PRC

PRC Regulations

We operate our business in China under a legal regime created and made by PRC lawmakers consisting of the National People's Congress, or the NPC, the country's highest legislative body, the State Council, the highest authority of the executive branch of the PRC central government, and several ministries and agencies under its authority, including the MIIT, the SAMR, the MOT, the Ministry of Commerce, or the MOFCOM, the NFRA and the relevant local financial authorities. This section summarizes the principal PRC regulations related to our business.

Regulations Related to Foreign Investment

Investment activities in China by foreign investors are principally governed by the Catalog of Industries for Encouraging Foreign Investment, or the Encouraged Catalog, the Special Administrative Measures (Negative List) for Foreign Investment Access, or the Negative List (《外商投資准入特別管理措施(負面清單)》), which were promulgated and are amended from time to time by the MOFCOM, and the NDRC, the FIL, and their respective implementation rules and ancillary regulations. The Encouraged Catalog and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: "encouraged", "restricted", and "prohibited". Industries not listed in the Negative List are generally deemed as falling into a fourth category, "permitted", unless specifically restricted by other PRC laws and regulations.

On October 26, 2022, the MOFCOM and the NDRC released the Catalog of Industries for Encouraging Foreign Investment (2022 Version), which became effective on January 1, 2023, to replace the previous Encouraged Catalog (2020 Version). On September 6, 2024, MOFCOM and NDRC promulgated the 2024 Negative List, which became effective on November 1, 2024, to replace the previous one.

On March 15, 2019, the NPC promulgated the FIL, which became effective on January 1, 2020 and replaced the major laws and regulations governing foreign investment in China. Pursuant to the FIL, "foreign investments" refer to investment activities conducted by foreign investors directly or indirectly in China, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in China solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interest, property portions or other similar rights and interests of enterprises within China, (iii) foreign investors investing in new projects in China solely or jointly with other investors, and (iv) investment of other methods as specified in laws, administrative regulations, or as stipulated by the State Council.

According to the FIL, foreign investment shall enjoy the pre-entry national treatment, except for foreign-invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the Negative List or specifically restricted by other PRC laws and regulations. The FIL provides that foreign-invested entities operating in foreign "restricted" or "prohibited" industries will require entry clearance and other approvals. The FIL does not comment on the concept and regulatory regime of "de facto control" or contractual arrangements with variable interest entities; however, it has a catch-all provision under the definition of "foreign investment" to include investments made by foreign investors in China through means stipulated by laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions to provide for contractual arrangements as a form of foreign investment.

The FIL also provides several protective rules and principles for foreign investors and their investments in China, including, among others, that local governments shall abide by their commitments to the foreign investors; foreign-invested enterprises are allowed to issue stocks and corporate bonds; except for special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made promptly, expropriate or requisition the investment of foreign investors is prohibited; mandatory technology transfer is prohibited; foreign investors' funds are allowed to be freely transferred out and into the PRC territory from the entry to the exit of foreign investment in accordance with PRC laws and regulations; and an all-around and multi-angle system to guarantee fair competition of foreign-invested enterprises in the market economy. In addition, legal liabilities should be imposed to foreign investors or the foreign investment enterprise for failing to report investment information in accordance with relevant requirements. Furthermore, the FIL and its implementation rules provides that foreign-invested enterprises established according to the existing laws prior to the implementation of the FIL regulating foreign investment may maintain their structure and corporate governance within five years after the implementation of the FIL, which means that foreign-invested enterprises may be required to adjust the structure and corporate governance in accordance with the current PRC Company Law and other laws and regulations governing the corporate governance.

On December 26, 2019, the State Council promulgated the Implementing Rules, which became effective on January 1, 2020. The Implementation rules of FIL further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize the foreign investment environment, and propels a higher-level opening-up. On the same day, the Supreme People's Court issued an Interpretation on Certain Issues Concerning the Application of the Foreign Investment Law of the PRC, or the Interpretation (《最高人民法院關於適用中華人民共和國外商投資法若干問題的解釋》), which also came into effect on January 1, 2020. The Interpretation provides guidance on questions relating to the effectiveness and enforceability of agreements related to foreign investments, such as shareholder agreements, share transfer agreements, and project contracts that may arise under the new negative list system for administration of foreign investment, according to which, investment agreements relating to foreign investment in violation of the negative list management system may be void.

On December 30, 2019, the MOFCOM and the SAMR jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department. In addition, the Circular of the State Administration for Market Regulation on Effective Work on Registration of Foreign-invested Enterprises for the Implementation of the Foreign Investment Law (《市場監管總局關於貫徹落實外商投資法做好外商投資企業登記註冊工作的通知》) promulgated by the SAMR on December 28, 2019, and the Notice Regarding Foreign Investor Information Reporting Related Matters (《商務部關於外商投資信息報告有關事項的公告》) issued by the MOFCOM on December 31, 2019, further refine the related rules.

On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. The Office of the Working Mechanism of the Security Review of Foreign Investment, or the Office of the Working Mechanism, established under the NDRC, lead the task together with the MOFCOM. Foreign investor or relevant parties in China must declare the security review to the Office of the Working Mechanism prior to (i) the investments in the military industry, military industrial supporting and other fields relating to the security of national defense, and investments in areas surrounding military facilities and military industry facilities; and (ii) investments in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and other important fields relating to national security; and obtaining control in the target enterprise. Control exists when the foreign investor (i) holds over 50% equity interests in the target enterprise, (ii) has voting rights that can materially impact on the resolutions of the board of directors or shareholders meeting of the target enterprise even when it holds less than 50% equity interests in the target enterprise, or (iii) has material impact on target enterprise's business decisions, human resources, accounting and technology, etc.

Regulations Related to Value-Added Telecommunications Services

Licenses for Value-added Telecommunications Services

The PRC Telecommunications Regulations, promulgated by the State Council on September 25, 2000 and recently amended with immediate effect on February 6, 2016, provides the regulatory framework for telecommunications service providers in China. The PRC Telecommunications Regulations classify telecommunications services into basic telecommunications services and value-added telecommunications services. Providers of value-added telecommunications services are required to obtain a license for value-added telecommunications services, and violators of this rule may be ordered to make rectifications, have their illegal gains confiscated and be imposed upon a fine, or, under severe circumstances, be ordered to suspend the business operations. According to the Catalog of Telecommunications Services (《電信業務分類目錄》), attached to the PRC Telecommunications Regulations and recently amended by the MIIT, on June 6, 2019, information services provided via public communication networks or the internet are value-added telecommunications services.

As a subcategory of the value-added telecommunications services, internet information services are regulated by the Administrative Measures on Internet Information Services, or the ICP Measures (《互聯網信息服務管理辦法》), which was promulgated by the State Council on September 25, 2000 and mostly amended on December 6, 2024, and became effective on January 20, 2025. Internet information services are defined as "services that provide information to online users through the internet". The ICP Measures classify internet information services into non-commercial internet information services and commercial internet information services. Commercial internet information service providers must obtain an ICP

License, or VAT License, from appropriate telecommunications authorities. A ICP License has a term of five years and can be renewed within 90 days prior to its expiration, according to the Administrative Measures for Telecommunications Businesses Operating Licensing (《電信業務經營許可管理辦法》), which was promulgated by the MIIT on March 1, 2009, recently amended on July 3, 2017, and became effective on September 1, 2017. Furthermore, the MIIT Circular on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), issued on November 27, 2017 and came into effect on January 1, 2018, requires internet information service providers to register and own the domain names they use in providing internet information services.

Restrictions on Foreign Investment in Value-Added Telecommunications Services

The Regulations for the Administration of Foreign-Invested Telecommunications Enterprises, promulgated by the State Council on December 11, 2001 and most recently amended on March 29, 2022, requires foreign-invested value-added telecommunications enterprises in China to be established as Sino-foreign joint ventures, and foreign investors shall not acquire more than 50% of the equity interest of such an enterprise. Moreover, the joint ventures must obtain approvals from the MIIT and the MOFCOM, or their authorized local counterparts, before launching the value-added telecommunications business in China.

According to the 2024 Negative List, the proportion of foreign investments in an entity engaging in value-added telecommunications business (excluding the e-commerce, domestic multi-party communications, storage-forwarding, and call centers) shall not exceed 50%.

Pursuant to the Ministry of Information Industry's Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Services (《信息產業部關於加強外商投資經營增值電信業務管理的通知》), issued by the Ministry of Information Industry, the predecessor of the MIIT, on July 13, 2006, domestic value-added telecommunications enterprises were prohibited to rent, transfer, or sell licenses for value-added telecommunications services to foreign investors in any form, or provide any resources, premises, facilities, or other assistance in any form to foreign investors for their illegal operation of any value-added telecommunications business in China.

Regulations Related to Road Transportations

The Road Transportation Regulation, promulgated by the State Council on April 30, 2004 and most recently amended on January 30, 2026, and the Provisions on Administration of Road Transportation and Stations (Sites) (《道路貨物運輸及站場管理規定》) issued by the MOT, on June 16, 2005 and last amended on February 6, 2026, require that any individual or institution applying for the operation of freight transportation, except international freight transportation and transportation of dangerous goods, shall have: (i) qualified vehicles for operations; (ii) competent drivers under 60 with relevant driving licenses who (except for drivers who use general freight vehicles with a total mass of 4.5 metric tons or less) have passed requisite knowledge tests and obtained qualification certificates, and (iii) sound and proper administrative systems for safe operation. The transportation administrations at the county level (district city level for transportation of dangerous goods) are responsible for the issuance of the operating permits for the freight transport operating enterprises and the operating licenses for the freight transport operating vehicles. An enterprise shall conduct freight transportation operation in accordance with the scope specified under its road transportation permit and shall not transfer or rent such permit to others.

The Notice on the Cancelation of Road Transport Certificate and Driver Qualification Certificate for General Freight Vehicles with a Total Mass below 4.5 Tons (《交通運輸部辦公廳關於取消總質量4.5噸及以下普通貨運車輛道路運輸證和駕駛員從業資格證的通知》), promulgated by the MOT on December 24, 2018, has canceled the license requirements for freight vehicles with a total mass below 4.5 metric tons and for drivers of such vehicles since January 1, 2019.

On April 15, 2016, the Stated Council promulgated the Opinions of the General Office of the State Council on In-depth Implementation of the "Internet + Circulation" Action Plan (《國務院辦公廳關於深入實施"互聯網+流通"行動計劃的意見》), in which the pilot program in non-vehicle operating carriers for road freight transportation is raised for the first time and non-vehicle operating carriers within the scope of the pilot program are allowed to provide transport service. On August 26, 2016, the MOT promulgated the Opinions of the General Office of the Ministry of Transport on Promoting the Pilot Reform and Accelerating the Innovative Development of Non-vehicle Operating Carrier Logistics (《交通運輸部辦公廳關於推進改革試點加快無車承運物流創新發展的意見》), according to which provincial transport departments shall formulate and implement pilot implementation plans from October 2016 to November 2017. Later, on the basis of systematically summarizing the pilot work of non-vehicle operating carriers, on September 6, 2019, the MOT and the State Taxation Administration, or the SAT, jointly issued the Interim Measures for Administration of Road Freight Transport Operation on Online Platform (《網絡平台道路貨物運輸經營管理暫行辦法》), effective from January 1, 2020. Subsequently, on January 23, 2026, they revised and promulgated, based on the said Interim Measures, the Measures for Administration of

Online Freight Carrier Platform Operation (《網絡貨運承運平台經營管理辦法》), which came into effect on the same date. Pursuant to the Measures for Administration of Online Freight Carrier Platform Operation, "online freight carrier platform operation" refers to the road freight transport operation activities in which an operator integrates and allocates transport resources on an online platform, enters into a transport contract with the consignor in the capacity of a carrier, entrusts an actual carrier to complete the road freight transportation, and assumes the responsibility of the carrier.

According to the Interim Measures for Administration of Road Freight Transport Operation on Online Platform, for engaging in online freight carrier platform operation, besides obtaining a road transportation permit with the business scope containing "online freight carrier platform", the operators of online freight carrier platform business shall also meet the requirements for commercial internet information service pursuant to the Measures for Administration of Internet Information Services (《互聯網信息服務管理辦法》). In addition, the operators of online freight carrier platform business shall, in accordance with the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), establish and improve sound work safety management systems commensurate with their online service capabilities. They shall also record user registration information, identity authentication information, service information and transaction information of the actual carrier and the consignor, keep relevant tax-related materials, and ensure the authenticity, completeness and availability of such information in accordance with the requirements of the PRC E-Commerce Law (《中華人民共和國電子商務法》), the Law on the Administration of Tax Collection of the People's Republic of China (《中華人民共和國稅收徵收管理法》) and its implementing rules. The operators of online freight transport business shall also examine the qualifications of the vehicles and drivers, subject to certain exceptions. In cases where serious accidents arise from the operators of online freight carrier platform business entrusting unqualified actual carriers to provide transportation services, such operators will be subject to corresponding investigation, penalties, and regulatory measures. The authorities responsible for the supervision and administration of road transportation at the county level shall issue the operation licenses with the operating scope containing "online freight carrier platform" to qualified online freight carrier platform operators.

On September 24, 2019, the MOT promulgated three guidelines on the road freight transport operation on online platforms, including the Service Guidelines on the Road Freight Transport Operation on Online Platforms, the Guidelines on the Construction of Provincial Online Freight Information Monitoring Systems and the Access Guidelines on the Ministerial Online Freight Information Interaction System (《網絡平台道路貨物運輸經營服務指南》《省級網絡貨運信息監測系統建設指南》和《部網絡貨運信息交互系統接入指南》), all of which came into effect on the said date. The Service Guidelines on the Road Freight Transport Operation on Online Platforms sets forth the requirements for the services provided by online freight operators, including (i) obtaining ICP Licenses, (ii) complying with the state's requirements for graded protection of information system security, (iii) connecting to the provincial online freight information monitoring systems, and (iv) being equipped with features including information release, online transactions, full-process monitoring, financial payments, consultations and complaints, online reviews, statistics queries and data retrieval.

