PRC LAWS, REGULATIONS AND POLICIES

This section summarizes the major PRC laws, regulations and policies relevant to the Company's daily business operations currently carried out in the PRC.

POLICIES ON DIGITAL MARKETING INDUSTRY

Regulations on Foreign Investment in Value-Added Telecommunications Businesses

Regulations on Telecommunications Businesses

The Telecommunications Regulations of the People's Republic of China (中華人民共和國電信條例) (the "**Telecommunications Regulations**") , as amended on February 6, 2016, provide a regulatory framework for telecommunications services providers in the PRC. The Telecommunications Regulations categorize telecommunications services into basic telecommunications services and value-added telecommunications services. The Telecommunications Regulations require that telecommunication service providers shall obtain the operating license prior to the commencement of operations. According to the Catalog of Telecommunications Businesses (電信業務分類目錄) as amended by MIIT on June 6, 2019, the first category of value-added telecommunications businesses is divided into four subcategories, such as the internet data center business. The second category of value-added telecommunications businesses includes, without limitation, the internet information businesses.

Regulations on Value-added Telecommunications Services

Pursuant to the Telecommunications Regulations, operators of value-added telecommunications business must first obtain a value-added telecommunication business operating license from the MIIT or its provincial level counterparts. The Administrative Measures for Telecommunication Business Operating License (《電信業務經營許可管理辦法》), promulgated by the MIIT on July 3, 2017 and took effect on September 1, 2017, set forth the types of licenses required for value-added telecommunications business and the qualifications and procedures for obtaining such licenses.

Regulations on Internet Information Service

Internet information service is a type of value-added telecommunications business in the current catalog, the Classification Catalog of Telecommunications Business (《電信業務分類目錄》), attached to the Telecommunications Regulations, as last updated by the MIIT on June 6, 2019. Pursuant to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), which was amended by the State Council on December 6, 2024, and came into effect on January 20, 2025, A commercial internet information services operator must obtain a value-added telecommunications services license for internet information services, which is known as an ICP License, from the relevant government authorities before engaging in any commercial internet information services operations. An ICP License has a term of five years and can be renewed within 90 days prior to its expiration. An operator violating related laws due to failure in obtaining relevant business licenses will face penalties such as correction orders, warnings, fines, confiscation of illegal gains, and in case of severe circumstances, be ordered to suspend business for rectification.

Restrictions on Foreign Investment in Value-Added Telecommunications Business

The Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), which were amended on March 29, 2022 and took effect on May 1, 2022, require 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. According to the Negative List 2024, the proportion of foreign investments in an entity engaging in value-added telecommunications business (excluding e-commerce, domestic multi-party communications, storage-forwarding, and call centers) shall not exceed 50%.

LAWS AND REGULATIONS ON ADVERTISING BUSINESS

The Advertising Law of the PRC (《中華人民共和國廣告法》) (the "**Advertising Law**"), which was amended by the SCNPC on April 29, 2021 requires that advertisements shall be true and legitimate. Advertisements with certain specific contents shall be subject to the review of the relevant authorities prior to publication, and shall not include 11 circumstances, such as the use or covert use of national flag, national anthem, national emblem, military flag, military anthem, military emblem of the People's Republic of China, and the use or covert use of the name or image of state agencies or personnel of state agencies. Violation of the aforesaid requirements may lead to penalties, confiscation of advertising revenues, or being ordered to stop spreading the advertisement or to publish an advertisement for correcting any misleading information. Under severe circumstances, the administration for market regulation may order termination of advertising operation or revoke the business license.

On May 1, 2023, the Administrative Measures for Internet Advertising (《互聯網廣告管理辦法》), issued by the State Administration for Market Regulation took effect, regulating 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.

The Administrative Measures for Internet Advertising specifically set out the following requirements, including but not limited to: (i) internet advertisements shall be authentic and legal, adhere to proper guidance, express the advertisement content in a healthy way and comply with the requirements of building a socialist spiritual civilisation as well as promoting good traditional Chinese culture; (ii) an internet advertisement shall be identifiable so that it can be clearly identified by consumers as an advertisement. Any paid search advertisement for a product or service shall be prominently indicated as an "advertisement" by the advertising publisher to distinguish it from natural search results; (iii) where an internet advertisement is published in the form of pop-up or otherwise, the advertiser and the advertisement publisher shall clearly place a close symbol to ensure that it can be closed by one click and shall not be conducted in a way that will negatively affect the one-click-close function; (iv) cheating or misleading users into clicking on or browsing advertisements is prohibited; (v) the advertisers shall be responsible for the authenticity of the content of internet advertisements; (vi) the advertising agencies and the advertisement publishers shall establish, improve and implement systems of registration, examination and archives management in respect of internet advertising business; (vii) where an internet advertisement is published by means of algorithmic recommendation or otherwise, the relevant rules of the algorithmic recommendation service and the record of advertisement placement shall be included in the advertisement archives.

