months before expiration with a six-month grace period; failure to renew will lead to cancellation, and each renewal is valid for another ten years. The Implementing Regulations of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) specifies the requirements for trademark registration and renewal.

Patent

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), which was promulgated on March 12, 1984, and last amended on October 17, 2020 and its implementation rules, the patent administrative department under the State Council administers patent affairs nationwide, while provincial-level authorities administer patents within their jurisdictions. Three types of patents are provided: invention, utility model and design patents, with terms of 20, 10 and 15 years respectively from the filing date. China applies the "first-to-file" principle. Inventions and utility models require novelty, inventiveness and practical applicability. Unauthorized use by third parties constitutes patent infringement.

Domain Name

On August 24, 2017, the MIIT promulgated the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》(the "**Domain Name Measures**"), effective November 1, 2017. MIIT is the major regulatory body responsible for the administration of the PRC internet domain names, and China Internet Network Information Center, or the CNNIC, which is authorized and supervised by MIIT, is responsible for the daily administration of .CN and Chinese country-code top-level domain names . Domain name registration follows the "first-to-file" principle and shall be completed through domain name registration service institutions. Pursuant to CNNIC's National Top-level Domain Name Dispute Resolution Rules, domain name disputes may be resolved via a designated resolution institution, a people's court or arbitration.

Regulations Relating to Foreign Exchange

Under the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) (promulgated January 29, 1996, last amended August 5, 2008) and SAFE regulations, RMB is convertible for current account transactions, such as trade, interest and dividends, without prior SAFE approval upon procedural compliance. Conversion and outward remittance for capital account items, such as overseas loans, direct and securities investments, require government approval or registration. Foreign-invested entities may convert and remit after-tax dividends abroad.

Since 2015, SAFE has issued a series of circulars regarding the settlement and use of foreign-exchange capital by foreign-invested enterprises, including SAFE Circular No.19 (2015), No. 16 (2016), No. 28 (2019), No. 8 (2020), No. 28 (2023). Foreign-invested enterprises may convert foreign capital to RMB for bona fide in-scope equity investments subject to the Negative List, no off-scope use or loans to non-affiliates. Enterprises may remit and use offshore listing **[REDACTED]** via a dedicated capital account without transaction-by-transaction SAFE filings. Foreign exchange misuse is subject to administrative penalties.

Regulations Relating to Offshore Special Purpose Companies Held by PRC Residents

The Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents (《國家外匯管理局關於印發〈外國投資者境內直接投資外匯管理規定〉及配套文件的通知》) issued on May 11, 2013, adopts a registration-based administration for foreign investors' direct investment in China, and banks process relevant foreign exchange business based on SAFE's registration information. The Circular of the SAFE issued on Foreign Exchange Administration of Overseas Investments and Financing and Round-Trip Investments by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("**SAFE Circular 37**") issued on July 4, 2014, requires PRC residents/entities to register with SAFE for establishing or controlling offshore SPVs for overseas investment/financing, and update registration upon material changes of the SPVs. The Circular of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) ("**SAFE Circular 13**") issued on February 13, 2015 (effective June 1, 2015), allows SPV registration at qualified banks, while remedial registration for non-compliance with SAFE Circular 37 remains administered by local SAFE. Failure to complete registration may restrict profit distribution, cross-border foreign exchange activities and capital injection for related enterprises. Pursuant to SAFE Circular 3(2017), domestic entities shall explain capital sources and utilization, and submit supporting documents for outbound investment registration.

Regulations Relating to Taxation

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (promulgated March 16, 2007, effective January 1, 2008, amended December 29, 2018) and its implementing rules (collectively, the "**EIT Law and Rules**"), the standard enterprise income tax ("**EIT**") rate is 25%; an overseas enterprise with de facto management bodies in the PRC is a PRC tax resident, subject to 25% EIT on its worldwide income; non-resident enterprises without PRC branches shall pay 10% EIT on PRC-sourced income; qualified small low-profit enterprises and key state-supported high and new technology enterprises are subject to a reduced enterprise income tax rate of 20% and 15% respectively. R&D expenditures for new technologies, products and processes, wages for disabled employees and other state-encouraged employee wages are deductible in calculating taxable income.