In addition, the Law of PRC on Road Traffic Safety (《中華人民共和國道路交通安全法》), promulgated by the SCNPC on October 28, 2003 and most recently amended on April 29, 2021, prohibits the practice of modifying the vehicles' registered structures without proper authorization. The Regulation for the Implementation of the Law of the PRC on Road Traffic Safety (《中華人民共和國道路交通安全法實施條例》), promulgated by the State Council on October 7, 2017 and effective on the same date, provides that passenger vehicles shall not carry freight except in their external luggage racks and built-in trunks. Furthermore, according to the Regulation for the Implementation of the Law of the PRC on Road Traffic Safety, any mark, sign, or advertisement painted on or affixed to the body of a motor vehicle shall not affect safe driving.

Regulations on Financial Leasing

The MOFCOM promulgated the Administrative Measures on Supervision of Financial Leasing Enterprises (《融資租賃企業監督管理辦法》) in 2013 to standardize business activities and to promote healthy and orderly development of the financial leasing enterprises. In May 2018, the General Office of the MOFCOM promulgated the Notice on Matters Concerning Adjustments to the Responsibility to Regulate Financial Leasing Companies, Commercial Factoring Companies and Pawnshops (《商務部辦公廳關於融資租賃公司、商業保理公司和典當行管理職責調整有關事宜的通知》), according to which the MOFCOM has allocated its responsibility for supervising and formulating rules for the business operation of financial leasing companies, commercial factoring companies and pawnshops to the CBIRC. The Interim Measures for the Supervision and Administration of Financial Leasing Companies (《融資租賃公司監督管理暫行辦法》) was promulgated by the CBIRC in May 2020 to further strengthen supervision and administration of financial leasing companies. According to such interim measures, a financial leasing company is a company engaged in transaction activities where the company, as a lessor, purchases leased properties from the seller at the lessee's option and provides such leased properties for the lessee to use, for which the lessee pays the rent. It also subjects financial leasing companies to certain requirements including benchmarks for customer concentration, proportion of lease assets, and ratio of risk assets to net assets. Furthermore, it stipulates that financial leasing companies shall not be engaged in, among others, the following businesses: (i) illegal fundraising, absorption or disguised absorption of deposits; (ii) granting or entrusting loan; (iii) borrowing or borrowing funds in disguised form with other financial leasing companies; (iv) financing or transferring assets through online lending information intermediaries, private equity investment funds; or (v) other business or activities prohibited by laws and regulations and relevant regulatory authorities.

Regulations on Commercial Factoring

On June 27, 2012, the MOC promulgated the Notice on Pilot Scheme for Commercial Factoring, or Notice 419 (《商務部關於商業保理試點有關工作的通知》), to launch the pilot scheme for commercial factoring in Shanghai Pudong New District and Tianjin Binhai New District. The MOC also released several other circulars to expand the pilot areas to Guangzhou and Chongqing Liangjiang New Area and certain other areas. According to the local implementation rules, commercial factoring companies are neither allowed to be engaged in prohibited financial activities such as acceptance of deposits and disbursement of loans nor allowed to be engaged in debt collection business or being entrust to collect debts. On May 8, 2018, the MOC announced that the regulatory authority of the commercial factoring industry was to be transferred from the MOC to the CBIRC since April 20, 2018. The CBIRC issued the Circular on Strengthening the Supervision and Administration of Commercial Factoring Enterprises (《中國銀保監會辦公廳關於加強商業保理企業監督管理的通知》) on October 18, 2019, and amended it on June 21, 2021, which aims to regulate the operating activities of commercial factoring enterprises, clarify regulatory responsibilities and emphasize that commercial factoring enterprises shall not engage in, among others, the following businesses: (i) absorbing public funds either directly or in disguise; (ii) lending or borrowing money from other commercial factoring enterprises directly or in disguise; (iii) providing loans or providing loans upon entrustment.

Regulations Related to Payment Services

On December 9, 2023, the State Council issued the Regulations on Supervision and Administration of Non-bank Payment Institutions (《非銀行支付機構監督管理條例》), or the Non-bank Payment Institutions Regulations, effective from May 1, 2024. Under the Non-bank Payment Institutions Regulations, a non-bank payment institution must obtain a payment business license, or Payment License, upon approval of the PBOC, to engage in payment businesses. With the Payment License, a non-bank payment institution may serve as an intermediary between payees and payers and engage in payment businesses such as the transfer of currency funds based on electronic payment instructions submitted by payees or payers. Without PBOC's approval, no institution or individual may engage in payment business, whether explicitly or in a disguised form, nor use the word "payment" in its name or business scope, unless otherwise provided by laws, administrative regulations, or the State. Payment institutions shall carry out business activities in accordance with the type of business and within the geographical area of operation specified in their respective Payment Licenses, and shall not, without approval, engage in other businesses that are subject to approval under the law, nor alter, resell, lease, lend their Payment Licenses, or otherwise illegally transfer them. For any institution or individual that establishes a non-bank payment institution or engages, or engages in a disguised form, in payment businesses without the approval of the PBOC, the PBOC shall, in accordance with the law, ban such activities, confiscate illegal gains and impose fines; where a crime is constituted, it shall be subject to criminal liabilities.

Regulations Related to E-Commerce

In March 2021, the SAMR issued the Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》), effective on May 1, 2021 which was amended on March 18, 2025 and became effective on May 1, 2025, further clarifying that individuals engaged in online transaction activities with a total annual transaction volume exceeding RMB100,000 shall register with the relevant local branches of the SAMR. The transaction volume for each individual shall accumulate across different platforms, and the online transaction platform operators are required to provide those individuals with timely reminders to make such registration.

On August 31, 2018, the SCNPC, issued the PRC E-Commerce Law, effective on January 1, 2019. The E-Commerce Law proposes a series of requirements on e-commerce operators, which includes individuals and entities carrying out business online, e-commerce platform operators and merchants operating on such platforms. For example, the PRC E-Commerce Law requires e-commerce operators to respect and protect consumers' legitimate rights equally, provide options to consumers without targeting their personal characteristics and clearly identify tie-in sales to consumers (where additional services or products are added by merchants to a purchase) without assuming, by default, consumers' consent to such tie-in sales. Under the PRC E-Commerce Law, e-commerce platform operators are required to establish credit evaluation systems and publicize corresponding credit evaluation rules, providing consumers with channels to evaluate products sold or services provided within said platforms. Moreover, according to the PRC E-Commerce Law, e-commerce platform operators who fail to take necessary actions when they become aware or should have become aware that (i) merchants within the platform have infringed upon the intellectual property rights of others, or (ii) that the products or services provided by the merchants do not meet requirements for personal and property security, or otherwise infringe upon consumers' legitimate rights, will incur joint and several liabilities with the merchants; with respect to products or services related to consumers' health and well-being, e-commerce platform operators will be held liable with the merchants where failure to review the qualifications of merchants or to safeguard the interests of the consumers causes harm or damage to consumers. Pursuant to the PRC E-Commerce Law, e-commerce platform operators who fail to take necessary actions when operators on their platforms have infringed upon consumers' legitimate rights, fail to perform their obligation to verify the qualifications of e-commerce operators, or fail to perform their obligation to protect consumer safety will be ordered to rectify such failures and may be imposed upon a fine from RMB50,000 to RMB500,000; under severe circumstances, such e-commerce platform operators will be ordered to suspend business operations, make rectifications and be imposed upon a fine from RMB500,000 to RMB2 million.

Regulations Related to Consumer Protection

The PRC Consumer Rights and Interests Protection Law (《中華人民共和國消費者權益保護法》), effective on January 1, 1994 and last amended on October 25, 2013, and the Measures for the Supervision and Administration of Online Transactions, have provided stringent requirements and obligations on business operators, including internet business operators and platform service providers. For example, consumers are entitled to return goods purchased online, subject to certain exceptions, within seven days of receipt of such goods without providing any reason. To ensure that sellers and service providers comply with these laws and regulations, platform operators are required to implement rules governing transactions on said platforms, monitor information posted by sellers and service providers, and report any violations by such sellers or service providers to the relevant authorities. In addition, online marketplace platform providers may, pursuant to the relevant PRC consumer protection laws, be exposed to liabilities if the lawful rights and interests of consumers are infringed upon in connection with consumers' purchase of goods or acceptance of services on online marketplace platforms and the online marketplace platform providers fail to provide consumers with the contact information of the seller or manufacturer. In addition, online marketplace platform providers may be held jointly and severally liable with sellers and manufacturers if they are aware or should be aware that any seller or manufacturer is using their online platform to infringe upon the lawful rights and interests of consumers and fail to take measures necessary to prevent or stop such activity.

The PRC Civil Code (《中華人民共和國民法典》) effective in January 2021 also provides that if an online service provider is aware or should have become aware that an online user is infringing upon the civil rights of others through the use of its internet services and fails to take necessary measures, it shall be held jointly and severally liable with said online user. If the online service provider receives any notice from the infringed party on any infringing activities, the online service provider shall take necessary measures, including deleting, blocking and unlinking the infringing content, in a timely manner. Otherwise, it will be jointly liable with the relevant online user for the extended damages.

Regulations on Leasing

According to the PRC Administration of Urban Real Estate Law (《中華人民共和國城市房地產管理法》), which was promulgated by the SCNPC on July 5, 1994, was most recently amended on August 26, 2019 and such amendment took effect on January 1, 2020, a written lease contract shall be filed for registration and record with the real estate administration department.

According to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and came into effect on February 1, 2011, within 30 days after the conclusion of the house leasing contract, the parties involved in the house leasing shall carry out house leasing registration with the construction (real estate) administrative department of the people's government of a municipality, city or county where the house leased is located. The relevant parties may entrust others in writing to complete the house leasing registration and filling. If the relevant parties fail to make registration, they may be ordered to make corrections within a specified time limit by the construction (real estate) administrative department of the people's government of a municipality, city or county. If any individual fails to rectify within the specified time, a fine of less than RMB1,000 will be imposed, while if any entity fails to rectify within the specified time, a fine not less than RMB1,000 and not more than RMB10,000 will be imposed.

Regulations Related to Anti-Unfair Competition and Anti-Monopoly

The PRC Anti-Monopoly Law (《中華人民共和國反壟斷法》) was promulgated by SCNPC on August 30, 2007, took effect on August 1, 2008, was most recently amended on June 24, 2022 and such amendment took effect on August 1, 2022. The PRC Anti-Monopoly Law provides that the relevant operators of a concentration of undertakings that reaches the standard for declaration shall make an advance declaration to the anti-monopoly law enforcement authority under the State Council. The PRC Anti-Monopoly Law prohibits monopolistic conduct, such as entering into monopoly agreements, abuse of dominant market position and concentration of undertakings that have the effect of eliminating or restricting competition. The PRC Anti-Monopoly Law provides, among others, that business operators shall not use data, algorithms, technology, capital advantages and platform rules to exclude or limit competition, and also requires relevant government authorities to strengthen the examination of concentration of undertakings in areas related to national welfare and people's well-being, and enhances penalties for violation of the regulations regarding concentration of undertakings.

On June 27, 2025, the SCNPC promulgated the revised PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), pursuant to which business operators may not engage in improper activities to undermine their competitors, including but not limited to, improperly influencing a transaction, causing market obfuscation, commercial bribery, misleading or false publicity, infringing upon trade secrets, dumping, illegitimate premium sale and commercial libel. Failure to comply with such regulations could result in various administrative penalties, including fines, confiscation of illegal gains and cessation of business activities.

In recent years, the relevant PRC Antimonopoly authorities have strengthened enforcement under anti-monopoly laws. On February 7, 2021, the Anti-Monopoly Committee of the State Council published the Anti-Monopoly Guidelines, which became effective on the same day and has been operating as a compliance guidance under the existing anti-monopoly laws and regulations for operators of the internet platform economy. The Anti-Monopoly Guidelines aims to specify some of the circumstances under which an internet platform's activities may be identified as monopolistic, as well as setting out merger-controlling filing procedures involving variable interest entities. The Anti-Monopoly Guidelines also intends to regulate abuse of market dominance and other anti-competitive practices of internet platform operators, as well as related merchants and service providers on such internet platforms. Pursuant to the Anti-Monopoly Guidelines, representative examples of market dominance abuse include but are not limited to unfairly locking in exclusive agreements with merchants and price discrimination driven by big-data and algorithms to eliminate or limit market competition. In addition, the Anti-Monopoly Guidelines provides that where the concentration of business undertakings meets the reporting standards set by the State Council, such business undertakings shall be reported, in advance, to the Anti-Monopoly enforcement agency of the State Council, explicitly identifying operators with VIE structures as within the ambit of the SAMR's merger control review, if certain reporting thresholds are met.

Regulations Related to Advertising Services

On October 27, 1994, the SCNPC promulgated the Advertising Law of the PRC, or the Advertising Law (《中華人民共和國廣告法》), as amended on April 24, 2015, October 26, 2018 and most recently, on April 29, 2021. The Advertising Law requires that advertisers, advertising operators, and advertisement publishers shall abide by the laws and administrative regulations, and by the principles of fairness and good faith while engaging in advertising activities. Administrative departments for industry and commerce at and above the county level are in charge of the supervision and administration of advertising.

Besides, on February 25, the SAMR promulgated the Administrative Measures for Advertising or Internet Advertising Measure (《互聯網廣告管理辦法》), effective from May 1, 2023, specifying requirements for advertisers operating advertising businesses online. Pursuant to the Internet Advertising Measures, "internet advertising" refers to commercial advertising activities for the direct or indirect promotion of commodities or services within the territory of the People's Republic of China by making use of websites, webpages, internet applications and other internet media in the forms of texts, pictures, audios, videos or other forms. Internet advertisers shall be responsible for the authenticity of advertised contents. The identity, administrative license, information cited and other certificates that the advertisers are required to have in publishing internet advertisements shall be true, lawful and valid.