POLICIES ON MACHINERY INDUSTRY

In November 2018, the National Bureau of Statistics included "energy-saving pumps" as key products and services in the strategic emerging industries category, according to the Strategic Emerging Industries Classification (2018).

In March 2021, the National People's Congress (the "**NPC**") promulgated the Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and Outlines of Objectives in Perspective of the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), which explicitly calls for strengthening the construction of water conservancy infrastructure, enhancing the allocation of water resources and prevention of floods and droughts, prioritizing water conservation, improving the water resource allocation system, establishing backbone projects of water resource allocation as well as strengthening the construction of key water supplies and urban emergency backup water supply projects. It also explicitly proposes to promote the optimization and upgrading of the manufacturing industry, foster advanced manufacturing clusters and promote the innovation and development of industries such as integrated circuits, aerospace equipment, ships and maritime engineering equipment, robots, advanced railway equipment, advanced power equipment, engineering machinery, high-end CNC machine tools, medicine and medical equipment.

In December 2023, the NDRC issued the Guiding Catalogue for Industrial Structure Adjustments (Version 2024) (《產業結構調整指導目錄(2024年本)》), which includes "promotion and application of high-efficiency water conveyance and distribution technologies, and water-saving irrigation techniques" in the encouraged category. It also includes "rural water supply projects", "construction and renovation of irrigation districts and supporting facilities", and "upgrading and modernization of irrigation and drainage pumping stations" in the encouraged category. It also includes "integrated circuit design" and "chip scale package (CSP)" in the encouraged category.

In January 2024, the NDRC and other six ministries and commissions issued the Advanced Level, Energy-Saving Level and Admission Level of Energy Efficiency of Key Energy-consuming Products and Equipment (Version 2024) (《重點用能產品設備能效先進水平、節能水準和准入水平(2024年版)》), which sets three tiers of energy efficiency levels for 23 types of product equipment such as pumps, requires that the energy efficiency of major energy-consuming equipment in new construction or renovation or expansion projects must reach the energy-saving level, and encourages reaching advanced level.

In March 2024, the MIIT and other seven ministries and commissions jointly issued the Implementation Plan for Advancing Equipment Renewal in the Industrial Sector (《推動工業領域設備更新實施方案》), with the general requirement calling for the renewal of old pump equipment in the industrial and municipal affairs sectors, and promoting the use of energy-saving pumps of energy-efficiency level 2 and above. The policy encourages pump manufacturers to develop and produce energy efficient products, and encourages enterprises to adopt intelligent production.

POLICIES ON SEMICONDUCTOR INDUSTRY

On June 24, 2014, the State Council promulgated the Outline for Advancing the National Integrated Circuit Industry (《國家集成電路產業發展推進綱要》), which states that the development goal for the integrated circuit industry is to achieve internationally advanced standards in major segments of the integrated circuit industrial chain by 2030, with a group of enterprises entering the international first tier and achieving leapfrog development. The focus is to develop the integrated circuit design industry by centering around the key industrial chains through strengthening the collaborative innovation of integrated circuit design, software development, system integration, content and services, so as to drive the growth of the manufacturing industry through rapid expansion in the design sector; and accelerate the development of the integrated circuit manufacturing industry through seizing favorable opportunities presented by technological transformation and making investment and financing bottleneck breakthroughs to continuously promote the construction of advanced production lines.

On January 25, 2017, the NDRC issued the Guiding Catalogue of Key Products and Services in Strategic Emerging Industries (2016 Edition) (《戰略性新興產業重點產品和服務指導目錄(2016版)》), clarifying eight industries across five major sectors, which include integrated circuit chip products, integrated circuit materials, electric - electronic power devices, and semiconductor materials.

On December 11, 2020, the MOF, the STA, the NDRC, and the MIIT jointly issued the Announcement on Enterprise Income Tax Policies for Promoting High-Quality Development of the Integrated Circuit Industry and Software Industry (《關於促進集成電路產業和軟件產業高質量發展企業所得税政策的公告》), under which enterprises engaged in integrated circuit design, equipment, materials, packaging and testing, and software enterprises encouraged by the State shall be exempted from enterprise income tax for the first and second year starting from the profit-making year, and shall be subject to enterprise income tax at half of the statutory rate of 25% during the third to the fifth year.

On March 11, 2021, the NPC issued the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision 2035 of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), stipulating the formulation and implementation of strategic scientific programs and scientific projects in fundamental core sectors concerning national security and development across all domains. In terms of the integrated circuit sector, the focus has been placed on strengthening research and development for integrated circuit design tools, key equipment and other key materials such as high-purity targets; achieving breakthroughs in advanced processes on integrated circuits and specialized technologies like insulated gate bipolar transistors (IGBT) and micro-electromechanical systems (MEMS); advanced storage technology upgrades; and development of wide band-gap semiconductors including silicon carbide and gallium nitride.