Further to Announcement No. 13 (2022), No. 6 (2023) and No. 12 (2023) issued by the Ministry of Finance (the "**MOF**") and the State Administration of Taxation (the "**SAT**"), small enterprises with meager profits refer to those engaged in industries not restricted or prohibited by the State, with annual taxable income not exceeding RMB3 million, staff headcount not exceeding 300, and total assets not exceeding RMB50 million. Their taxable income is assessed at 25% of the actual amount, subject to a 20% enterprise income tax rate, resulting in an effective tax burden of 5%.This preferential policy remains valid until December 31, 2027.

On February 3, 2015, the SAT issued the Announcement on Several Issues Concerning the Enterprise Income Tax on Indirect Transfer of Assets by Non-Resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) ("**SAT Circular 7**"). The SAT Circular 7 replaces earlier rules and targets non-resident indirect sales of PRC assets. If the offshore transfer lacks "reasonable commercial purpose", tax authorities may treat it as a direct sale and impose 10 % PRC EIT. Abuse is presumed where (i) at least 75 % of the transferred entity's value is traceable to PRC assets, (ii) at least 90 % of its non-cash assets or annual income are PRC-sourced, (iii) the intermediary lacks economic substance, and (iv) the foreign tax payable is demonstrably lower than the corresponding PRC tax on a direct transfer. Safe harbors (qualified group restructurings, public market trades, tax treaty exemptions) are exempt from PRC tax under SAT Circular 7.

On October 17, 2017, SAT issued the Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》) ("**SAT Circular 37**") which took effect on December 1, 2017 and was amended on June 15, 2018. The SAT Circular 37 regulates withholding of income tax for non-resident enterprises. It stipulates that the taxable gain on a non-resident's equity transfer as the consideration received minus the equity's tax basis, normally the original capital contribution or acquisition cost, adjusted for any State-approved revaluation, without deducting the investee's retained earnings. For partial transfers, costs are apportioned ratably.

Under the SAT Circular 7 and the Law of the PRC on the Administration of Tax Collection (《中華人民共和國稅收征收管理法》) promulgated on September 4, 1992 and newly amended on April 24, 2015, for indirect transfers, entities or individuals obligated to pay the transfer price to the transferor act as withholding agents. Failure to withhold or under-withhold requires the equity transferor to file and pay tax with competent tax authorities within seven days of the tax liability arising. Where the withholding agent fails to withhold and the transferor does not settle the tax due, the tax authorities may impose late payment interest on the transferor, hold the agent liable and levy a penalty of 50% to 300% of the unpaid tax, such penalty may be mitigated or waived if the agent submitted relevant indirect transfer materials in accordance with SAT Circular 7.

Withholding Tax on Dividend Distribution

Under the Arrangement between the Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, a 5% dividend withholding tax rate applies where a Hong Kong resident entity directly holds at least 25% equity interests in a PRC company. To benefit from such preferential tax treaty rate, all of the following conditions must be met pursuant to the Circular of the SAT on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), promulgated and effective on February 20, 2009: (i) the dividend recipient is a treaty-qualified company and the beneficial owner of the dividends; (ii) its direct equity and voting shareholding in the PRC company meets the treaty-specified percentage; (iii) such direct ownership meets the treaty-specified percentage at any time within the 12 months preceding receipt of dividends.

Pursuant to the Administrative Measures for Non-resident Taxpayers to Enjoy Treatment under Treaties (《非居民納稅人享受協定待遇管理辦法》), which was promulgated on October 14, 2019, and effective January 1, 2020, eligible non-resident taxpayers may enjoy treaty benefits by themselves when filing tax returns or through withholding declarations, and shall collect and retain relevant materials for future inspection and subsequent tax administration.