Regulations Related to Internet Information Security and Privacy Protection

Internet information in China is regulated from a national security standpoint. Pursuant to the PRC Civil Code issued by the NPC on May 28, 2020 and effective on January 1, 2021, the personal information of a natural person shall be protected by the law. Where collection of personal information of others is necessary, any organization or individual shall obtain such personal information in accordance with the law and ensure the security of such information, and shall not illegally collect, use, process or transmit the personal information of others, or illegally purchase or sell, provide or publicize such information.

In recent years, PRC government authorities have enacted laws and regulations on internet use to protect personal information from any unauthorized disclosure.

Pursuant to the Ninth Amendment to the PRC Criminal Law (《中華人民共和國刑法修正案(九)》) issued by the SCNPC on August 29, 2015 which became effective on November 1, 2015, any internet service provider that fails to fulfill its obligations related to the administration of internet information security as required by applicable laws and refuses to rectify upon orders, shall be subject to criminal penalty for the result of (i) any dissemination of illegal information in large scale; (ii) any severe effect due to the leakage of user's information; (iii) any serious loss of criminal evidence; or (iv) other severe situations. Any individual or entity that (i) sells or provides personal information to others in a manner violating applicable laws or regulations, or (ii) steals or illegally obtains any personal information, shall be subject to criminal penalty in severe situations. In addition, the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate of the PRC on Several Issues Concerning the Application of Law in Handling Criminal Cases of Infringing 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》), issued on May 8, 2017 and effective in June 1, 2017, clarifies certain standards for the conviction and sentencing of the criminals in relation to personal information infringement. Further, the SCNPC promulgated a new National Security Law (《中華人民共和國國家安全法》), effective on July 1, 2015, to replace the former National Security Law and cover various aspects of national security including technology security and information security.

In addition, the SCNPC promulgated the Cyber Security Law, effective on June 1, 2017, to protect cyberspace security and order. Pursuant to the Cyber Security Law, any individual or organization using the internet must comply with the Constitution and applicable laws, respect public order and social morals, and must not endanger cybersecurity, or use the internet to engage in activities that endanger national security, honor and interests, or infringe upon the rights to reputation, privacy, intellectual property and other legitimate rights and interests of others.

Pursuant to the Announcement of Conducting Special Activities Against Illegal Collection and Use of Personal Information by Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》), which was jointly released by the CAC, the MIIT, the MPS and the SAMR on January 23, 2019 and became effective on the same date, to further implement and strengthen the Cyber Security Law, (i) operators of mobile internet applications, or Apps, shall strictly fulfill their obligations under the Cyber Security Law and shall be responsible for the personal information collected by them as well as the implementation of effective measures to strengthen the protection of personal information, (ii) the competent government authorities shall strengthen administration and penalties with respect to the illegal collection and use of personal information in accordance with the Cyber Security Law and the Law on the Protection of Consumer Rights and Interests (《消費者權益保護法》), and (iii) the MPS will initiate targeted activities against illegal collection and use of personal information. On November 28, 2019, the CAC, the MIIT, the MPS and the SAMR jointly issued the Notice on Identification of the Illegal Collection and Use of Personal Information by Apps (《App違法違規收集使用個人信息行為認定方法》), effective on the same date, to provide detailed methods on identifying illegal collection and use of personal information by Apps. Furthermore, Provisions on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》), jointly released by the CAC, the MIIT, the MPS and the SAMR on March 12, 2021 and effective on May 1, 2021, requires that, with respect to mobile internet applications, operators shall not refuse users' use of basic functions and services of such Apps on the basis that such users do not agree to the collection of non-essential personal information. The Information Security Technology Personal Information Security Specification, or the Personal Information Security Specification (《信息安全技術個人信息安全規範》), jointly published by SAMR and Standardization Administration, came into force in May 2018, and was newly amended on October 1, 2020, further specifying the principles and security requirements in regulating personal information controller for the collection, storage, usage, share, transfer, and public disclosure of personal information.

On June 10, 2021, the SCNPC promulgated the Data Security Law, which became effective in September 2021. The Data Security Law introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. In addition, the Data Security Law provides a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information. Without the approval of the competent authorities of the PRC, any entity or individual may not provide data stored in the PRC to a foreign judicial or law enforcement agency.

On August 20, 2021, the Personal Information Protection Law was officially promulgated by SCNPC which became effective on November 1, 2021, which integrated the scattered rules with respect to personal information rights and privacy protection. The Personal Information Protection Law applies to the processing of personal information within China, as well as certain personal information processing activities outside China, including those for the provision of products and services to natural persons within China or for the analysis and assessment of acts of natural persons within China. Processors processing personal information exceeding the threshold to be set by the relevant authorities and the critical information infrastructure operators, or the CIIOs are required to store, within the territory of the PRC, all personal information collected and produced within the PRC.

Furthermore, on July 30, 2021, the State Council promulgated the Provisions on Protection of Critical Information Infrastructure Security (《關鍵信息基礎設施安全保護條例》), which became effective on September 1, 2021. Pursuant to these provisions, the relevant governmental authorities are responsible for formulating rules for the identification of CII and further organizing to identify such the CII in the related industries and fields, taking into account the factors set forth in the provisions. The relevant authorities shall also notify operators who are being identified as critical information infrastructure operators.

Moreover, on April 13, 2020, CAC, NDRC and several other administrations jointly promulgated the Review Measures, which became effective on June 1, 2020. The Review Measures establish the basic framework for national security reviews of purchasing network products and services by CIIOs, and provide the principle provisions for undertaking cybersecurity reviews. According to the Review Measures, where the purchase of network products and services by an operator of critical information infrastructure influences, CIIOs shall assess the possible risks to national security resulting from the use of such product or service. Where national security is or may be affected, a cybersecurity review shall be conducted pursuant to the Review Measures. In addition, the relevant regulatory authorities are still entitled to impose security reviews on network products and services that are deemed capable of affecting national security. CIIOs may voluntarily file for a cybersecurity review with CAC prior to purchasing network products and services if they deem their behavior affects or may affect national security based on self-assessment and self-evaluation. Notwithstanding the voluntary filing, the relevant authorities are entitled to initiate cybersecurity reviews accordingly. Critical information infrastructure operators who use network products or services that have not been filed for or passed a cybersecurity review may receive the following penalties: (i) suspension of using such network products or services; (ii) a fine of more than one time and less than ten times the purchase price of such network products or services; (iii) a fine of more than RMB10,000 and less than RMB100,000 on the senior staff in and other staff directly responsible.

The Review Measures, which was promulgated on April 13, 2020, amended on December 28, 2021, and became effective from February 15, 2022, stipulates that operators of critical information infrastructure purchasing network products and services, and data processors carrying out data processing activities that affect or may affect national security, shall conduct a cybersecurity review. The Cybersecurity Review Measures further specifies that network platform operators who hold personal information of more than 1 million users, when applying for [**REDACTED**] abroad (國外), must report to the Cybersecurity Review Office for a cybersecurity review.

On December 31, 2021, the CAC published the Administrative Provisions on Internet Information Service Algorithm Recommendation (《互聯網信息服務算法推薦管理規定》) (the "Algorithm Recommendation Provisions") on its website, which became effective on March 1, 2022. The Algorithm Recommendation Provisions implements classification and hierarchical management for algorithm recommendation service providers based on varies criteria, and stipulates that algorithm recommendation service providers with public opinion attributes or social mobilization capabilities shall file with the CAC within ten business days from the date of providing such services.

The Cyber Data Security Regulations aim to regulate network data processing activities, protect the legitimate rights and interests of individuals and organizations, and safeguard national security and public interests. The Cyber Data Security Regulations put forward general requirements and provisions for network data security, further specify rules concerning personal information protection, and fine-tune mechanisms for the management of important data. In addition, the Cyber Data Security Regulations also stipulate the obligations for internet platform service providers, specifying data protection requirements for entities such as third-party service and product providers. The Cyber Data Security Regulations do not include the content related to cybersecurity review standards for [**REDACTED**] abroad and in Hong Kong in the Administration Governing the Cyber Data Security (Draft for Comments), published on November 14, 2021.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Data Cross-border Transfer, and it became effective on September 1, 2022. According to the Measures for the Security Assessment of Data Cross-border Transfer, data processors shall apply to the national cyberspace administration through the local cyberspace administration at the provincial level under any of the following circumstance: (i) the data processor provides important data abroad, (ii) the critical information infrastructure operator or the data processor that has processed the personal information of over one million people provides personal information abroad, (iii) the data processor that has provided the personal information of over 100,000 people or the sensitive personal information of over 10,000 people cumulatively since January 1 of the previous year provides personal information abroad., or (iv) any circumstance where an application for the security assessment of outbound data transfer is required by the national cyberspace administration.

Regulations Related to Mobile Internet Applications Information Services

In addition to the PRC Telecommunications Regulations, amended and effective on February 6, 2016, and other regulations above, apps are specially regulated by the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》), which were promulgated by the CAC on June 28, 2016 and was recently amended on June 14, 2022. The provisions set forth relevant requirements on the App information service providers and App store service providers. The CAC and its local branches shall be responsible for the supervision and administration of nationwide and local App information, respectively.

Under the Interim Measures on the Administration of Pre-Installation and Distribution of Applications for Mobile Smart Terminals (《移動智能終端應用軟件預置和分發管理暫行規定》), which became effective on July 1, 2017, the internet information service provider is also required to ensure that an App, as well as its ancillary resource files, configuration files and user data, can be conveniently uninstalled by its users, unless it is a basic function software (i.e., software that supports the normal functioning of hardware and operating system of a mobile smart device).

Regulations Related to Strictly Combating Illegal Securities Activities

The Opinions on Securities Activities called for the enhanced administration and supervision of China-based overseas-[**REDACTED**] companies, and proposed to revise the relevant regulation governing the overseas issuance and [**REDACTED**] of shares by joint stock companies and clarified the responsibilities of competent domestic industry regulators and government authorities.

Regulations Related to Intellectual Property Rights

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.

Patent

Pursuant to the PRC Patent Law (《中華人民共和國專利法》), as recently amended in 2020 and became effective on June 1, 2021, after the grant of the patent right for an invention or utility model, except where otherwise provided for in the PRC Patent Law, no entity or individual may, without the authorization of the patent owner, exploit the patent, that is, make, use, offer to sell, sell or import the patented product, or use the patented process, or use, offer to sell, sell or import any product which is a direct result of the use of the patented process, for production or business purposes. After a patent right is granted for a design, no entity or individual shall, without the permission of the patent owner, exploit the patent, that is, for production or business purposes, manufacture, offer to sell, sell, or import any product containing the patented design. Once the infringement of a patent is confirmed, the infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages, etc.

Trademarks

Pursuant to the PRC Trademark Law (《中華人民共和國商標法》), as most recently amended in 2019, the right to exclusive use of a registered trademark shall be limited to trademarks that have been approved for registration and to goods for which the use of such trademark has been approved. The period of validity of a registered trademark shall be ten years counted from the day the registration is approved and renewable for another term of ten years upon expiry of the first or any renewed ten-year term. According to this law, using a trademark that is identical to or similar to a registered trademark in connection with the same or similar goods without the authorization of the owner of the registered trademark constitutes an infringement of the exclusive right to use a registered trademark.

Copyright

Pursuant to the PRC Copyright Law (《中華人民共和國著作權法》), as recently amended in 2020 and became effective on June 1, 2021, copyrights include personal rights such as the right of publication and that of attribution as well as property rights such as the right of production and that of distribution. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the PRC Copyright Law, shall constitute infringements of copyrights. The infringer shall, according to the circumstances of the case, undertake to cease the infringement, take remedial action, and offer an apology, pay damages, etc.

The National Copyright Administration of China shall be the competent authority for the nationwide administration of software copyright registration and the Copyright Protection Center of China, or the CPCC, is designated as the software registration authority. The CPCC shall grant registration certificates to the Computer Software Copyrights applicants who conform to the provisions of both the Computer Software Copyright Registration Procedures and the Computer Software Protection Regulations (Revised in 2013).

Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated on August 24, 2017, and effective on November 1, 2017, "domain name" shall refer to the character mark of hierarchical structure, which identifies and locates a computer on the internet and corresponds to the internet protocol (IP) address of that computer. The principle of "first come, first serve" is followed for the domain name registration service. After completing the domain name registration, the applicant becomes the holder of the domain name registered by him/it. Any organization or individual may file an application for settlement with the domain names dispute resolution institution or file a lawsuit in the People's Court in accordance with the law if such organization or individual consider its/his legal rights and interests to be infringed by domain names registered or used by others.

Regulations Related to Foreign Exchange

General Administration of Foreign Exchange

The principal regulation governing foreign currency exchange in China is Foreign Exchange Administration Regulations (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, took into effect on April 1, 1996 and last amended on August 5, 2008. Under the PRC foreign exchange regulations, Renminbi is freely convertible into other currencies for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of the PRC, unless prior approval is obtained from the State Administration of Foreign Exchange, or the SAFE, and prior registration with SAFE is made.

On March 30, 2015, SAFE promulgated the Circular 19, effective on June 1, 2015 and amended on December 30, 2019 and March 23, 2023. According to Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretional Foreign Exchange Settlement. The Discretional Foreign Exchange Settlement refers to the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise.

SAFE issued the Circular 16 on June 9, 2016, which became effective simultaneously and amended on December 4, 2023, which, among other things, amends certain provisions of the Circular 19. Pursuant to Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a discretionary basis. Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on a discretionary basis which applies to all enterprises registered in the PRC. Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, while such converted Renminbi shall not be provided as loans to its non-affiliated entities.

In January 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification, or Circular 3 (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), which became effective on the same day. Circular 3 sets out various measures to tighten genuineness and compliance verification of cross-border transactions and cross-border capital flow, which include without limitation requiring banks to verify board resolutions, tax filing form, and audited financial statements before wiring foreign-invested enterprises' foreign exchange distribution above US$50,000, and strengthening genuineness and compliance verification of foreign direct investments.

On October 23, 2019, SAFE promulgated the SAFE Circular 28, which was amended on December 4, 2023. The SAFE Circular 28 stipulates that non-investment foreign investment enterprise may use capital to carry out domestic equity investment in accordance with the law under the premise of not violating the Negative List and the projects invested are true and in compliance with laws and regulations.