On June 1, 2021, six national ministries and commissions, including the MIIT, issued the Guiding Opinions on Accelerating the Cultivation and Development of High-quality Enterprises in Manufacturing Industry (《關於加快培育發展製造業優質企業的指導意見》), under which innovation consortiums or strategic alliances for technological innovation shall be established through high-quality enterprises to conduct collaborative innovation, and efforts shall be enhanced to make breakthroughs in and demonstrate application of essential and core technologies, products and equipment in the fields of integrated circuits and network security.

On May 21, 2022, the STA issued the Guidelines on Tax Preference Policies for Software and Integrated Circuit Enterprises (《軟件企業和集成電路企業稅費優惠政策指引》). For the purpose of facilitating timely knowledge of applicable tax preference policies, the foregoing guidelines have clarified preferential contents, enjoyable conditions and policy basis for integrated circuit enterprises. For instance, enterprises of integrated circuit design, equipment, materials, and packaging and testing encouraged by the State may enjoy regular reductions or exemptions of the enterprise income tax; enterprises of key integrated circuit design encouraged by the State may enjoy regular reductions or exemptions of the enterprise income tax; expenditures on staff training of integrated circuit design enterprises can be deducted before tax according to the actual amount incurred.

On April 20, 2023, the MOF and the STA jointly issued the Notice of the Additional Value-Added Tax Credit Policy for Integrated Circuit Enterprises (《關於集成電路企業增值稅加計抵減政策的通知》). From January 1, 2023 to December 31, 2027, enterprises engaged in integrated circuit design, production, packaging and testing, equipment and materials are allowed to deduct extra 15% of the deductible input tax in the current period from the value-added tax payable.

On January 18, 2024, seven departments including the MIIT issued the Implementation Opinions on Promoting the Innovative Development of Industries of the Future (《關於推動未來產業創新發展的實施意見》), proposing the development of key strategic materials, such as high-performance carbon fibres and advanced semiconductors.

On March 27, 2025, the NDRC and other departments issued the Notice of Effectively Developing the List of Integrated Circuit Enterprises or Projects and Software Enterprises Eligible for Preferential Tax Policies in 2025 (《關於做好2025年享受稅收優惠政策的集成電路企業或項目、軟件企業清單制定工作的通知》). Key integrated circuit design enterprises encouraged by the State may enjoy preferential tax policies under the circumstance of meeting indicators of R&D personnel and financial data.

LAWS AND REGULATIONS ON FOREIGN INVESTMENT

The Company Law of the People's Republic of China (the "**PRC Company Law**") was amended on December 29, 2023 and took effect on July 1, 2024. Both limited liability companies and joint stock limited companies incorporated in China are subject to the PRC Company Law. Unless otherwise stipulated by foreign investment laws, foreign-invested enterprises are also governed by the PRC Company Law.

The Foreign Investment Law of the PRC, which was promulgated by the NPC on March 15, 2019 and implemented on January 1, 2020, establishes the management system for pre-access national treatment and negative list for foreign investment in the PRC. The PRC gives national treatment to foreign investment outside the negative list. In addition, the Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "**Implementation Regulations**"), which was promulgated by the State Council on December 26, 2019 and came into effect on January 1, 2020, further stipulates that the PRC shall, according to the needs of national economic and social development, formulate a catalog of encouraged foreign-invested industries.

The National Development and Reform Commission and the Ministry of Commerce (MOFCOM) jointly revised and issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施(負面清單) (2024年版)》) (the "**Negative List**") on September 6, 2024, which provides that domestic enterprises engaged in business activities within the prohibited sectors on the Negative List that seek to issue and list securities overseas must obtain prior approval from the relevant state authorities. For such enterprises, overseas investors shall not participate in corporate management, and their shareholding ratio shall comply with the relevant regulations governing overseas investors' securities investments in the domestic market.

Pursuant to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) jointly promulgated by the NDRC and the MOFCOM on December 19, 2020 and became effective from January 18, 2021, foreign investments that affect or may affect national security are subject to security review in accordance with the said measures. Foreign investors or relevant domestic affiliates shall proactively file an application with the working mechanism office before they invest in the military industry, military industrial support and other fields relating to national defense and security.

REGULATIONS ON OVERSEAS INVESTMENT

Pursuant to the Administrative Measures for Overseas Investments (《境外投資管理辦法》) which was promulgated by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014, the MOFCOM and provincial competent commerce departments shall conduct filing or approval management depending on different circumstances of overseas investments of enterprises.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) which was promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018, an enterprise located within the territory of the PRC (the "**Investor(s)**") making outbound investment shall complete the approval and filing procedures for the outbound investment projects (the "**Project(s)**"), report relevant information and cooperate with supervision and inspection. Sensitive Projects carried out by Investors directly or through overseas enterprises controlled by them shall be subject to approval. The NDRC promulgated the Catalogue of Sensitive Industries for Outbound Investment (Edition 2018) (《境外投資敏感行業目錄(2018年版)》), effective on March 1, 2018, which lists the sensitive industries for overseas investment in detail.