Value-added Tax

Pursuant to the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated on December 13, 1993 and last amended on November 19, 2017, and its implementation rules, value-added tax ("**VAT**") applied to sales of goods, services, intangible assets, immovables and imports into China at standard rates of 17% for goods and 6% for services unless otherwise stipulated. On top of the standard tax rates, the authorities introduce tax measures from time to time in line with economic conditions and policy objectives. The Circular of the MOF and the SAT on Adjustment of Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) promulgated on April 4, 2018, adjusted the VAT rates for goods and imports from 17% to 16% and from 11% to 10% respectively. Further, the MOF, SAT, and General Administration of Customs' Announcement on Relevant Policies for Deepening Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》) (Announcement No. 39 (2019)), effective April 1, 2019, lowered rates to 13% and 9% for goods and imports from 16% and 10% respectively. From April 1, 2019 to December 31, 2021, taxpayers engaged in production and consumer services (those deriving over 50% of total sales from postal, telecommunications, modern and consumer services) were eligible to claim an additional 10% deduction on their current deductible input VAT against their VAT payable. Pursuant to the Announcement on Clarifying the Additional VAT Deduction Policy for Consumer Services《關於明確生活性服務業增值稅加計抵減政策的公告》(Announcement No. 87 (2019)) issued on September 30, 2019, from October 1, 2019 to December 31, 2021, taxpayers providing consumer services (those deriving more than 50% of their total sales revenue from the provision of consumer services) were allowed to claim an additional 15% deduction on their current deductible input VAT against their VAT payable. Further to the Announcement on Value-added Tax Policies for Promoting the Relief and Development of Distressed Industries in the Service Field (《關於促進服務業領域困難行業紓困發展有關增值稅政策的公告》), promulgated on March 3, 2022 and effective from January 1, 2022, the implementation deadline for the additional VAT deduction policy applicable to production and consumer services as stipulated in Announcement No. 39 (2019) and Announcement No. 87 (2019) has been extended to December 31, 2022. According to the Announcement on Clarifying VAT Relief and Other Policies for Small-scale VAT Taxpayers (《關於明確增值稅小規模納稅人減免增值稅等政策的公告》), promulgated on January 9, 2023 and effective from January 1, 2023, from January 1, 2023 to December 31, 2023, taxpayers in the production service industries were allowed to deduct an additional 5% of their deductible input VAT to offset their taxable amount and taxpayers in the consumer service industries were allowed to deduct an additional 10% of their deductible input VAT to offset their taxable amount. There were no relevant renewal or new policies regarding the additional deduction of VAT input tax for production and consumer service industries that were applicable to the years ended December 31, 2024 and 2025.

The aforementioned additional VAT input deduction policies applicable to production and consumer service industries are nationwide tax incentive policies uniformly formulated by the MOF and the SAT and implemented throughout the territory of the People's Republic of China. Eligible enterprises in the aforesaid two industries may lawfully enjoy the relevant incentives during the statutory implementation period of the corresponding policies, which are normal and widely applicable tax preferences in the service industry during the reporting periods.

In addition, the Guiding Opinions of the State Council on Accelerating the Development of Producer Services to Promote Industrial Structure Adjustment and Upgrading (《國務院關於加快發展生產性服務業促進產業結構調整升級的指導意見》, Guo Fa [2014] No. 26) and the Guiding Opinions of the State Council on Accelerating the Development of Consumer Services to Promote Consumption Structure Upgrading (《國務院辦公廳關於加快發展生活性服務業促進消費結構升級的指導意見》, Guo Fa [2015] No. 85), together with other national-level policies, explicitly require and authorize local governments to scale up policy support for production and consumer service industries, and roll out supporting incentive measures including financial subsidies and special fund support in light of local industrial development needs. Such government grants issued by local governments for the aforesaid industries are supporting measures formulated in strict compliance with the requirements of the above unified national policies, with sufficient higher-level policy basis. They are generally applicable preferential policies equally available to all eligible enterprises in the industry within the corresponding administrative regions, and constitute normal industry practice.