On April 10, 2020, the SAFE issued the SAFE Circular 8. The SAFE Circular 8 provides that, under the condition that the use of the funds is genuine and compliant with current administrative provisions on use of capital relating to capital accounts, enterprises are allowed to use capital under capital accounts such as capital funds, foreign debts and overseas [**REDACTED**] for domestic payment, without submission to the bank prior to each transaction of materials evidencing the veracity of such payment.

Loans by the Foreign Companies to PRC Entities

A loan made by foreign investors as shareholders in a foreign invested enterprise is considered to be foreign debt in China and is regulated by various laws and regulations, including the Regulation of the People's Republic of China on Foreign Exchange Administration, the Interim Provisions on the Management of Foreign Debts (《外債管理暫行辦法》), the Statistical Monitoring of Foreign Debts Tentative Provisions (《外債統計監測暫行規定》), and the Administrative Measures for Registration of Foreign Debts (《外債登記管理辦法》). Under these rules and regulations, a shareholder loan in the form of foreign debt made to a PRC entity does not require the prior approval of SAFE. However, such foreign debt must be registered with and recorded by SAFE or its local branches within 15 business days after entering into the foreign debt contract. Pursuant to these rules and regulations, 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, and there is, in effect, no statutory limit on the amount of foreign debts that foreign investors can make to a foreign invested enterprise under this circumstance because the foreign investors can increase the registered capital of the foreign invested enterprise by making capital contributions to it, subject to the completion of the required registrations, and the difference between the total investment and the registered capital will increase accordingly.

On January 11, 2017, the PBOC promulgated the Notice of the People's Bank of China on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing, or the PBOC Notice No. 9 (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》). Pursuant to the PBOC Notice No. 9, within a transition period of one year from January 11, 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 the PBOC Notice No. 9, or Notice No. 9 Foreign Debt Mechanism, at their own discretion. The PBOC Notice No. 9 provides that, enterprises may conduct independent cross-border financing in RMB or foreign currencies as required. Pursuant 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 the 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. Risk-weighted outstanding cross-border financing = $\sum$ outstanding amount of RMB and foreign currency denominated cross-border financing * maturity risk conversion factor * type risk conversion factor + $\sum$ outstanding foreign currency denominated cross-border financing * exchange rate risk conversion factor.

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. And the SAFE issued the Guidelines for Foreign Exchange Business under Capital Accounts (資本項目外匯業務指引(2024)) in April 2024, which came into effect on May 6, 2024, and the Operational Guidelines for Deepening the Facilitation Policies of Foreign Exchange Administration for Cross-border Investment and Financing (深化跨境投融資外匯管理便利化政策操作指引) in September 2025, which also contains relevant provisions clarifying the registration procedures for cross-border financing.

Regulations Related to Offshore Special Purpose Companies Held by PRC Residents

SAFE Circular 37 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 and conduct round trip investment in China. Under SAFE Circular 37, an SPV refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making an 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 a contribution into an SPV, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch. SAFE Circular 37 further provides that option or share-based incentive tool holders of a non-[**REDACTED**] SPV can exercise the options or share incentive tools to become a shareholder of such non-[**REDACTED**] SPV, subject to registration with SAFE or its local branch.

PRC residents or entities who have contributed legitimate domestic or offshore interests or assets to SPVs but have yet to obtain SAFE registration before the implementation of SAFE Circular 37 shall register their ownership interests or control in such SPVs with SAFE or its local branch. An amendment to the registration is required if there is a material change in the registered SPV, such as any change of basic information (including change of such PRC resident's name and operation term), increases or decreases in investment amounts, transfers or exchanges of shares, or mergers or divisions. Failure to comply with the registration procedures set forth in SAFE Circular 37, or making misrepresentation or failure to disclose controllers of foreign-invested enterprise that is established through round-trip investment, may result in restrictions on the foreign exchange activities of the relevant foreign-invested enterprises, including capital inflows from the offshore parents and payments of dividends and other distributions (such as proceeds from any reduction in capital, share transfer or liquidation) to its offshore parents or affiliates, and may also subject relevant PRC residents or entities to penalties under PRC foreign exchange administration regulations. On February 13, 2015, SAFE further promulgated the SAFE Circular 13. This SAFE Circular 13 has amended SAFE Circular 37 by requiring PRC residents or entities to register with qualified banks in lieu of 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. SAFE Circular 37 is applicable to our beneficial owners who are PRC residents and may be applicable to any offshore acquisitions that we make in the future.

According to the SAFE Circular 13, those who fails to comply with the requirements set forth in the preceding paragraph, the foreign exchange control authorities shall conduct business control over them in the capital account information system, and banks shall not carry out foreign exchange businesses under the capital account for them.

Regulations on Stock Incentive Plans

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, or the SAFE Circular 7 (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), issued by SAFE in February 2012, employees, directors, supervisors and other senior management participating in any stock incentive plan of an overseas publicly [**REDACTED**] company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas [**REDACTED**] company and complete certain other procedures. The SAFE Circular 7 further requires an offshore agent to be designated to handle matters in connection with the exercise of share options and sales of proceeds for the participants of the share incentive plans. Failure to complete the said SAFE registrations may subject our participating directors, supervisors, senior management and other employees to regulatory measures and legal sanctions.

In addition, the SAT has issued certain circulars concerning employee share options or restricted shares. Under these circulars, the employees working in the PRC who exercise share options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of such overseas [**REDACTED**] company 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 the employees fail to pay or the PRC subsidiaries fail to withhold their income taxes according to relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

Regulations Related to Tax in the PRC

Income Tax

The PRC Enterprise Income Tax Law was promulgated on March 16, 2007 and was most recently amended on December 29, 2018. The PRC Enterprise Income Tax Law applies a uniform 25% enterprise income tax rate to both foreign-invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. Under the PRC Enterprise Income Tax Law, an enterprise established outside of China with a "de facto management body" within China 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 Regulations to the PRC Enterprise Income Tax Law, a "de facto management body" is defined as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. Non-PRC resident enterprises without any branches in the PRC shall pay an enterprise income tax in connection with their income originating from the PRC at the tax rate of 10%.

In January 2014, the Notice on Issues Relating to Handling Enterprise Income Tax in Promoting Enterprise Restructuring (《關於促進企業重組有關企業所得稅處理問題的通知》) promulgated by MOF and the SAT became effective and partly superseded provisions in Circular 59. In February 2015, the SAT issued the Notice on Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-PRC Resident Enterprises, or SAT Circular 7 (《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》), to supersede existing provisions in relation to the indirect transfer as set forth in Circular 698, while the other provisions of Circular 698 remain in force. SAT Circular 7 introduces a new tax regime that is significantly different from that under Circular 698. SAT Circular 7 extends its tax jurisdiction to capture not only indirect transfers as set forth under Circular 698 but also transactions involving transfers of immovable property in China and assets held under establishments in China of a foreign company through the offshore transfer of a foreign intermediate holding company. On October 17, 2017, the SAT issued the Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises, or SAT Circular 37 (《關於非居民企業所得稅源泉扣繳有關問題的公告》). SAT Circular 37, effective on December 1, 2017, superseded the Non-resident Enterprises Measures and SAT Circular 698 as a whole and partially amended some provisions in SAT Circular 24 and SAT Circular 7. SAT Circular 37 purports to clarify certain issues in the implementation of the above regime, by providing, among others, the definition of equity transfer income and tax basis, the foreign exchange rate to be used in the calculation of withholding amount, and the date of occurrence of the withholding obligation.

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徵收管理法》) promulgated by the SCNPC on September 4, 1992 and newly amended on April 24, 2015, in the case of an indirect transfer, entities or individuals obligated to pay the transfer price to the transferor shall act as withholding agents. If they fail to withhold the full amount of tax payable, or at all, the transferor of equity shall declare and pay tax to the relevant tax authorities within seven days from the occurrence of the tax payment obligation. Where the withholding agent fails to withhold, and the transferor of the equity fails to pay, the tax payable amount, the tax authority may impose late payment interest on the transferor. In addition, the tax authority may also hold the withholding agents liable and impose a penalty ranging from 50% to 300% of the unpaid tax on them. The penalty imposed on the withholding agents may be reduced or waived if the withholding agents have submitted the relevant materials in connection with the indirect transfer to the PRC tax authorities in accordance with the SAT Circular 7.

Value-Added Tax

In March 2019, MOF, the SAT and General Administration of Customs jointly promulgated the Announcement on Policies for Deepening the VAT Reform, or Circular 39 (《關於深化增值稅改革有關政策的公告》), according to which (i) for VAT taxable sales acts or importation of goods originally subject to value-added tax rates of 16% and 10% respectively, such tax rates shall be adjusted to 13% and 9%, respectively; (ii) for purchase of agricultural products originally subject to deduction rate of 10%, such deduction rate shall be adjusted to 9%; (iii) for purchase of agricultural products for the purpose of production and sales or consigned processing of goods subject to tax rate of 13%, such tax shall be calculated at the deduction rate of 10%; (iv) for exported goods originally subject to tax rate of 16% and export tax refund rate of 16%, the export tax refund rate shall be adjusted to 13%; and (v) for exported goods and cross-border taxable acts originally subject to tax rate of 10% and export tax refund rate of 10%, the export tax refund rate shall be adjusted to 9%. Circular 39 became effective on April 1, 2019 and shall supersede existing provisions that are inconsistent with Circular 39. On December 25, 2024, the SCNPC promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), or the VAT Law, which came into effect and repeal the Interim Regulations of the PRC on Value-added Tax on January 1, 2026. Under the VAT Law, the VAT rate, for selling goods, providing processing, repair and replacement services and tangible movables leasing services or importing goods will be 13%, for selling transport services, postal services, basic telecommunications, buildings, real property, or real property leasing services, transferring land use rights, or selling or importing certain goods specified in the VAT Law will be 9%, for selling services or intangible assets will be 6%, and for exporting goods will be 0%, and the levy rate of VAT to which the simple tax computation method applies is 3%.

Regulations Related to Dividend Distributions

The principal regulations governing the distribution of dividends of foreign holding companies include the PRC Company Law, the FIL and the Implementation rule of FIL. Under these regulations, foreign investment enterprises in China may pay dividends only out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. In addition, a foreign investment enterprise in China is required to set aside at least 10% of its after-tax profit based on PRC accounting standards each year to its general reserves until its cumulative total reserve funds reach 50% of its registered capital. These reserve funds, however, may not be distributed as cash dividends. The proportional ratio for withdrawal of rewards and welfare funds for employees shall be determined at the discretion of the wholly foreign-owned enterprise, or WFOE. Profits of a WFOE shall not be distributed before the losses thereof before the previous accounting years have been made up. Any undistributed profit for the previous accounting years may be distributed together with the distributable profit for the current accounting year.

Regulations Related to Labor Protection

According to the PRC Labor Law (《中華人民共和國勞動法》), which was promulgated by the SCNPC in July 1994, effective on January 1, 1995, and most recently amended in December, 2018, an employer shall develop and improve its rules and regulations to safeguard the rights of its employees. An employer shall develop and improve its labor safety and health system, stringently implement national protocols and standards on labor safety and health, conduct labor safety and health education for workers, guard against labor accidents and reduce occupational hazards.

The PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007, effective on January 1, 2008, and most recently amended in December 2012, and the Implementation Regulations on Labor Contract Law (《中華人民共和國勞動合同法實施條例》), promulgated and became effective on September 18, 2008, regulate both parties to a labor contract, namely the employer and the employee, and contain specific provisions involving the terms of the labor contract. It is stipulated by the PRC Labor Contract Law and the Implementation Regulations on Labor Contract Law that a labor contract must be made in writing. An employer and an employee may enter into a fixed-term labor contract, an unfixed term labor contract, or a labor contract that concludes upon the completion of certain work assignments, after reaching an agreement upon due negotiations.

The Law on Social Insurance of the PRC, which was promulgated in October 2010, effective in July 2011, and most recently amended in December 2018, has consolidated pertinent provisions for basic pension insurance, unemployment insurance, maternity insurance, workplace injury insurance and basic medical insurance. According to the Law on Social Insurance of the PRC, the employers shall apply for completion of social security registration with the local social security agency within 30 days from the date of incorporation and complete social security registration for its employee within 30 days from the date of recruitment. The Law on Social Insurance of the PRC also elaborates the legal obligations and liabilities of employers who do not comply with relevant laws and regulations on social insurance in detail.

According to the Regulations on the Administration of Housing Fund, which was promulgated and effective on April 3, 1999, and was most recently amended in March 2019, housing fund contributions by an individual employee and housing fund contributions by his or her employer shall belong to the individual employee.

The employer shall timely pay up and deposit housing fund contributions in full amount and late or insufficient payments shall be prohibited. The employer shall process housing fund payment and deposit registrations with the housing fund administration center, and go through the formalities of opening housing fund accounts on behalf of its employees within 20 days from the date of the registration. With respect to companies who violate the above regulations and fail to process housing fund payment and deposit registrations or open housing fund accounts for their employees, such companies shall be ordered by the housing fund administration center to complete such procedures within a designated period. Those who fail to process their registrations within the designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When companies violate these regulations and fail to pay up housing fund contributions in full amount as due, the housing fund administration center shall order such companies to pay up within a designated period, and may further apply to the People's Court for mandatory enforcement against those who still fail to comply after the expiry of such period.

On June 22, 2021, the Ministry of Human Resources and Social Security, the NDRC, the MOT together with other government authorities jointly promulgated Guiding Opinions, which require platform enterprises adopting labor outsourcing and other cooperative labor methods to undertake corresponding responsibilities in accordance with laws and regulations when workers' rights and interests are harmed. Furthermore, the Guiding Opinions call for organizing and launching pilot programs for occupational injury protection of flexible employment personnel, focusing on platform enterprises in industries such as travel, takeout, instant delivery and intra-city freight. Several government authorities jointly issued Freight Drivers Opinion on October 11, 2021, which provides, among others, that the authorities will strengthen the regulation of online freight platforms and urge online platforms to listen to the opinions of platform drivers, reasonably determine and adjust platform rules, and disclose such rules publicly, and further encourages freight drivers to participate in social insurance schemes and supports intra-city freight platforms to join occupational injury insurance pilot schemes.