Pursuant to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) which was promulgated by the SAFE on February 13, 2015 and came into effect on June 1, 2015, it provides that the banks shall directly examine and handle foreign exchange registration of overseas direct investment.

LAWS AND REGULATIONS ON INFORMATION SECURITY AND PRIVACY PROTECTION

Data Security and Export

The SCNPC promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) on June 10, 2021 (effective from September 1, 2021), which establishes a data classification and grading protection system to conduct classified and hierarchical protection of data. Entities engaged in data processing activities shall, in accordance with laws and regulations, establish a sound full-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security. According to the Measures for Security Assessment of Data Export (《數據出境安全評估辦法》) issued by the Cyberspace Administration of China on July 7, 2022 and came into effect on September 1, 2022, a data processor that provides data overseas shall apply to the national cyberspace administration for the security assessment of the outbound data transfer through local provincial cyberspace administration if it involves the data processor providing important data abroad and other four specified circumstances.

According to the Measures for Standard Contract for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) issued by the Cyberspace Administration of China on February 22, 2023 and effective from June 1, 2023, to provide personal information to an overseas recipient through entering a standard contract, a personal information processor shall meet not being a critical information infrastructure operator and other four circumstances. According to the Provisions on Facilitating and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》) promulgated by the Cyberspace Administration of China and came into effect on March 22, 2024, a data processor that is not a critical information infrastructure operator shall be exempted from declaring for security assessment for outbound data transfer, signing a standard contract with overseas recipient or obtaining personal protection certification, if such data processor cumulatively transfers non-sensitive personal information of less than 100,000 individuals to overseas recipients since the January 1 of the current year.

Personal Information Protection

According to the Civil Code of the People's Republic of China (《中華人民共和國民法典》), personal information of natural persons is protected by law. If any organization or individual needs to obtain other people's personal information, they should obtain it in accordance with the law and ensure the security of the information. They must not illegally collect, use, process, or transmit other people's personal information, and must not illegally buy, sell, provide, or disclose the information. The Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), which was promulgated by the SCNPC on August 20, 2021 and implemented on November 1, 2021, requests higher level of protective measures on the processing of sensitive personal information. According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) promulgated by the SCNPC on November 7, 2016 and effective on June 1, 2017, network operators must follow the principles of legality, legitimacy and necessity when collecting and using personal information, and publicly disclose the rules for collection and use, clearly state the purpose, method and scope of collecting and using information, and obtain the consent of the person whose data is being collected. The Administration Regulations on Network Data Security (《網絡數據安全管理條例》) (the "Administration Regulations on Network Data") published by the State Council on September 24, 2024 and coming into effect on January 1, 2025 provides that network data processors handling personal information of more than 10 million individuals shall comply with several requirements for important data processing and are required to take precautionary measures such as important data identification and annual risk assessment.

REGULATIONS ON AI LARGE MODELS AND ALGORITHMS

On July 10, 2023, the Cyberspace Administration of China and other relevant authorities promulgated the Provisional Administrative Measures for Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) (the "Generative AI Measures"), which came into effect on August 15, 2023, and imposed compliance requirements on providers of generative AI services. According to the Generative AI Measures, individuals or organizations that provide generative AI services of texts, images, audios, videos, and other content shall assume the responsibility of such network information content producers to fulfill the obligations of network information security and shall assume the responsibility of personal information processors to protect any personal information involved. Certain providers of generative AI services shall also conduct security assessments and complete regulatory filings. Non-compliance may subject generative AI service providers to penalties, including warning, public denouncement, rectification orders, and suspension of the provision of relevant services.

On December 31, 2021, the Cyberspace Administration of China and other relevant authorities promulgated the Recommended Algorithm Management Provisions for Internet Information Services (《互聯網信息服務算法推薦管理規定》), which came into effect on March 1, 2022. According to these provisions, algorithm-based recommendation service providers are responsible for the security of their algorithms. Service providers should regularly review and evaluate their algorithmic mechanisms, models, data and results, and notify users when an algorithm-based recommendation service is active and provide effective channels for user complaints and reports.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY

Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) (the "**Patent Law**") amended by the SCNPC on October 17, 2020 and came into effect on June 1, 2021, and the Implementing Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) amended by the State Council on December 11, 2023 and came into effect on January 20, 2024, there are three types of patents, namely "invention", "utility model" and "design". The duration of an invention patent shall be 20 years, the duration of a utility model patent shall be 10 years and the duration of a design patent shall be 15 years, commencing from the filing date.

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, last amended on April 29, 2014 and came into effect on May 1, 2014, trademarks approved and registered by the Trademark Bureau are registered trademarks. Trademark registrants enjoy exclusive rights to use trademark and are protected by the law. The validity period of a registered trademark is 10 years, commencing from the date of registration.