The Value-added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》) (the "**VAT Law**") was promulgated on December 25, 2024 and came into force as of January 1, 2026, repealing simultaneously the Provisional Regulations of the People's Republic of China on Value-added Tax. According to the VAT Law and its implementing regulations, entities and individuals (including individual businesses) engaged in sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are VAT payers. The VAT Law clarifies what counts as taxable sales, narrows taxable transactions, and optimizes non- taxable items. There are two tax calculation methods: general (output VAT minus input VAT) and simplified (for small-scale taxpayers) and a three-tier rate structure (13%, 9%, 6%) with a 3% levy rate for the simplified method. It specifies exemptions and allows the State Council to set preferences. Tax collection is optimized with clear deadlines and periods (10 days, 15 days, 1 month, 1 quarter). For overseas transactions, the buyer is usually the withholding agent unless a domestic agent is involved. The VAT Law also simplifies how taxable sales are calculated, allows refunds for unused input VAT, and ensures electronic invoices have the same legal standing as paper ones.

Regulations Relating to Labour, Social Welfare and Work Safety

The Labor Law of the PRC (《中華人民共和國勞動法》, promulgated July 5, 1994, last amended December 29, 2018), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》, promulgated June 29, 2007, amended December 28, 2012) and the Implementing Regulations of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》, promulgated and effective September 18, 2008) collectively govern employment contracts, wages, workplace safety, social insurance and labor dispute resolution. Written employment contracts are mandatory, failure to conclude a written contract within one year entitles the employee to double wages for the non-compliant period. Employers must pay wages no lower than the local minimum wage, failing which the competent labor authority may order payment of the wage shortfall, statutory economic compensation and additional penalties.

The Social Insurance Law of the PRC (《中華人民共和國社會保險法》, promulgated October 28, 2010 and amended December 29, 2018), the Regulations on Occupational Injury Insurance (《工傷保險條例》, effective January 1, 2004 and amended December 20, 2010), the Interim Measures concerning the Maternity Insurance for Enterprise Employees (《企業職工生育保險試行辦法》, effective January 1, 1995) and the Interim Regulations concerning the Levy of Social Insurance (《社會保險費徵繳暫行條例》, effective January 22, 1999 and amended March 24, 2019) require enterprises to register their PRC employees for statutory social insurance schemes including pension, unemployment, maternity, occupational injury and medical insurance, and make full and timely contributions. Employers failing to complete registration shall be ordered to rectify within a specified period, non-compliance thereafter shall subject the employer to a fine of 1 to 3 times the unpaid premiums and the responsible individuals to a fine of RMB500 to 3,000. Late or underpaid contributions shall incur a daily surcharge of 0.05% on the arrears, and further default may result in a fine of 1 to 3 times the overdue amount.

Under the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》, promulgated April 3, 1999 and last amended March 24, 2019), employers shall register with the housing provident fund management center and open accounts for employees. Employers failing to register or open accounts shall be ordered to rectify within a specified period and fined RMB 10,000 to 50,000 for non-compliance. Employers failing to pay housing provident fund contributions in full and on time shall be ordered to pay the shortfall within a time limit; the housing provident fund management center may apply for court enforcement if the employer still fails to comply.

Pursuant to the Interpretation II of the Supreme People's Court of the PRC on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)) (the "**Interpretation**") , which was issued on July 31, 2025, and became effective on September 1, 2025, agreements to waive social insurance premiums are invalid; employees may terminate their contracts and claim economic compensation if employers default on payments, though employers may lawfully recover any social insurance compensation already paid to employees upon subsequent remediation. Our PRC Legal Advisers confirm the Interpretation neither expands the Company's penalty exposure nor repeals existing social insurance laws, and no employee has initiated litigation or arbitration related thereto. Given this and the Controlling Shareholders' indemnification undertaking for all outstanding shortfalls, penalties or damages, the Directors believe the Interpretation's implementation will not have a material adverse effect on the Company's business or financial results.