On November 17, 2021, the MOT together with certain other PRC government authorities jointly promulgated the New Forms of Transportation Opinion. The New Forms of Transportation Opinion encourages enterprises of new forms of transportation to strengthen humanistic care for workers and establish a reward system for excellent workers and to clearly inform workers of relevant rights and obligations and relevant laws and policies on labor security. In addition, the New Forms of Transportation Opinion provides that illegal practices such as dumping at low prices, "big data-enabled price discrimination against existing customers" and induced fraud shall be subject to vigorous investigation.

Regulations on M&A and Overseas [REDACTED]

Under the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, were jointly adopted by six PRC regulatory authorities, including the CSRC, on August 8, 2006, and became effective on September 8, 2006, and most recently amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise via an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise. According to the M&A Rules, where a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/him, acquires a domestic company which is related to or connected with it/him, approval from the MOFCOM is required. The M&A Rules also requires offshore special purpose vehicles formed for overseas [**REDACTED**] purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals to obtain the approval of the CSRC prior to publicly [**REDACTED**] their securities on an overseas stock exchange.

In September 2006, the CSRC published on its official website procedures regarding its approval of overseas [**REDACTED**] by special purpose vehicles. The CSRC approval procedures require the filing of a number of documents with the CSRC. Although (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether [**REDACTED**] like ours under this Document are subject to the M&A Rules, and (ii) no provision in the M&A Rules clearly classifies contractual arrangements as a type of transaction subject to the M&A Rules, the interpretation and application of the regulations remain unclear, and this [**REDACTED**] may ultimately require approval from the CSRC. If such approval from the CSRC is required, it is uncertain whether it would be possible for us to obtain the approval and any failure to obtain or delay in obtaining such approval for this [**REDACTED**] would subject us to sanctions imposed by the CSRC and other PRC regulatory agencies.

In addition, according to the Notice on Establishing the Security Review System for 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 by the General Office of the State Council on February 3, 2011, which became effective on March 4, 2011, the Rules on Implementation of Security Review System for the Merger and Acquisition 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》) issued by the MOFCOM on August 25, 2011, which became effective on September 1, 2011, 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. In addition, the regulations prohibit any activities attempting to bypass such security review, including structuring the transaction through a proxy or contractual control arrangement. Furthermore, on December 19, 2020, the NDRC and the MOFCOM promulgated the Measures for Security Review of Foreign Investment, or the Foreign Investment Security Review Measures (《外商投資安全審查辦法》), which became effective on January 18, 2021. Under the Foreign Investment Security Review Measures, investments in certain key areas that result in acquiring the actual control of the assets are required to obtain approvals from designated government authorities in advance.

On February 17, 2023, the CSRC promulgated the new regulations for the filing-based administration of overseas securities [**REDACTED**] and [**REDACTED**] directly or indirectly by domestic companies, which became effective on March 31, 2023. The newly released set of regulations consists of the Trial Administrative Measures of the 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 "**Overseas Listing Trial Measures**") and relevant five guidelines, along with the Notice of the Administrative Arrangements for the Filing of Overseas Securities Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》) (the "**Filing Arrangements Notice**"). The Overseas Listing Trial Measures provides that an overseas [**REDACTED**] or [**REDACTED**] is explicitly prohibited under any of the following circumstances: (i) such securities [**REDACTED**] and [**REDACTED**] is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities [**REDACTED**] and [**REDACTED**] may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) the PRC domestic company intending to make the securities [**REDACTED**] and [**REDACTED**], or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the PRC domestic company intending to make the securities [**REDACTED**] and [**REDACTED**] is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller. The Overseas Listing Trial Measures also provides that if an issuer satisfies both of the following conditions, the overseas securities [**REDACTED**] and [**REDACTED**] conducted by such issuer will be deemed as indirect overseas [**REDACTED**] by PRC domestic companies: (i) 50% or more of any of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by PRC domestic companies; and (ii) the main parts of the issuer's business activities are conducted in the PRC, or its main place(s) of business are located in the PRC, or the majority of senior management staff in charge of its business operations and management are PRC citizens or are domiciled in the PRC. The determination as to whether or not an overseas [**REDACTED**] and [**REDACTED**] by PRC domestic companies is indirect shall be made on a 'substance over form' basis. According to the Overseas Listing Trial Measures, PRC domestic companies that seek to publicly [**REDACTED**] or [**REDACTED**] securities in overseas markets, either directly or indirectly, are required to fulfill the filing procedures with the CSRC within three working days after their applications for overseas [**REDACTED**] or [**REDACTED**] are submitted. Subsequent securities [**REDACTED**] of an issuer in (i) the same overseas market where it has previously [**REDACTED**] and [**REDACTED**] securities, or (ii) an overseas market other than one where the issuer has previously [**REDACTED**] and [**REDACTED**] securities, shall be filed with the CSRC within three working days after [**REDACTED**] are completed. Additionally, the Overseas Listing Trial Measures stipulates that after an issuer has [**REDACTED**] and [**REDACTED**] securities in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) a change of control thereof, (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities, (iii) changes of [**REDACTED**] status or transfers of [**REDACTED**] segment, and (iv) a voluntary or mandatory [**REDACTED**]. Furthermore, according to the Filing Arrangements Notice, PRC domestic companies that have submitted valid applications for overseas [**REDACTED**] and [**REDACTED**] but have not yet received approvals from the overseas regulators or stock exchanges by or before March 31, 2023 may reasonably determine the timing to submit the filings and shall complete the filing procedures prior to their overseas [**REDACTED**] and [**REDACTED**]. We will continue to pay close attention to the legislative and regulatory developments in respect of overseas [**REDACTED**] of PRC domestic enterprises, comply with the specific regulatory requirements and perform information reporting procedures in accordance with the requirements of the Overseas Listing Trial Measures where applicable to our Group.

THAILAND

Regulations on Foreign Investment

Investment in Thailand by a foreigner (including a foreign company) is primarily governed by the Foreign Business Act B.E. 2542 (1999), or the Foreign Business Act, which restricts foreigners from engaging in certain businesses, including "services", unless a foreign business license is obtained. In light of the Ministry of Commerce's broad interpretation of "services", most of our business activities may be regarded as falling within such restricted category. A "foreigner" includes (i) any foreign-registered entity and (ii) any Thai-registered entity in which 50% or more of the total issued shares are held by foreign individuals or entities. Foreign status is determined by reference to numerical shareholding proportion, without regard to voting or economic rights. However, the Ministry of Commerce requires Thai shareholders to be "genuine Thai investors", meaning they must invest using their own funds and be entitled to reasonably justifiable rights and benefits, which may, where properly justified, be disproportionate to their shareholding. The use of Thai individuals or entities as nominees to circumvent foreign ownership restrictions constitutes a criminal offense. See "History, Development and Corporate Structure" for more details on our corporate structure in Thailand.

Regulations on Foreign Exchange

The Exchange Control Act B.E. 2458 (1942) and Ministerial Regulation No. 13 B.E. 2497 (1954) establish the framework for foreign exchange control in Thailand, aimed at centralizing foreign exchange and stabilizing the Thai Baht. Under such regulations, all foreign exchange transactions must be conducted through commercial banks or authorized non-banks (e.g. licensed money changers and money transfer agents), including (i) the remittance of foreign currency into Thailand (to be converted into Thai Baht) for sale and purchase transactions, and (ii) the remittance of Thai Baht (to be converted into foreign currency) outside Thailand, including for dividend payments to non-Thai shareholders. While inbound foreign currency remittances are generally unrestricted, outbound remittances of Thai Baht are subject to applicable thresholds, limitations and regulatory requirements, and prior approval from the Bank of Thailand is required where such thresholds are exceeded. Non-compliance may result in fines and/or imprisonment.

Regulations on Dividend Distributions

The distribution of dividends is governed by the Civil and Commercial Code and the Revenue Code. A company may distribute dividends only out of retained earnings and must, prior to each distribution, allocate at least 5% of the distributable amount to a legal reserve until such reserve reaches at least 10% of its registered share capital or such higher amount as prescribed in its articles of association. Dividends paid to a Thai-registered company are exempt from Thai corporate income tax if the recipient holds at least 25% of the total issued shares of the distributing company for not less than three months before and after the distribution. In other cases, including distributions to other Thai-registered companies and foreign-registered companies, dividends are subject to withholding tax at the rate of 10%, subject to any applicable exemptions or reductions under relevant regulations or double taxation agreements.

Regulations on Land Transportation

The operation of transportation services is regulated by the Land Transportation Act B.E. 2522 (1979), or the Land Transportation Act, which requires a person to obtain a transportation license (a "Transportation License") prior to commencing such operations, failing which the violator may be subject to fines and/or imprisonment.

We do not operate transportation services and are therefore not required to obtain a Transportation License; however, each carrier, as an operator of transportation services, is required to obtain such license prior to commencing operations, subject to certain exemptions (e.g. use of motorcycles or private vehicles accommodating not more than seven passengers). If a carrier operates without a required Transportation License, the relevant authorities may also hold our Thai operating entity liable as a co-offender or supporter on the basis that it derives economic benefit from such services through our platform (e.g. commission fees), notwithstanding that it does not itself provide the services. In this regard, the authorities may take the view that our Thai operating entity constitutes (i) a co-offender where the offence could not have been committed without the platform and reasonable preventive measures were not implemented, or (ii) a supporter where it facilitates the commission of the offence by permitting use of the platform. To mitigate such risks, we have implemented verification and screening procedures for carriers and their vehicles, including the collection of identification documents, vehicle registration and driving licences during onboarding, as well as background checks. See "If we fail to obtain or maintain licenses, permits or approvals applicable to our business, we may become subject to significant penalties and other regulatory proceedings or actions" for risks relating to the failure of drivers to obtain a Transportation License.

Regulations on Ride-Hailing Services

The operation of ride-hailing services is regulated by the Ministerial Regulation on Ride-Hailing Vehicles via Electronic System B.E. 2564 (2021), or the Vehicles Ministerial Regulation and the Notification of the Department of Land Transport re: characteristics and operational systems of electronic system, and criteria, methods and conditions for the certification of an electronic system and a provider of electronic system for ride-hailing vehicles via electronic system B.E. 2564 (2021). These regulations are intended to ensure passenger safety. Accordingly, a person providing ride-hailing services (a vehicle driver) through an electronic system using a vehicle specified under the Vehicles Ministerial Regulation, including a private vehicle accommodating not more than seven passengers, is required to register such vehicle with the Department of Land Transport. In addition, a service provider of an electronic system or application (including a platform operator) used for matching or requesting ride-hailing services must obtain certification of such system or application from the Department of Land Transport.

We do not provide ride-hailing services, and thus, we are not required to register any vehicle as ride-hailing vehicle under the Vehicle Ministerial Regulation. The registered drivers on our freight platform may simultaneously provide ride-hailing service to passengers, whereby such orders are not procured or matched by us, and such drivers are required to register their vehicle with the Department of Land Transport as a ride-hailing vehicle. Our Lalamove's application was certified by the Department of Land Transport.

Regulation on Direct Marketing Business

Under the Direct Sale and Direct Marketing Act B.E. 2545 (2002), or the Direct Marketing Act, a business operator conducting direct marketing is required to register with the Office of the Consumer Protection Board prior to commencing operations. "Direct marketing" refers to the remote marketing and sale of goods or services via a platform through which customers can complete transactions in their entirety. As we offer transportation services of drivers to consumers through our platform (i.e. Lalamove's website and application), our operations in Thailand constitute direct marketing, and our Thai operating entity is required to register as a direct marketing business operator and comply with the applicable conditions, requirements and procedures under the Direct Marketing Act and other laws and regulations relating to consumer protection.

In addition to the registration as a direct marketing business operator, the Direct Marketing Act also requires a direct marketing business operator to provide to each customer a document evidencing each sale and purchase transaction made on the platform (such as a receipt) upon the confirmation of each such transaction. Such document must contain statements on the consumers' right to cancel their respective purchases made on the platform within seven (7) days from the date of such document.

Non-compliance with the Direct Marketing Act may result in fines and/or imprisonment, and liability may extend to directors and personnel involved in, or failing to take reasonable steps to prevent or cease, such violation.

We have not registered our Thai operating entity as a direct marketing business operator with the relevant governmental authority. However, we are in the process of developing our system to fully comply with the conditions, requirements and procedures under the Direct Marketing Act and other laws and regulations relating to consumer protection. See "If we fail to obtain or maintain licenses, permits or approvals applicable to our business, we may become subject to significant penalties and other regulatory proceedings or actions" for risks relating to the failure to register as a direct marketing business operator under the Direct Marketing Act.

Regulation on Digital Platform Services

The provision of digital platform services is regulated by the Royal Decree on the Operation of Digital Platform Service Businesses that are subject to Prior Notification B.E. 2565 (2022), or the Digital Platform RD, which aims to protect users of digital platforms, including customers and drivers. Under the Digital Platform RD, a "digital platform service" refers to electronic intermediary services that manage data to facilitate, through computer networks, connections between users and consumers for the purpose of concluding electronic transactions, regardless of whether remuneration is charged, and operators are required to notify their operations to the Electronic Transactions Development Agency (ETDA) prior to commencement, including those operating prior to August 21, 2023. We connect drivers and customers through our logistics transaction platform (i.e. Lalamove's website and application) for the provision of transportation services and therefore qualify as a digital platform service provider, and we have duly notified ETDA.

With effect from March 31, 2026, drivers providing ride-hailing services on our platform are required to obtain and maintain a public vehicle driving license and to use vehicles registered for public use, and we are required to maintain digital platforms for both drivers and passengers that comply with applicable regulatory requirements, including prescribed information and functionalities.