Domain Names

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and became effective from November 1, 2017, the establishment of domain name root servers and domain name root server operation institutions, domain name registration management institutions and domain name registration service institutions within the territory of the PRC shall obtain permission from the MIIT or the communications administration department of the province, autonomous region or municipality directly under the Central Government. The principle of "first come, first served" applies to domain name registration services.

LAWS AND REGULATIONS ON PRODUCT QUALITY

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and last amended on December 29, 2018, producers and sellers shall establish a sound internal product quality control system, strictly adhere to a job responsibility system in relation to quality standards and quality liabilities, and implement corresponding examination and inspection measures.

LAWS AND REGULATIONS ON IMPORT AND EXPORT TRADE

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) last amended by the SCNPC on April 29, 2021, for import and export goods, unless otherwise stipulated, the consignee or consignor of import and export goods may go through customs declaration and tax payment formalities by himself, or may entrust the customs declaration enterprise to go through customs declaration and tax payment formalities. The consignee or consignor of import and export goods and the customs declaration enterprise shall file the customs declaration formalities with the customs in accordance with the law.

Pursuant to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) amended by the SCNPC on December 30, 2022 and the Regulations on the PRC on the Administration of the Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) last amended by the State Council on March 10, 2024 and took effect on May 1, 2024, no entity or individual may impose or maintain any prohibition or restriction on the import or export of goods except for the goods which are explicitly prohibited or restricted by laws or administrative regulations.

Pursuant to the Provisions on the Registration of Customs Declaration Entities of the People's Republic of China (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs (the "**GAC**") on November 19, 2021 and took effect on January 1, 2022, the consignee or consignor of imported or exported goods or a customs declaration enterprise needs only to apply for record-filing to the customs, with no registration with the GAC necessary any longer. The record-filing information shall be made public via the Import and Export Credit Information Publicity Platform of the Customs of China.

Pursuant to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994 and last amended on December 30, 2022, the requirements for foreign trade operators engaging in goods or technology import and export to go through the record-filing registration with the foreign trade department of the State Council or its authorized agencies have been abolished.

LAWS AND REGULATIONS ON LABOR AND SOCIAL SECURITY

Labor Law, Labor Contract Law and Implementing Regulations of the Labor Contract Law of the PRC

According to the Labor Law of the PRC (《中華人民共和國勞動法》) last amended by the SCNPC on December 29, 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) last amended by the SCNPC on December 28, 2012 and became effective on July 1, 2013, and the Implementing Regulations of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) which was promulgated by the State Council and became effective on September 18, 2008, a labor contract shall be concluded for establishment of an employment relationships. Employers shall establish and improve labor rules and regulations in accordance with the law to safeguard employees' labor rights and ensure the fulfillment of labor obligations.

Social Insurance and Housing Provident Fund

According to the Social Security Law of the PRC (《中華人民共和國社會保險法》), which was last amended and implemented by the SCNPC on December 29, 2018, and the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was last amended and implemented by the State Council on March 24, 2019, they provide that any premium paying entity shall carry out social insurance registration at the local social insurance agency and participate in social insurance. Premium paying entities or individuals shall pay social insurance premiums on time and in full amount.

Pursuant to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) which was last amended and implemented by the State Council on March 24, 2019, an entity shall register for housing provident fund contributions with the housing provident fund management center, and go through the formalities of opening housing provident fund accounts on behalf of its employees. An entity shall timely and fully deposit housing provident fund.

According to the Interpretation (II) by the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), issued by the Supreme People's Court on July 31, 2025, and implemented on September 1, 2025, where an employer and an employee agree or the employee promises the employer that no social insurance contributions are required, the People's Court shall deem such agreement or promise invalid.

LAWS AND REGULATIONS ON TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) promulgated by the SCNPC, last amended and implemented on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council, last amended on

December 6, 2024 and implemented on January 20, 2025, the unified enterprise income tax rate is 25%. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishments or premises in the PRC but there is no actual relationship between the relevant income derived and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from the PRC. A uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The recognized high-tech enterprises will enjoy a reduced tax rate of 15% for Enterprise Income Tax.

Value-Added Tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council and was last amended and implemented on November 19, 2017, and the Implementation Rules for the Provisional Regulations the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance, last amended on October 28, 2011 and effective from November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax ("**VAT**"), and are subject to VAT. Unless otherwise specified, the tax rate for taxpayers selling or importing goods and providing processing, repairing and replacement services within China is 17% and 11%, 6% and 0% under certain specific circumstances.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-Added Tax Rates, which was issued on April 4, 2018 and implemented on May 1, 2018, the original tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform, issued by Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on March 20, 2019 and implemented on April 1, 2019, the tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

On December 25, 2024, the SCNPC issued the VAT Law of the PRC (the "**VAT Law**") which will come into effect on January 1, 2026, and the Provisional Regulations of the PRC on Value-added Tax will be abolished at the same time. According to the VAT Law, entities and individuals (including individual industrial and commercial businesses) who sell goods, services, intangible assets, real estate and import goods within the PRC are taxpayers of VAT and shall pay VAT in accordance with the law. Unless otherwise specified, the tax rate for taxpayers selling goods and providing processing, repairing and replacement services, leasing services of tangible movable property and importing goods is 13% and 9%, 6% and 0% under certain specific circumstances.