Pursuant to the Work Safety Law of the PRC (《中華人民共和國安全生產法》), which was promulgated on June 29, 2002, implemented on November 1, 2002, and last revised on June 10, 2021, producers and business operators shall abide by the Work Safety Law, strengthen work safety management, establish and improve the all-staff work safety responsibility system and related rules. Those failing to meet such conditions shall be barred from production and business activities. They are also required to provide employees with work safety education and training, supply labor protection articles up to national or industrial standards, and supervise and guide employees to wear or use them as prescribed.

Regulations Relating to Overseas Listing and M&A

The Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") were promulgated on August 8, 2006, effective September 8, 2006 and amended on June 22, 2009. The M&A Rules require foreign investors to obtain necessary approval and complete registration formalities if they: (i) acquire equity in domestic enterprises; (ii) subscribe for capital increases of domestic companies to convert them into foreign-invested enterprises; (iii) set up foreign-invested enterprises to acquire and operate assets of domestic enterprises; or (iv) acquire assets of domestic enterprises and use such assets to establish and operate foreign-invested enterprises. Acquisitions of domestic companies by domestic entities or individuals through their legitimately established or controlled overseas companies shall be subject to MOFCOM examination and approval.

According to the Manual of Guidance on Administration for Foreign Investment Access (《外商投資准入管理指引手冊》) issued and implemented by the MOFCOM on December 18, 2008, where a Chinese party transfers equity to a foreign party in an established foreign-invested enterprise, the M&A Rules shall not apply regardless of the affiliated relationship between the parties or whether the foreign party is an existing or new shareholder. The target companies under the M&A Rules are limited to domestic companies.

The M&A Rules and other M&A-related regulations have imposed additional procedures and requirements, which may increase the time and complexity of foreign investors' M&A activities. For example, a foreign investor shall notify MOFCOM in advance if it acquires control of a PRC domestic enterprise that involves an important industry, impacts or may impact national economic security, or owns a famous trademark or PRC time-honored brand.

According to the Notice of the General Office of the State Council on Establishment of Security Review System Pertaining to Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知》, issued February 3, 2011, effective March 3, 2011) and the Provisions of Ministry of Commerce on Implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》, promulgated August 25, 2011, effective September 1, 2011), foreign investors' M&A of domestic enterprises involving national defense and security, or through which foreign investors may acquire de facto control over domestic enterprises raising national security concerns, shall be subject to strict review by MOFCOM. Any attempt to bypass such security review, including through proxy or contractual control arrangements, is prohibited.

On July 6, 2021, the Opinions on Severely Cracking Down on Illegal Securities Activities According to Law (《關於依法從嚴打擊證券違法活動的意見》) was issued. It stressed strengthened regulation of illegal securities activities and overseas listings by domestic companies, and proposed improving relevant regulatory systems to address risks and incidents faced by China-based overseas-listed companies.

On February 17, 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》, the "**Trial Administrative Measures**"), effective March 31, 2023. Under the Trial Administrative Measures, domestic companies seeking direct or indirect overseas securities offering and listing shall complete filing procedures with the CSRC. IPOs and overseas listings shall be filed within 3 working days after overseas application submission; subsequent offerings in the same overseas market shall be filed within 3 working days after completion. Upon occurrence and public disclosure of material events (including change of control, overseas regulatory investigations or sanctions, change of listing status, voluntary or mandatory delisting), issuers shall report to the CSRC within 3 working days.

Promulgated on February 24, 2023 and effective March 31, 2023, the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Confidentiality and Archives Administration Provisions**"), govern the provision of documents, materials and accounting archives in connection with overseas offerings and listings. They prohibit domestic and overseas companies and securities service providers involved in such activities from disclosing state or government working secrets or harming national security or public interests. Domestic companies must obtain competent authority approval and file with the same-level secrecy administration department before disclosing or providing materials containing such secrets. Additionally, working papers produced in Chinese mainland must be retained there, with regulatory approval required for any transfer or transmission outside Chinese mainland.