Regulations on E-Money Service

Electronic payment ("e-payment") businesses are regulated by the Bank of Thailand under the Payment Systems Act B.E. 2560 (2017) and related notifications issued by the Ministry of Finance or the Bank of Thailand (the "E-Payment Laws"). Regulated activities include electronic money ("e-money") services, which involve the issuance of a card or serial number as a customer account, the top-up of stored value, and the use the amount of e-money shown in her account for a purchase of goods or service or for a payment in lieu of cash. The operation of e-money services requires a license from the Ministry of Finance, to be obtained through the Bank of Thailand, and is subject to additional requirements e.g. segregation of customer funds. Non-compliance may result in fines and/or imprisonment, and liability may extend to responsible directors and personnel. We have entered into a regional service agreement with a licensed e-money business operator for the provision of such services to our Thai operating entity and are therefore not required to obtain such license.

Regulations on Anti-Money Laundering and Prevention of Terrorism Financing

The Anti-Money Laundering Act B.E. 2542 (1999), or the AML Act, imposes obligations on e-payment business operators to prevent money laundering and terrorism financing, including requirements to report to the Anti-Money Laundering Office any suspicious transaction or any cash transaction exceeding THB100,000 (approximately USD3,200), and to apply know-your-customer measures for transactions of THB50,000 (approximately USD1,600) or more. In addition, e-money operators must implement customer due diligence procedures at onboarding and conduct ongoing reviews until the account is closed. Non-compliance may result in fines and/or imprisonment. We have entered into a regional service agreement with a licensed e-money service provider for the provision of such services to our Thai operating entity and are therefore not an e-money business operator and are not subject to these obligations.

Regulations on Personal Data Protection

In Thailand, personal data is protected under the Personal Data Protection Act B.E. 2562 (2019), or the PDPA, which became fully effective on June 1, 2022. Business operators typically act as data controllers or data processors and are subject to the PDPA requirements governing the collection, use and disclosure of personal data, including obligations to inform data subjects of (i) the purposes of data processing, (ii) any disclosure to third parties, and (iii) their rights in respect of such data. In the case of cross-border transfers, data controllers and processors must ensure that the destination country provides the same level of data protection. Non-compliance may result in fines and/or imprisonment, and liability may extend to responsible directors and personnel.

Regulations on Consumer Protection

Under Thai law, consumer protection is primarily governed by the Consumer Protection Act B.E. 2522 (1979), the Unfair Contract Terms Act B.E. 2540 (1997), and the Consumer Case Procedure Act B.E. 2551 (2008), which collectively promote transparency, accurate disclosure of goods and services, and adequate consumer remedies. In particular, the Consumer Protection Act and the Consumer Case Procedure Act protect fundamental consumer rights, including the right to receive adequate information, freedom to select goods and services, safety in the use of goods or services, and the right to have any injury considered and compensated. The Unfair Contract Terms Act regulates contractual terms between consumers and business operators, under which any term imposing disproportionate obligations or burdens on consumers is enforceable only to the extent that it is fair and reasonable.

Regulations on Intellectual Property Rights

The intellectual property laws in Thailand consist of the Copyright Act B.E. 2537 (1994), the Trademark Act B.E. 2534 (1991), the Patent Act B.E. 2522 (1979) and the Trade Secret Act B.E. 2545 (2002). A trademark or service mark registered outside of Thailand is not automatically protected under Thai laws. The protection will be granted to a trademark or service mark registered with the Department of Intellectual Property. However, under the Copyright Act B.E. 2537 (1994), subject to other requirements stipulated therein, the copyright is protected immediately when the creator creates her work without having to register such work with any governmental authority. The computer software is also protected under the copyright law. Any infringement of intellectual property rights would subject the violator to civil and criminal liabilities, including a fine and an imprisonment.

Regulations on Labor

Labor matters in Thailand are primarily governed by the Civil and Commercial Code, the Labor Protection Act B.E. 2541 (1998), and the Social Security Act B.E. 2533 (1990), which regulate the employer–employee relationship. Under the Labor Protection Act, an employer with at least 10 employees is required to establish work rules covering, at a minimum, working hours, holidays, overtime, wage payment, leave, discipline, grievance procedures, and termination (including severance). Under the Social Security Act, employers are required to contribute to the Social Security Fund at prescribed rates, which provides benefits to employees in cases such as injury, illness, unemployment and death.

THE PHILIPPINES

Registration of Foreign Investments and Exchange Controls

Under current regulations of the Philippine Central Bank or the Bangko Sentral ng Pilipinas ("BSP"), an investment in Philippine securities must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings derived from such shares is to be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance is sourced outside the Philippine banking system, registration is not required. BSP Circular No. 471 (Series of 2005), as amended, however, subjects foreign exchange dealers, money changers and remittance agents to Republic Act No. 9160 or the Anti-Money Laundering Act of 2001, as amended, and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit supporting documents in connection with their application to purchase foreign exchange for purposes of capital repatriation and remittance of dividends.

The application for registration may be done directly with the BSP or through a custodian bank duly designated by the foreign investor. A custodian bank may be a universal bank, a commercial bank or an offshore banking unit registered with the BSP to act as such and appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines.

Upon registration of the investment with the BSP, proceeds of divestments, or dividends of registered investments may be repatriated or remitted in full with foreign exchange sourced from the Philippine banking system, net of applicable tax, without need of BSP approval, subject to the presentation of required documentation. Pending reinvestment or registration, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest- bearing deposit accounts. Interest earned thereon, net of taxes, may also be remitted in full. Remittance of divestment proceeds or dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing is subject to the power of the BSP, through the Monetary Board and with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee when an exchange crisis is imminent, or in times of national emergency. Furthermore, there can be no assurance that BSP foreign exchange regulations will not be made more restrictive in the future.

The registration with the BSP of all foreign investments in shares in Philippine companies shall be the responsibility of the foreign investor.

Regulations on Dividends and Dividend Policy

Under Philippine law, a corporation can only declare dividends to the extent that it has Unrestricted Retained Earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property or by the issuance of shares, as the Board determines. Dividends paid in cash only require approval by a majority of the Board. Stock dividends may only be declared and paid with the approval of shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

The Philippine Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (i) when justified by definite expansion plans approved by the board of directors of the corporation; (ii) when the required consent of any financing institution or creditor to such distribution has not been secured; (iii) when retention is necessary under special circumstances, such as when there is a need for special reserves for possible contingencies; or (iv) when the non-distribution of dividends is consistent with the policy or requirement of a Government office.

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the BSP.

In the event that the corporation is a public corporation or is listed in the Philippine Stock Exchange, the corporation must also comply with the existing rules of the Philippine Securities and Exchange Commission (the "**Philippine SEC**"), before declaring cash or stock dividends.

Regulations on Data Privacy Protection

The Data Privacy Act of 2012 and its implementing rules and regulations ("Data Privacy Act") applies to the processing of all types of personal information and to any natural and juridical person involved in personal information processing. Generally, personal information must be collected with the data subject's express consent. As a rule, the processing of personal information is allowed if collected for specified and legitimate purposes and processed fairly and lawfully.

The Data Privacy Act states that personal information must be: (a) Collected for specified and legitimate purposes determined and declared before, or as soon as reasonably practicable after collection, and later processed in a way compatible with such declared, specified and legitimate purposes only; (b) Processed fairly and lawfully; (c) Accurate, relevant and, where necessary for purposes for which it is to be used, kept up to date; (d) Adequate and not excessive in relation to the purposes for which they are collected and processed; (e) Retained only for as long as necessary for the fulfillment of the purposes for which the data was obtained or for the establishment, exercise or defense of legal claims, or for legitimate business purposes, or as provided by law; and (f) Kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the data were collected and processed: Provided, that personal information collected for other purposes may be processed for historical, statistical or scientific purposes, and in cases laid down in law may be stored for longer periods: provided, further, that adequate safeguards are guaranteed by said laws authorizing their processing.

Moreover, the processing of personal information shall be permitted only if not otherwise prohibited by law, and when at least one of the following conditions exists: (a) The data subject has given his or her consent; (b) The processing of personal information is necessary and is related to the fulfillment of a contract with the data subject or in order to take steps at the request of the data subject prior to entering into a contract; (c) The processing is necessary for compliance with a legal obligation to which the personal information controller is subject; (d) The processing is necessary to protect vitally important interests of the data subject, including life and health; (e) The processing is necessary in order to respond to national emergency, to comply with the requirements of public order and safety, or to fulfill functions of public authority which necessarily includes the processing of personal data for the fulfillment of its mandate; or (f) The processing is necessary for the purposes of the legitimate interests pursued by the personal information controller or by a third party or parties to whom the data is disclosed, except where such interests are overridden by fundamental rights and freedoms of the data subject which require protection under the Philippine Constitution.

Furthermore, the processing of sensitive personal information and privileged information shall be prohibited, except in the following cases: (a) The data subject has given his or her consent, specific to the purpose prior to the processing, or in the case of privileged information, all parties to the exchange have given their consent prior to processing; (b) The processing of the same is provided for by existing laws and regulations: Provided, that such regulatory enactments guarantee the protection of the sensitive personal information and the privileged information: Provided, further, that the consent of the data subjects are not required by law or regulation permitting the processing of the sensitive personal information or the privileged information; (c) The processing is necessary to protect the life and health of the data subject or another person, and the data subject is not legally or physically able to express his or her consent prior to the processing; (d) The processing is necessary to achieve the lawful and non-commercial objectives of public organizations and their associations: Provided, that such processing is only confined and related to the bona fide members of these organizations or their associations: Provided, further, that the sensitive personal information are not transferred to third parties: Provided, finally, that consent of the data subject was obtained prior to processing; (e) The processing is necessary for purposes of medical treatment, is carried out by a medical practitioner or a medical treatment institution, and an adequate level of protection of personal information is ensured; or (f) The processing concerns such personal information as is necessary for the protection of lawful rights and interests of natural or legal persons in court proceedings, or the establishment, exercise or defense of legal claims, or when provided to government or public authority.

Personal information must be protected against any accidental or unlawful destruction, alteration, and disclosure, accidental loss or destruction, as well as unlawful access, fraudulent misuse, unlawful destruction, alteration and contamination.

The Data Privacy Act's implementing rules and regulations impose the following compliance obligations on personal information controllers and processors: (a) The personal information controller or processor must employ and register a duly qualified data protection officer; (b) The personal data processing system must be registered with the National Privacy Commissions if it involves accessing sensitive personal information of at least 1,000 individuals, if it employs 250 or more employees, the processing is not occasional or is likely to pose a risk to the rights and freedoms of data subjects. Such registration must be renewed on an annual basis within two (2) months prior to, but not later than the 8th day of March every year; and (c) Personal information controllers are required to notify the National

Privacy Commission of automated processing operations where the processing becomes the sole basis of making decisions that would significantly affect the data subject. Personal information controllers are required to notify the Commission and affected data subjects of a data breach within 72 hours upon knowledge thereof. An annual report of the summary of documented security incidents and personal data breaches must likewise be submitted.

Electronic Commerce Act

Republic Act No. 8792 of the Electronic Commerce Act of 2000 ("R.A. No. 8792") aims to facilitate domestic and international dealings, transactions, arrangement agreements, contracts and exchanges and storage of information through the utilization of electronic, optical and similar medium to promote the universal use of electronic transaction in the government and general public.

R.A. No. 8792 restricts access to an electronic file, or an electronic signature of an electronic data message or electronic document only in favor of the individual or entity having a legal right to the possession or the use of plaintext, electronic signature or file and solely for the authorized purposes. The law also ensures confidentiality and prohibits any person who obtains access to any electronic key, electronic data message, electronic document, book, register, correspondence, information, or other material pursuant to any powers conferred under the said law, from convening to or sharing the same with any other person, except for purposes expressly authorized by law. The implementing rules of the law provides that the electronic key for identity or integrity shall not be made available to any person or party without the consent of the individual or entity in lawful possession of that electronic key.

The law clarifies that violations of the Consumer Act of the Philippines or Republic Act No. 7394 and other related laws through transactions covered by or using electronic data messages or electronic documents shall be penalized with the same penalties as provided therein.

Intellectual Property Code

To encourage the transfer and dissemination of technology, prevent or control practices and conditions that may in particular cases constitute an abuse of intellectual property rights having an adverse effect on competition and trade, all technology transfer arrangements shall comply with the provisions of Republic Act No. 8293, or the Intellectual Property Code of the Philippines.

Technology transfer arrangements refer to contracts or agreements involving the transfer of systematic knowledge for the manufacture of a product, the application of a process, or rendering of a service including management contracts; and the transfer, assignment or licensing of all forms of intellectual property rights. The law provides for several prohibited clauses in the technology transfer agreement which, on its face, may be considered to have an adverse effect on competition and trade. These include, among others, provisions such as: a) those which impose upon the licensee the obligation to acquire from a specific source capital goods, intermediate products, raw materials, and other technologies, or of permanently employing personnel indicated by the licensor; b) those pursuant to which the licensor reserves the right to fix the sale or resale prices of the products manufactured on the basis of the license; c) those that contain restrictions regarding the volume and structure of production; and d) those which prevent the licensee from adapting the imported technology to local conditions, or introducing innovation to it, as long as it does not impair the quality standards prescribed by the licensor.

The law also provides for several mandatory provisions, to wit: (1) That the laws of the Philippines shall govern the interpretation of the same and in the event of litigation, the venue shall be the proper court in the place where the licensee has its principal office; (2) Continued access to improvements in techniques and processes related to the technology shall be made available during the period of the technology transfer arrangement; (3) In the event the technology transfer arrangement shall provide for arbitration, the Procedure of Arbitration of the Arbitration Law of the Philippines or the Arbitration Rules of the United Nations Commission on International Trade Law or the Rules of Conciliation and Arbitration of the International Chamber of Commerce shall apply and the venue of arbitration shall be the Philippines or any neutral country; and (4) The Philippine taxes on all payments relating to the technology transfer arrangement shall be borne by the licensor. Technology transfer arrangements that conform to the foregoing need not be registered with the Documentation, Information and Technology Transfer Bureau. Non-conformance, however, shall automatically render the technology transfer arrangement unenforceable, unless said technology transfer arrangement is approved and registered with the Documentation, Information and Technology Transfer Bureau in exceptional or meritorious cases where substantial benefits will accrue to the economy, such as high technology content, increase in foreign exchange earnings, employment generation, regional dispersal of industries and/or substitution with or use of local raw materials, or in the case of Board of Investments, registered companies with pioneer status.