Dividend Distribution

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) last amended by the SCNPC on August 31, 2018 and implemented on January 1, 2019, and the Implementation Regulations for the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》) last amended by the SCNPC on December 18, 2018 and implemented on January 1, 2019, dividends distributed by PRC enterprises are subject to individual income tax levied at a uniform rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on September 7, 2015 and came into effect on September 8, 2015, for shares of listed companies acquired by individuals via public offerings and market transfers and held for more than one year, the dividend and bonus income shall be temporarily exempted from individual income tax. For shares of listed companies acquired by individuals via public offerings and market transfers and held for less than one month (including one month), the dividend income shall be included in the taxable income in full; if the shares are held for more than one month but less than one year (including one year), 50% of the dividend income shall be included in the taxable income; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

According to the EIT Law (《企業所得稅法》) and the Regulation on the Implementation of the EIT Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), since January 1, 2008, an enterprise income tax rate of 10% shall normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC, unless the jurisdiction in which such non-PRC resident investors are incorporated has a tax treaty with the PRC that provides for a preferential withholding arrangement. According to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by the PRC Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the State Administration of Taxation on November 6, 2008 and implemented on the same date, a PRC resident enterprise is required to withhold enterprise income tax at a uniform rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares since 2008.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《中國內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《國家稅務總局關於〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》), which was issued by The State Administration of Taxation and came into effect on December 6, 2019, provides that such provisions shall not apply if one of the primary purposes of such arrangements or transactions is to obtain such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including **[REDACTED]**). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification.

LAWS AND REGULATIONS ON FOREIGN EXCHANGE

According to the Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) last amended by the State Council on August 5, 2008, the regulations apply to the foreign exchange receipts and payments or foreign exchange business activities of domestic institutions and domestic individuals, as well as the foreign exchange receipts and payments or foreign exchange business activities of overseas institutions and foreign individuals in China.

According to the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Involved in Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) announced by the SAFE on December 26, 2014, the SAFE and its branch offices and administrative offices shall oversee, regulate and inspect domestic companies regarding their business registration, opening and use of accounts, cross-border payments and receipts, exchange of funds and other conduct involved in overseas listing. Domestic company shall, within 15 working days upon the end of its overseas listing issuance, handle registration formalities for overseas listing with the foreign exchange authority at its place of registration with the relevant materials.

According to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued by SAFE on June 9, 2016, the relevant policies have explicitly provided that foreign exchange income from capital account (including foreign exchange capital, foreign debt funds and funds transferred from overseas listing, etc.) could settled in banks according to the actual operating needs of domestic institutions. If there are restrictive provisions on the settlement of foreign exchange income from capital account of domestic institutions in current laws and regulations, such provisions shall prevail.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their funds received by way of capital contribution, foreign debts and overseas listing, with no need to provide the evidentiary materials concerning authenticity of such payment to banks on a case-by-case basis in advance, provided that their capital use shall be authentic and compliant, and conform with the prevailing administrative regulations on the use of income under capital accounts. According to the Circular on Further Deepening the Reform to Facilitate Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) issued by the SAFE on December 4, 2023, foreign exchange funds raised by domestic enterprises through overseas listing may be directly remitted to the settlement account of capital accounts. Funds in the settlement account of capital accounts may be settled and used at discretion.

LAWS AND REGULATIONS ON OVERSEAS SECURITIES ISSUANCE AND LISTING BY DOMESTIC ENTERPRISES

Laws and Regulations on Securities

The Securities Law of the People's Republic of China (《中華人民共和國證券法》, the "**Securities Law**") which was last amended by the SCNPC on December 28, 2019 and became effective on March 1, 2020, comprehensively regulates the activities of the domestic securities market in China. The Securities Law further stipulates that domestic enterprises directly or indirectly issuing securities overseas or listing their securities overseas shall comply with the relevant regulations of the State Council. If domestic company shares are subscribed and traded in foreign currencies, the specific measures shall be separately stipulated by the State Council.

Overseas Listing

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") and relevant guidelines, which took effect on March 31, 2023. According to the Trial Measures, if an enterprise in China directly or indirectly issues or lists shares overseas, it shall file with the CSRC within 3 working days after submitting the application documents for issuance and listing overseas; no overseas offering and listing shall be made under any of the following circumstances: where such listing and financing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; where the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or have undermined the order of socialist market economy during the latest three years; the domestic company intending to make the securities offering and listing is currently under investigation for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; there are material ownership disputes over equity held by controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and actual controller.