Regulations Relating to Cybersecurity and Data Security

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》, promulgated on October 28, 2025, effective January 1, 2026), network construction, operation and online service provision shall adopt technical and other necessary measures in accordance with laws, regulations and mandatory national and industrial standards, to safeguard network security and stable operation, effectively respond to cybersecurity incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data.

The Data Security Law of the PRC (《中華人民共和國數據安全法》) was promulgated on June 10, 2021 and effective September 1, 2021. It imposes data security and privacy obligations on entities and individuals conducting data activities, and establishes a data classification and hierarchical protection system based on data importance and potential harm, requiring corresponding protection measures. Important data processors shall designate responsible personnel and bodies, conduct risk assessments for data processing activities and submit reports to competent authorities. It also provides national security review for data activities affecting national security, imposes data export restrictions, and prohibits providing data stored in the PRC to foreign judicial or law enforcement authorities without approval of the competent PRC authorities.

The revised Cybersecurity Review Measures (《網絡安全審查辦法》) were promulgated on December 28, 2021 and effective February 15, 2022, repealing the prior version issued on April 13, 2020. These Measures require critical information infrastructure operators ("**CIIOs**") purchasing network products and services, and network platform operators carrying out data processing activities that affect or may affect national security, to undergo cybersecurity review. Network platform operators holding personal information of over one million users must complete cybersecurity review before overseas listing.

The Regulations on the Protection of the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the "**CII Security Protection Regulations**") were promulgated on July 30, 2021 and effective September 1, 2021. The CII Security Protection Regulations define critical information infrastructure ("**CII**") as key network facilities or information systems in critical sectors whose impairment, failure or data leakage could endanger national security, the national economy or public interests. CIIOs must implement tiered technical and other protective measures to ensure security, stability and data integrity, confidentiality and availability. Sector-specific authorities are responsible for identifying CIIOs, notifying operators of such determinations and reporting to the State Council public security department.

As of the Latest Practicable Date, neither the Company nor its PRC subsidiaries have been identified or notified as a CIIO, nor have their information systems or network facilities been designated as CII. No client has required the Company to fulfill cooperative obligations under the CII Security Protection Regulations. Given the Company does not operate CII as defined, the PRC Legal Advisers and PRC Cybersecurity and Data Privacy Legal Adviser are of the view that the likelihood of the Group being classified as a CIIO is low.

In accordance with the Opinions on Severely Cracking Down on Illegal Securities Activities According to Law (《關於依法從嚴打擊證券違法活動的意見》), China is committed to improve laws and regulations on data security, cross-border data transfer and confidential information management, accelerate the revision of rules on confidentiality and archives administration for overseas securities offerings and listings, and strengthen the information security responsibilities of overseas-listed companies. It also provides for deeper cross-border regulatory cooperation on audit oversight and the establishment of an extraterritorial application system for capital market laws.

The Measures for the Security Assessment of Outbound Data Transfers (《數據出境安全評估辦法》) were promulgated on July 7, 2022 and effective September 1, 2022. They require data processors to file for a CAC security assessment in the following outbound data transfer scenarios: (i) provision of important data abroad; (ii) CIIOs or processors handling personal information of over 1 million individuals transferring personal information abroad; (iii) processors having cumulatively provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals abroad since the prior January 1; and (iv) other CAC-specified circumstances. According to the Guidelines on Security Assessment Report for Outbound Data Transfer, outbound data transfer includes transferring domestically collected/generated data abroad, allowing offshore access to data stored in the PRC, and other processing activities as prescribed in the Personal Information Protection Law.

The Regulations on Network Data Security Management (《網絡數據安全管理條例》) were promulgated on September 24, 2024 and effective January 1, 2025. They regulate network data processing, protect legitimate rights and interests of individuals and organizations, and safeguard national security and public interests. They clarify personal information protection rules and refine important data management. Important data refers to data that, if tampered with, destroyed, leaked or illegally used, may directly endanger national security, economic operation, social stability or public health and security. Important data handlers shall designate a person-in-charge and a management body for network data security. The regulations also set data protection obligations for internet platform service providers and third-party service and product providers.