Regulations Related to Labor and Employment

The Department of Labor and Employment ("DOLE") is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code of the Philippines ("Labor Code") and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

On March 15, 2017, Department Order No. 174 (2017) ("D.O. 174") was issued by the DOLE providing for the guidelines on contracting and subcontracting, as provided for under the Labor Code. It has reiterated the policy that Labor-only Contracting is absolutely prohibited where: (1) (a) the contractor or subcontractor does not have substantial capital, or does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others; and (b) the contractor's or subcontractor's employees recruited and placed are performing activities which are directly related to the main business operation of the principal; or (2) the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee.

Subsequently, DOLE issued Department Circular No. 1 (2017) clarifying that the prohibition under D.O. 174 does not apply to business process outsourcing, knowledge process outsourcing, legal process outsourcing, IT Infrastructure outsourcing, application development, hardware and/or software support, medical transcription, animation services, and back office operations or support.

Occupational Safety and Health Standards

On August 17, 2018, Republic Act No. 11058 or the Occupational Safety and Health Standards Law was signed into law. It mandates employers, contractors, or subcontractors and any person who manages, controls or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires to give complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed to, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency.

An employer, contractor or subcontractor who willfully fails or refuses to comply with the Occupational Safety and Health Standards shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

Social Security System, PhilHealth and the Pag-IBIG Fund

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 8282 to deduct and withhold from its compulsorily covered employees (i.e., employees under 60 years of age) their monthly contributions based on a given schedule, pay its share of contribution and remit these to the Social Security System.

Employers are likewise required to ensure enrollment of its employees in a National Health Program administered by the Philippine Health Insurance Corporation, a government corporation attached to the DOH tasked with ensuring sustainable, affordable, and progressive social health insurance pursuant to the provisions of the Universal Health Care Act. The registration, accurate and timely deductions and remittance of contributions to the Philippine Health Insurance Corporation is mandatory as long as there is an employer-employee relationship.

Under the Home Development Mutual Fund Law of 2009, all employees who are covered by the Social Security Act of 1997 must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings program as well as a fund to provide affordable shelter financing to Filipino employees. The employer is likewise mandated to deduct and withhold, pay and remit to the Pag-IBIG Fund the respective contributions of the employees under the prescribed schedule.

Philippine Competition Act

Republic Act. No. 10667, or the Philippine Competition Act (the "PCA"), is the primary competition policy of the Philippines.

The PCA prohibits and imposes sanctions on: (1) anti-competitive agreements between or among competitors, which restrict competition as to price, or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition; (2) practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition; and (3) merger or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services, or breach the thresholds provided in the Implementing Rules and Regulations ("PCA IRR") without notice to the Philippine Competition Commission ("PCC").

Effective March 1, 2026, parties to a merger, acquisition, or joint venture shall be required to file a notification with the PCC when the size of the ultimate parent entity (including all corporations that it controls) of either party exceed P9.1 billion and either: (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed merger, acquisition, or joint venture; or (b) the gross revenues generated in the Philippines by the assets to be combined in the Philippines or contributed into the proposed merger, acquisition, or joint venture exceed P3.8 billion. The PCC adjusts its thresholds for compulsory notification annually based on nominal gross domestic product growth to ensure they remain relevant to the evolving economic landscape.

On November 23, 2017, the PCC published the 2017 Rules on Merger Procedure ("PCC Merger Rules") which provides for the procedure for review or investigation of mergers and acquisition pursuant to the PCA. The PCC Merger Rules provide, among others, that parties to a merger that meets the thresholds in Section 3 of Rule 4 of the IRR are required to notify the PCC within thirty (30) days from the signing of definitive agreements relating to the notifiable merger.

Under the PCA and the PCA IRR, a transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of one percent (1%) to five percent (5%) of the value of the transaction. Criminal penalties for entities that enter into anti-competitive agreements, as defined, include: (i) a fine of not less than ₱50 million, but not more than ₱250 million; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100 million to ₱250 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

Revised Corporation Code

Republic Act No. 11232 or the Revised Corporation Code ("Revised Corporation Code") was signed into law on February 20, 2019 and became effective on March 8, 2019. Among the salient features of the Revised Corporation Code are:

- corporations are granted perpetual existence (including those that were incorporated prior to the effectivity of the Revised Corporation Code), unless the articles of incorporation provide otherwise.

- material contracts between the Corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least 2/3 of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same;

- the right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or in absentia if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws; and

- in case of transfer of shares of listed companies, the Commission may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Commission. The Revised Corporation Code refers to the PCA in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the PCA thresholds.

HONG KONG

Regulation on Business Registration

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) ("BRO")

The BRO requires every person carrying on any business to make application to the Commissioner of Inland Revenue in the prescribed manner for the registration of that business, to pay the business registration fee and levy before the business registration certificate is issued.

Regulations on Use of Electronic Means

Electronic Transactions Ordinance (Chapter 553 of the Laws of Hong Kong) ("ETO")

Under the ETO, electronic records and digital signatures used in electronic transactions are given the same legal status as their paper-based counterparts by the promotion of certification authorities. Hence, digital signatures can satisfy the legal requirements for signatures (if specified requirements are complied with), and information may be retained in the form of electronic records. Further, it is a criminal offense for any person who has access to record or other material in the course of performing a function under or for the purpose of the ETO to disclose information relating to another person as contained in such record or material to any other person.

Unsolicited Electronic Messages Ordinance (Chapter 593 of the Laws of Hong Kong) ("UEMO")

The UEMO regulates the sending of unsolicited commercial electronic messages with a 'Hong Kong link'. Under the UEMO, 'do-not-call registers' were established for pre-recorded telephone messages, short messages and facsimile messages, and senders of commercial electronic messages should access the registers to update and purge their database of address and should not send messages to those numbers. The ordinance also prescribes the requirements on the contents of commercial electronic messages which the senders should observe. The requirements include: (a) accuracy, language, presentation of identity and contact information of senders; (b) the provision, language, and presentation of unsubscribe facility. Sender must keep a record of the unsubscription requests received for at least three years, and should not use misleading subject headings or conceal calling line identification information in the electronic messages.

Regulations on E-commerce

Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) ("TDO")

Under the TDO, (a) use of false trade descriptions; (b) false, misleading or incomplete information, (c) false marks and misstatements in respect of products, and (d) false trade descriptions in respect of services supplied are prohibited. In addition, the ordinance makes certain trade practices criminal offence, namely: (a) misleading omission; (b) aggressive commercial practices; (c) bait advertising; (d) bait and switch; and (e) wrongful acceptance of payment. The TDO also provides for offences relating to forged trade mark, and falsely applying of trade mark or resembling marks.

Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong) ("SSITO")

Under the SSITO, certain terms are implied in the contracts with customers for the supply of services, including: (a) that the supplier will carry out the service with reasonable care and skill; (b) that the supplier will carry out the service within a reasonable time (if the time of service is not fixed or fixed in a manner agreed); (c) that the party contracting with the supplier will pay a reasonable charge (if the consideration is not determined by the contract or left to be determined in a manner agreed or by course of dealing between the parties).

Unconscionable Contracts Ordinance (Chapter 458 of the Laws of Hong Kong) ("UCO")

Under the UCO, if the Hong Kong court finds that a contract for sale of goods or supply of services (in which one of the parties deals as consumer) to have been unconscionable in the circumstances relating to the contract at the time it was made, the court may: (a) refuse to enforce the contract; (b) enforce the remainder of the contract without the unconscionable part; (c) limit the application of, or revise or alter, any unconscionable part to avoid unconscionable result.

Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong) ("CECO")

The CECO restricts the extent to which contractual terms or notices can exclude or limit liability for breach of contract, negligence, or other duty. Liability for death or personal injury caused by negligence cannot be excluded, and exclusions for other loss or damage are only valid if they satisfy a statutory reasonableness test. In consumer contracts or where standard terms are used, clauses that exclude liability for breach, allow substantially different or no performance, or impose indemnities for another party's negligence or breach are also subject to the same reasonableness requirement. A term is reasonable only if it is fair in light of circumstances known or reasonably foreseeable at the time of contracting, as determined by a court or arbitrator.

Misrepresentation Ordinance (Chapter 284 of the Laws of Hong Kong) ("MO")

The MO imposes a statutory liability for misrepresentation and controls the use of provisions excluding liability for misrepresentation in contracts. Liability may arise under the MO where a party to a contract is induced to enter into that contract by a misrepresentation of a material fact made by the other party. If the action is successful, the party who relied on the misrepresentation will be entitled to rescind the contract. Damages may also be granted if the misrepresentation was made fraudulently or negligently.

Regulations on Employment and Labor

Employment Ordinance ("EO")

The EO provides for the payment of wages, the restrictions on wages deductions, the granting of statutory holidays, and the termination of employment contract, among other things. In addition to these basic protections, employees who are employed under a continuous contract are further entitled to benefits such as rest days, paid annual leave, sickness allowance, severance and long service payment.

Employees' Compensation Ordinance ("ECO")

The ECO establishes a no-fault, non-contributory employee compensation system for work injuries and lays down the respective rights and obligations of employer and employee in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Hong Kong companies are required to maintain employees' compensation insurance in compliance with the ECO to cover compensation and costs liable for personal injuries of employees in Hong Kong in the course of employment with them.

Mandatory Provident Fund Schemes Ordinance ("MPFSO")

The MPFSO provides for the establishment of non-governmental mandatory provident funds schemes (the "**MPF Schemes**") for members of the workforce for the purpose of accruing financial benefits on retirement, among other things.

Unless otherwise exempted, employers are required to enroll their employees who are at least 18 but under 65 years of age and employed for not less than 60 days in a MPF Scheme. Employers and employees are each required to make regular mandatory contributions of 5% of the employees' relevant income to the MPF Scheme, subject to the minimum and maximum relevant income levels, which are currently HK$7,100 per month and HK$30,000 per month respectively, provided, however, that employees with a monthly relevant income less than HK$7,100 are exempt and only the employers are required to make contributions to the MPF Scheme.

Minimum Wage Ordinance ("MWO")

The MWO provides for a minimum wage at an hourly rate for certain employees. Any employment contract that purports to extinguish or reduce any right, benefit, or protection conferred on the employee by the MWO is void. Failure to comply with the statutory minimum wage rate requirement constitutes an offence under the EO.

Regulations on Taxation

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) ("IRO")

The IRO provides, among others, that persons, which include corporations, partnerships, trustees and bodies of person, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business. As of the Latest Practicable Date, the standard profits tax rate for corporations is currently at 8.25% on assessable profits up to HK$2,000,000; and 16.5% on any part of assessable profits over HK$2,000,000. The IRO also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowance for depreciation.

Regulations on Roads

Road Traffic Ordinance (Chapter 374 of the Laws of Hong Kong) ("RTO")

The RTO and its subsidiary legislations provide the regulation of road traffic and the use of vehicles and roads. Every vehicle, including medium goods vehicle and heavy goods vehicle, has to comply with the specifications and regulations set out in the RTO before it can be registered and granted a license for using on the road. Schedule 1 of the RTO specifies 15 types of vehicles that should be registered under the RTO. The license of a vehicle may be canceled or refused to be granted if no valid insurance in respect of third-party risks as required by the Motor Vehicles Insurance (Third Party Risks) Ordinance (Chapter 272 of the Laws of Hong Kong) is in force in respect of the vehicle.

Regulations on Data Protection

Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) ("PDPO")

The PDPO provides that any person who controls the collection, holding, processing or use of the personal data (the "**data user**") shall not do any act, or engage in a practice, that contravenes any of the data protection principles set out in Schedule 1 to the PDPO (the "**Data Protection Principles**") unless the act or practice, as the case may be, is required or permitted under the PDPO.

The Data Protection Principles require that personal data be collected lawfully and fairly for a purpose directly related to the data user's functions, with data subjects informed of the purpose and potential transferees, and that only data adequate and not excessive be collected. Personal data must be accurate, retained no longer than necessary, and used only for the original or directly related purpose unless explicit consent is obtained for a new purpose. Data users must take practicable steps to protect personal data from unauthorised or accidental access, loss or misuse, make their data policies and practices publicly available, and allow data subjects to access and correct inaccurate personal data.

If customers' personal data is intended to be used in direct marketing, customers must be notified and their consent must be obtained before using or transferring any of their personal data to another person.

Regulations on Intellectual Property Rights

Copyrights Ordinance (Chapter 528 of the Laws of Hong Kong) ("CO")

The CO provides comprehensive protection for recognized categories of literary, dramatic, musical and artistic works (including but not limited to graphic work and photograph), as well as for films, television broadcasts and cable diffusion and works made available to the public on the internet. Copyright is an automatic right, which arises when a work is created. It is not necessary to register a copyright in Hong Kong in order to get protection under Hong Kong law. In fact, there is no official registry in Hong Kong for registration of copyright works.

Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) ("TMO")

The TMO governs the registration of trademarks, use of trademarks and related matters. As Hong Kong provides territorial protection for trademarks, trademarks registered in other countries or regions are not automatically entitled to protection in Hong Kong. In order to enjoy the protection by the laws of Hong Kong, trademarks shall be registered with the Intellectual Property Department under the TMO.