According to the Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provisions on Strengthening Confidentiality and Archives Administration**") jointly issued by the CSRC and other relevant departments on February 24, 2023 and took effect on March 31, 2023, in the course of overseas issuance and listing of domestic enterprises, domestic enterprises and securities companies and securities service agencies which provide the corresponding services shall strictly comply with the relevant laws and regulations of the PRC and the requirements of the Provisions on Strengthening Confidentiality and Archives Administration, strengthen legal awareness of confidentiality of state secrets and archives administration, establish a sound system for confidentiality and archives work.

This section sets out a summary of the most significant aspects of laws and regulations in the Hong Kong that are material to our business operations.

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS OPERATIONS IN HONG KONG

Law and Regulations relating to Business Registration

In respect of our operations in Hong Kong, we are required to obtain business registration certificates issued by the Commissioner of Inland Revenue pursuant to the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong).

Laws and Regulations relating to Advertising and Marketing Services

There is no specific legislation governing advertising or marketing practice in Hong Kong. However, there are a number of different ordinances and regulations containing provisions regarding advertising and promotion of products and services and the breach of such ordinances and regulations may result in criminal offense. The ordinances that may be applicable in relation to our digital marketing practices include the Defamation Ordinance (Chapter 21 of the Laws of Hong Kong), Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong), Control of Obscene and Indecent Articles Ordinance (Chapter 390 of the Laws of Hong Kong), Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong), Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) and Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong).

Defamation Ordinance (Chapter 21 of the Laws of Hong Kong) (the "DO")

Any person who publishes defamatory matter regarding another person or an organization in writing or by word of mouth or by conduct may be liable for defamation. Broadly speaking, there are two kinds of defamation. Libel, which is the publication of defamatory matter in writing or in some other permanent form, and slander, which is the publication of defamatory matter by word of mouth or in some transient (temporary) form.

Section 5 of the DO provides that any person who maliciously publishes any defamatory libel, knowing the same to be false, shall be liable to imprisonment for two years, and, in addition, to pay such fine as the court may award.

There are several defenses available. They include but are not limited to (a) unintentional defamation with an offer of amends, (b) defense of justification, which means the words were true in substance and in fact, (c) fair comment and (d) publication which was privileged as prescribed in the schedule of the DO.

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

The TDO aims to prohibit false trade description, false, misleading or incomplete information, false marks and misstatements in respect of goods, and to false trade descriptions in respect of services, provided in the course of trade. The definition of trade description under the TDO is broad, which covers, amongst others, the (i) quantity, size or gauge, (ii) method of manufacture, (iii) composition, (iv) fitness for purpose, performance or accuracy, (v) availability, (vi) compliance with a standard specified, (vii) approval by any person, (viii) a person by whom the goods have been acquired, (ix) the goods being of the same kind as goods supplied to a person, (x) person by whom manufactured, and (xi) other history, including previous ownership or use.

According to Section 2(5) of the TDO, a reference to a trader in the TDO includes any person acting in the name of, or on behalf of, a trader.

Under Section 7 of the TDO, any person (i) who in the course of any trade or business applies a false trade description to any goods or supplies or offers to supply any goods to which a false trade description is applied, or (ii) has in his possession for sale or for any purpose of trade or manufacture any goods to which a false trade description is applied, commits an offense.

Under Section 7A of the TDO, a trader who applies a false trade description to a service supplied or offered to be supplied to a consumer, or suppliers or offers to supply to a consumer a service to which a false trade description is applied commits an offense.

Sections 13E, 13F, 13G, 13H and 13I of the TDO provide that a trader commits an offense if the trader engages, in relation to a consumer, in a commercial practice that is a misleading omission or is aggressive, or that constitutes bait advertising, a bait and switch or wrongly accepting payment for a product.

Anyone who commits an offense under sections 7, 7A, 13E, 13F, 13G, 13H or 13I of the TDO shall be liable, on conviction on indictment, to a fine of HK$500,000 and to imprisonment for five years, and on summary conviction, to a fine at level 6 (currently is HK$100,000) and to imprisonment for two years.

We may be held liable for the above offenses in the operation of our business as the TDO provides that any reference to a trader in the ordinance includes any person acting in the name of, or on behalf of, a trader.

Control of Obscene and Indecent Articles Ordinance (Chapter 390 of the Laws of Hong Kong) (the "COIAO")

The COIAO aims to, among other matters, control articles which consist of or contain material that is obscene or indecent, including material that is violent, depraved or repulsive.

By virtue of Section 21(1) of the COIAO, subject to any defense as provided in the COIAO, any person who publishes or possesses for the purpose of publication or imports for the purpose of publication any obscene article, whether or not he knows that it is an obscene article, commits an offense and is liable to a fine of HK$1,000,000 and to imprisonment for three years.

By virtue of Section 22(1) of the COIAO, subject to any defense as provided in the COIAO, any person who publishes any indecent article to a person who is a juvenile, whether or not he knows that it is an indecent article or that such person is a juvenile, commits an offense and is liable to a fine of HK$400,000 and to imprisonment for 12 months on his first conviction, and to a fine of HK$800,000 and to imprisonment for 12 months on a second or subsequent conviction.