According to the Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》) promulgated and effective March 22, 2024, data handlers shall identify and declare important data in accordance with relevant provisions. If the data have not been informed or publicly announced as important data by relevant departments or regions, data handlers are not required to declare security assessment for cross-border provision of the data as important data. A data processor is exempt from cross-border data transfer security assessment, standard contract and certification if it transfers personal information abroad for individual contract performance, cross-border HR management, emergency protection of natural persons' rights, or where it is not a critical information infrastructure operator and has cumulatively transferred personal information of fewer than 100,000 non-sensitive individuals since 1 January, excluding important data. As of the Latest Practicable Date, neither the Company nor its PRC subsidiaries have been notified by any regulatory authority that the data they process constitutes important data. Based on its business and data characteristics, together with the statutory definition of important data, the data processed by the Company is unlikely to be classified as important data. In the view of the PRC Legal Advisers and PRC Cybersecurity and Data Privacy Legal Adviser, as the Group does not process important data and its outbound personal information activities meet the exemption criteria, it is not required to declare security assessment for outbound data transfers.

Regulations Relating to Personal Information and Privacy Protection

The PRC Civil Code provides comprehensive protection for personal information and privacy. The collection, storage, use, processing, transmission, provision and disclosure of personal information must comply with legal provisions, and entities and individuals shall take necessary measures to ensure the security of personal information. Violators shall bear civil liabilities including compensation for damages. Natural persons are entitled to privacy rights, which shall not be infringed by any organization or individual. Confidential information within personal information is protected as privacy, with personal information protection provisions applying supplementarily. State organs and their functionaries must keep confidential personal information and privacy obtained in performing their duties and shall not disclose or illegally provide such information to others.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) was promulgated on August 20, 2021 and effective November 1, 2021. It protects personal information rights, regulates processing activities, and promotes the lawful flow and reasonable use of personal information, which is defined as recorded information relating to identified or identifiable natural persons, excluding anonymized data. The Law specifies rules for sensitive personal information, such as biometrics, medical data, financial accounts, location trails and information of minors under 14. It mandates that personal information processing be purpose-limited, directly relevant, and minimally intrusive, with collection restricted to the minimum necessary scope. Personal information handlers are liable for their processing activities and must implement security safeguards. Violations may result in rectification orders, service suspensions, confiscation of illegal gains, fines and other penalties.

Under the PRC Criminal Law (《中華人民共和國刑法》), those who sell or provide citizens' personal information in violation of national provisions face imprisonment of up to three years or criminal detention, with or without a fine, if the circumstances are serious; for particularly serious cases, the sentence is three to seven years' imprisonment with a fine. Offenders who obtained the information during official duties or services are subject to heavier penalties. Stealing or otherwise illegally acquiring personal information is also subject to the same penalties. Entities committing these offenses are subject to fines, and the directly responsible personnel are penalized accordingly. The Interpretation of Supreme People's Court and Spreme People's Procuratorate on Several Issues regarding Application of Law in Handling of Criminal Cases Involving Infringement of Citizen's Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) defines "citizens' personal information" as data that can identify individuals or reflect their activities, including names, ID numbers, contact details, addresses, account passwords, financial status, and location information. Violating laws or regulations on personal information protection is considered "violating national provisions". Providing personal information to specific individuals or publishing it online is deemed "providing personal information". Legally collected information provided without consent is also considered a violation, unless it is anonymized and irrecoverable. Obtaining personal information through purchase, receipt, exchange, or collection during official duties or services is deemed "illegally acquiring personal information".