INDONESIA

General Investment Requirements

A foreign investor which intends to establish a business in Indonesia must comply with certain regulations related to the investment sector. In general, investment activities in Indonesia are regulated by Law No. 25 of 2007 on Investments which then was amended by the Law No. 6 of 2023 on the Stipulation of the Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation into a Law ("**Job Creation Law**") (as amended, the "**Investment Law**"). Currently, investment activities in Indonesia are being coordinated and supervised by the Ministry of Investment/Investment Coordinating Board (Badan Koordinasi Penanaman Modal — "**BKPM**") as the authorized agency in the investment field. The followings are the requirements related to conducting investment activities that must be complied by a business actor in Indonesia:

Indonesia Standard Industrial Classification and Indonesian Positive Investment List. In performing and monitoring the business sectors in Indonesia, the Indonesian Government has issued the Indonesia Standard Industrial Classification ("**KBLI**") based on Central Bureau of Statistics (Badan Pusat Statistik — "**BPS**") Regulation No. 7 of 2025 ("**KBLI 2025**"), which serves as a classification for the existing, regulated business lines. KBLI is used to determine such company's minimum investment value, required licensing, as well as foreign shareholder restriction. Based on Article 12 (1) of the Investment Law, all business sectors shall be opened to investment activities, except for business sectors that are declared to be closed to investment or activities that can only be carried out by the Central Government. Pursuant to President Regulation No. 10 of 2021 regarding Investment Business Fields as partially amended by the Presidential Regulation No. 49 of 2021, the courier activities under KBLI 53201 are opened for investment with the limitation that the foreign investor(s) can only have the maximum ownership of up to 49% (forty nine percent).

General Company Licensing

Under Article 206 of the Government Regulation No. 28 of 2025 on the Implementation of Risk-Based Business Licensing ("**GR 28/2025**"), the business actors shall obtain Business Identification Number ("**NIB**") as a business identity and legality of the business. GR No. 28/2025 has regulated the classification business activity based on the level of risks. Further, the transitional provisions as stipulated under Article 547 of GR No. 28/2025 stated that upon the effective enforcement of this GR No. 28/2025: (i) applications for basic requirements, Business Licensing, and/or Business Licensing to Support Business Activities (PB UMKU); (ii) medium-to-high-risk business activities with unverified standard certificates or PB UMKU not yet effective; and (iii) high-risk business activities with acceleration permits not yet meeting requirements or PB UMKU not yet effective; — shall continue to be processed pursuant to GR No. 5/2021. Pursuant to Article 256 Paragraph (1) of GR No. 28/2025, revocation of NIB as business license shall be carried out in the event of: (i) Application from the Business Actor; (ii) Application for dissolution of the business entity; (iii) Business Actor violates provisions of the laws and regulations related to Risk-Based Business Licensing; (iv) Court decision that has permanent legal force; or (v) Termination of land rights or land allocation on Right-to-Manage.

Business Licensing and Requirements for Courier Activities. In general, postal services activities in Indonesia could be classified into 2 (two) categories i.e. (i) Courier Activities and (ii) Universal Postal. Specifically for the conduct of business activity under KBLI 53201 (Courier Activities), a Postal Operator shall obtain postal operator license issued by the Ministry of Communication and Digital of the Republic of Indonesia (previously Ministry of Communication and Informatics ("**MOCI**"). Based on Article 5 of Law No. 38 of 2009 on Postal as amended by the Job Creation Law (as amended, the "**Postal Law**") jo. Article 3 of Government Regulation No. 46 of 2021 on Postal, Telecommunication and Broadcasting ("**GR No. 46/2021**"), jo. Article 6 of MOCI Regulation No. 4 of 2021 on Postal Operation as partially amended by MCAD Regulation No. 8 of 2025 on Commercial Postal Services ("**MOCIR No. 4/2021**"), the services of Postal Operators consist of: (i) Written communication and/or electronic mail; (ii) Package; (iii) Logistics; (iv) Financial transaction; and/or (v) Postal agent. In addition, after obtaining the postal operator license from the MOCI, a Postal Operator has the following obligations: (i) Submit Postal Operation Report to the MOCI annually (Article 121 Paragraph (1) of MOCIR No. 4/2021); (ii) Conduct payment of Universal Postal Service ("**LPU**") Implementation Contribution fees each year (Article 94 of MOCIR No. 4/2021); (iii) Submit LPU Implementation Contribution Payment Documentation. Pursuant to Article 124 Paragraph (1) and (3) of MOCIR No. 4/2021, failure to comply or fulfil the aforementioned obligations shall result in the company being subject to administrative sanctions, in the forms of: (i) Written Warnings; (ii) Imposition of Administrative Fines; (iii) Temporary Suspension of Business Activities; (iv) Police Coercion; and/or (v) Revocation of service and/or Business License. The imposition of administrative sanctions can be carried out in stages or independently for each type of administrative sanction.

Cooperation between Foreign Postal Operator and Indonesia Postal Operator. Article 113 of MOCIR No. 4/2021 stated that a Foreign Postal Operators could conduct postal activity within the territory of the Republic of Indonesia under the following conditions: (i) Must cooperate with Indonesia Postal Operator through joint ventures; and (ii) The operational area is limited to the provincial capital. Such Foreign Postal Operators can only conduct cooperation by establishing a new joint venture company with one Indonesian Postal Operator company by subscribing shares at the time of the establishment of the joint venture company. Article 11 Paragraph (1) (b) of the Postal Law, Foreign Postal Operator refers to foreign business entities that provide postal services outside of Indonesia. According to our consultation with MOCI, the Foreign Postal Operator and any of its affiliates are different separate entities. As such, the operation of its affiliates will not be taken into consideration as the operations of the relevant Foreign Postal Operator (separate entities). In other words, if a parent company does not conduct the business of courier activities and the affiliates do, such parent company cannot be considered as a Postal Operator (vice versa).

Foreign Non-Postal Operator Could Not Subscribe Share on an Indonesian Postal Company. Based on Article 11 of Postal Law, a Postal Operator could conduct a cooperation with a Foreign Non-Postal Operator. However, such cooperation between Postal Operators and Foreign Non-Postal Operator are exempted to an ownership of capital and shares. It is further confirmed by our consultation with the MOCI, which stated that a Non-Postal Operator Foreign Entity is prohibited/forbidden from obtaining shares of said Indonesian Postal Service Company.

*Registration of Private Electronic System Operator ("**Private ESO**").* Pursuant to the MOCI Regulation No. 3 of 2021 on Standard of Business Activities and Standard of Products for the Implementation of Risk-Based Licensing in the Sectors of Postal, Telecommunication and Electronic Systems and Transaction, the registration as a Private ESO must be conducted by the Indonesian company having the line of business falls under KBLI 63122 — Web Portal and/or Digital Platform for Commercial Purposes. The registration as the Private ESO will be excluded for any business actor which does not manage and/or own its own Electronic Systems, such as the accounts in the media social, the content platform, the market place and other channel. The mandatory registration of Private ESO also regulated under the MOCI Regulation No. 5 of 2020 on the Private ESO as amended by the MOCI Regulation No. 10 of 2021 ("**MOCIR-Private ESO**"), which provides that any electronic system operator must register itself as a Private ESO to the MOCI through the OSS system, prior to the use of the electronic system by its users/customers. Non-compliance to this obligation will be subject to an administrative sanction in the form of blocking of access to the electronic system of the Private ESO. Upon the registration as the Private ESO, the MOCI will issue the Registration Certificate of Electronic System Operator which certificate will also be published in the official website of MOCI.

Mandatory Investment Report ("LKPM"). In relation to the investment activities that are being conducted in Indonesia, Article 5 point c of the MOID Reg 5/2025 stipulates that, among others, every business actor is obliged to submit LKPM. However, the submission of such LKPM is conducted by taking into account the following (vide Art. 286 of the MOID Reg 5/2025): (i) Micro-scale businesses and Businesses financed by the State Budget or Regional Budget (regardless of the business scale): are not required to submit LKPM to the BKPM; (ii) Small-scale businesses are required to submit LKPM to the BKPM every 6 (six) months; or (iii) Medium and Large-scale businesses are required to submit LKPM to the BKPM every 3 (three) months. Furthermore, Article 285 of MOID Reg 5/2025 requires businesses to submit such LKPM for each business activity and location carried out by the company, regardless of primary or supporting business activities. Pursuant to Article 364 (3) in conjunction with Article 5 point c of MOID Reg 5/2025, failure to comply or fulfil the obligations to submit LKPM to the MOI/BKPM shall subject such company to administrative sanction.

Employment Licenses, Work Safety and Health Requirements and Employee Social and Health Insurance

Employment Licenses. Basic provision on manpower issues in Indonesia is generally stipulated in Law No. 13 of 2003 regarding Manpower as partially amended by the Job Creation Law (as amended, the "**Employment Law**"). Pursuant to Article 42 of the Manpower Law in conjunction with Article 6 of Government Regulation No. 34 of 2021 on Recruitment of Foreign Workers ("**GR 34/2021**"), employers intending to hire foreign workers must obtain a Foreign Workers Recruitment Plan ("**RPTKA**") validated by the Ministry of Manpower ("**MOM**"). After securing the RPTKA, employers are also required under Article 27 of GR 34/2021 to obtain a Limited Stay Permit (ITAS) for their foreign employees in accordance with Minister of Law and Human Rights Regulation No. 22 of 2023 on Visa and Stay Permit as amended lastly by Minister of Law and Human Rights Regulation No. 3 of 2025 on Visa, Stay Permit, Facilities and Benefits, and Immigration Supervision for the Diaspora (together "**MOLHR Reg 22/2023**"). Furthermore, as stipulated under Article 32 of GR 34/2021, employers must submit annual reports to the MOM covering (i) utilization of foreign workers, (ii) training for counterpart workers, and (iii) transfer of technology and skills. Failure to comply may result in administrative sanctions under Article 36 of GR 34/2021. Additionally, under the Law No. 7 of 1981 on Mandatory Manpower Reporting, all companies in Indonesia must submit an annual manpower report (WLKP) to the relevant authority. Non-compliance may result in fines of up to IDR 1 million or detention of up to three months for repeated violations, pursuant to Article 10 of the Manpower Report Law. Meanwhile, companies employing at least 10 employees are required under Article 108 of the Manpower Law to establish and ratify company regulations, which remain valid for two years following MOM approval (vide Art. 111 of the Manpower Law). Violation of these obligations may lead to criminal sanctions in the form of fines ranging from IDR 5 million to IDR 50 million, as provided under Article 188 of the same law.

Work Safety and Health Requirements. The Indonesian law protected every employee to have the right to his safety working in Indonesia which is governed under the provisions on health and safety protection that are generally governed under Law of the Republic of Indonesia No. 1 of 1970 on Occupational Health and Safety ("**Occupational Health and Safety Law**"). Article 87 of the Manpower Law, in conjunction with GR No. 50 of 2012 on Implementation of Occupational Health and Safety Management, requires employers to implement an Occupational Health and Safety Management System if they employ 100 or more employees, or if the nature of their business poses high risk of occupational hazard or accidents. Non-compliance with this requirement may result in administrative sanctions, which includes, warnings, restrictions on business activities, temporary suspension, annulment of approval/registration, temporary termination on production unit, and/or revocation of license.

Employee Social and Health Insurance. Pursuant to Article 14 and 15 of Law No. 24 of 2011 on Agency of Employee Social Security ("**BPJS**") as partially amended by Job Creation Law (as amended, "**BPJS Law**"), mandates all employers in Indonesia to register themselves and their workers in the national social security programs, comprises of: (i) Employment BPJS, which includes coverage for work accidents, old-age benefits, pension, death benefits, and loss of employment; and (ii) Health BPJS, which provides health insurance coverage. Employers are obliged to pay their BPJS contributions, withhold the employee's portion, and remit the total contributions to the BPJS monthly.

Regulations on Data Privacy. Personal data protection in Indonesia is mainly regulated under Law of the Republic of Indonesia No. 27 of 2022 on Personal Data Protection ("**PDPLaw**"). In addition to the PDPLaw, personal data protection and data privacy are also governed in various sectoral laws, among others MOCI Regulation No. 20 of 2016 on Personal Data Protection in Electronic Systems and Government Regulation No. 71 of 2019 on the Organization of Electronic Systems and Transaction. The personal data controller and the personal data processor must firstly obtain a proper prior consent from the personal data subject before conducting the processing of personal data. Non-compliance to this obligation can be imposed with: (i) Administrative sanctions; (ii) Criminal sanctions; (iii) Additional sanctions to the criminal sanctions. If the criminal acts relating to the personal data protection are conducted by the corporation (either legal entity or non-legal entity) ("**Corporation**"), then the criminal sanction will be imposed to their management, controller, commanding officer, beneficial owner, and/or such Corporation itself.

Transaction Requirements

Mandatory Use of Rupiah Currency. Pursuant to Law No. 7 of 2011 on Currency as partially amended by Law No. 1 of 2023 on Penal Code (as amended, "**Currency Law**"), Bank Indonesia Regulation No. 17/3/PBI/2015 of 2015 on Mandatory Use of Indonesian Rupiah Within the Territory of the Republic of Indonesia ("**BI Reg No. 17/2015**"), and Bank Indonesia Circular Letter No. 17/11/DKSP of 2015 on the Mandatory Use of Indonesian Rupiah Within the Territory of the Republic of Indonesia ("**BI CL No. 17/2015**"), all parties, both domestic and foreign, to use the Indonesian Rupiah (IDR) in all cash and non-cash transactions within Indonesia, including payments, monetary obligations, and banking activities. Exceptions include state revenue/expenditure, foreign grants, international trade and financing, bank foreign exchange activities, and other legally permitted transactions in foreign currency. Non-compliance may lead to criminal sanctions of up to one year's imprisonment or fines up to IDR 200 million. Bank Indonesia may also impose administrative sanctions, including warnings, fines of up to 1% of the transaction (capped at IDR 1 billion), restrictions on payment participation, or referral to other authorities.

Offshore Loan Requirement. Pursuant to Article 2 of Bank Indonesia Regulation No. 16/21/PBI/2014 of 2014 on the Implementation of Prudential Principles in the Management of Foreign Debt by Non-Bank Corporations, as amended by Bank Indonesia Regulation No. 18/4/PBI/2016 of 2016 (as amended, "**BI Reg No. 16/21/2014**"), non-bank corporations that have offshore loans ("**ULN**") and/or entered into ULN agreements in foreign currencies requiring precautionary measures: a minimum 25% hedging ratio for foreign currency liabilities, 70% liquidity via foreign exchange assets, and a minimum credit rating of BB— at loan issuance. Companies must report to Bank Indonesia and the Ministry of Finance, with non-compliance subject to administrative sanctions.