Regulations Relating to AI Technologies, Services and Applications

The CAC, the MIIT, the Ministry of Public Security (the "**MPS**"), and the SAMR issued the Administrative Provisions on Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》) (the "**Algorithm Recommendation Provisions**") on December 31, 2021, which came into force on March 1, 2022. The CAC, the MIIT, and the MPS issued the Administrative Provisions on Deep Synthesis of Internet-based Information Services (《互聯網信息服務深度合成管理規定》) (the "**Deep Synthesis Provisions**") on November 25, 2022, which came into force on January 10, 2023. The CAC, the NDRC, the Ministry of Education, the Ministry of Science and Technology, the MIIT, the MPS and the National Radio and Television Administration (the "**NRTA**") issued the Interim Measures for the Administration of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) (the "**GAI Interim Measures**") on July 10, 2023, which came into force on August 15, 2023. The CAC, the MIIT, the MPS, and the NRTA issued the Measures for Labeling AI-Generated or Composed Content (《人工智能生成合成內容標識辦法》) (the "**Labeling Measures**") on March 7, 2025, which came into force on September 1, 2025. Taken together, these sequential regulatory documents establish a increasingly sophisticated framework for governing key areas of AI and algorithm-related internet information services in China, with other relevant laws and regulations also serving to supplement this system and cover specific scenarios where necessary. The CAC is responsible for the overall planning, coordination and supervision of algorithm recommendation and deep synthesis services nationwide. Other competent departments under the State Council, including telecommunications, public security and market supervision, shall carry out supervision and administration in accordance with their respective duties.

Under relevant regulations, AI services with public opinion attributes or social mobilization capabilities (including generative AI and deep synthesis services) must complete algorithm filing, modification, cancellation and security assessment. The GAI Interim Measures require generative AI service providers to complete algorithm filing and security assessment. The Deep Synthesis Provisions mandate filing and security assessment before launching new products, applications or functions. The Algorithm Recommendation Provisions require relevant providers to complete filing, update and cancellation within prescribed time limits via the designated system, and make proper arrangements for service termination.

According to the Algorithm Recommendation Provisions, algorithm recommendation service providers shall uphold mainstream values and disseminate positive energy, and shall not engage in illegal activities or disseminate illegal or negative information. They shall implement security responsibilities, establish management systems, appoint professional personnel, conduct regular algorithm reviews, and avoid inducing user addiction or excessive consumption. They shall strengthen information security management, promptly stop the transmission of illegal information and report it, and handle negative information in accordance with regulations.

According to the Deep Synthesis Provisions, deep synthesis service providers shall ensure information security and adopt comprehensive management systems. They must label synthesized content and retain logs as required by law. Content that may mislead the public must be clearly labeled, with identification functions provided and users notified. Tampering with such labels is prohibited.

Providers using algorithm recommendation, deep synthesis or generative AI technology to offer text, image, audio, video and other content services to the public in the PRC shall comply with the Labeling Measures. They shall specify content identification methods and standards in user agreements and remind users of relevant requirements. Where users request unmarked generated/synthesized content, providers may provide such content only after clarifying users' identification obligations, and shall retain relevant logs for at least six months. All identification activities shall comply with applicable laws, regulations and standards.

The Company shall complete algorithm filing, modification and cancellation procedures in line with its AI business development, and conduct security assessments as appropriate. When providing generative AI services, the Company shall label AI-generated and synthesized content, improve labeling provisions in user agreements, regulate content distribution, and ensure compliance of labeling activities. For algorithm filing, the Company shall submit identification materials in accordance with the Labeling Measures, strengthen information sharing and assist in crime prevention.

In developing advertising content, IP and consumer market databases, providers must use legally sourced data and models, and follow the principles of legality, propriety, necessity and minimal necessity in compliance with the Personal Information Protection Law and the GAI Interim Measures. Generative AI service providers shall lawfully process training data, ensure its authenticity, accuracy, objectivity and diversity, establish clear data annotation rules, conduct quality assessment and provide training for annotators. IP databases require authorization for using copyrighted works as training data. Consumer market databases involving personal information must obtain individual consent and comply with other requirements of the Personal Information Protection Law, including publicizing processing rules, specifying the purpose, method and scope of processing, ensuring data security, and avoiding excessive collection or misuse.