According to Section 2 of the COIAO, the word "article" is given a wide meaning to include any thing consisting of or containing material to be read or looked at or both read and looked at, any sound recording, and any film, video-tape, disc or other record of a picture or pictures.

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

In respect of our digital marketing business, the provision of such services is regulated by the SSITO, which implies various terms in contracts for the supply of services (i.e. in the contracts between the Group and our customers).

Section 5 of the SSITO provides that in a contract for the supply of service where the supplier is acting in the course of a business, there is an implied term that the supplier will carry out the service with reasonable care and skill.

Section 6 of the SSITO provides that where, under a contract for the supply of a service by a supplier acting in the course of a business, the time for the service to be carried out is not fixed by the contract, is not left to be fixed in a manner agreed by the contract or is not determined by the course of dealing between the parties, there is an implied term that the supplier will carry out the service within a reasonable time. What constitutes a reasonable time is a question of fact.

Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) (the "Copyright Ordinance")

The Copyright Ordinance protects recognized categories of works including literary, dramatic, musical and artistic works, as well as sound recordings, films, broadcasts and cable programs, and typographical arrangement of published editions. Certain acts such as copying and/or issuing or making available copies to the public of a copyright work without the authorization from the copyright owner would constitute "primary infringement" of copyright which does not require knowledge of infringement.

In addition, a person may incur civil liability for "secondary infringement" under the Copyright Ordinance if that person, among other matters, possesses, sells or lets for hire, or offers or exposes for sale or hire, exhibits in public, distributes or deals with a copy of a work which is, and which he knows or has reason to believe to be, an infringing copy of the work for the purposes of or in the course of any trade or business without the consent of the copyright owner. However, the person will only be liable if, at the time he committed the alleged act, he knew or had reason to believe that he was dealing with infringing copies of the work.

Under section 118 of the Copyright Ordinance, a person commits a criminal offense if he, without the consent of the copyright owner of a copyright work, makes for sale or hire an infringing copy of the work or possesses an infringing copy of the work with a view to its being, among others, sold or let for hire by any person for the purpose of or in the course of that trade or business, or exhibited in public or distributed by any person for the purpose of or in the course of any trade or business which consists of dealing in infringing copies of copyright works.

Under section 119A of the Copyright Ordinance, there is a provision against copying service business which imposes criminal liability when a person, for the purpose of or in the course of a copying service business, possesses a reprographic copy of a copyright work as published in a book, magazine or periodical, being a copy that is an infringing copy of the copyright work.

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

The TMO provides for the registration, use and protection of trade marks. Under section 18 of the TMO, it is provided that a person infringes a registered trade mark if the person uses in the course of trade or business a sign which is:

(i) identical to the trade mark in relation to goods or services which are identical to those for which it is registered;

(ii) identical to the trade mark in relation to goods or services which are similar to those for which it is registered, and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public;

(iii) similar to the trade mark in relation to goods or services which are identical or similar to those for which it is registered, and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public; or

(iv) identical or similar to the trade mark in relation to any goods or services, and the trade mark is entitled to protection under the Paris Convention as a well-known trademark, and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or repute of a trade mark.

Trade marks registered in other countries or regions are not automatically entitled to protection in Hong Kong unless they are also registered in accordance with the TMO. Nevertheless, trade marks which are not registered pursuant to the TMO may still obtain protection by the common law action of passing off, which requires proof of the owner's goodwill or reputation in his goods or services distinguished by the unregistered trade mark which his particular goods or services are offered to the public, demonstrate a misrepresentation by the infringer to the public leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the owner, and demonstrate that the owner suffers or is likely to suffer damage by reason of the infringer's misrepresentation.

Laws and Regulations relating to Personal Data and Data Protection and Transmission

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

The PDPO aims to protect the privacy of individuals in relation to personal data. Under section 2 of PDPO, personal data is defined as any data (i) relating directly or indirectly to a living individual, (ii) from which it is practicable for the identity of the individual to be directly or indirectly ascertained, and (iii) in a form in which access to or processing of the data is practicable. The PDPO regulates a "data user" who either alone or jointly or in common with other persons, controls the collection, holding, processing or use of the data.

We shall comply with the PDPO and the six data protections principles (the "**DPPs**") in the collection, holding, accuracy, retention period, security, privacy policy and access to and correction of personal data in our daily operations, which include:

Principle 1 stipulates the purpose and manner of collection. It requires the data collected be for purposes related to the functions or activities of the data user, the means of collection must be lawful and fair in the circumstances, and the data collected should be adequate but not excessive. The data user shall also inform the data subject on or before the collection of the date, of the purposes of data collection, classes of persons to whom the data may be transferred, whether it is obligatory or voluntary for the data subject to supply the data, and the consequences if he fails to supply the date should it be obligatory.

Principle 2 stipulates the accuracy and duration of retention of personal data. It requires data users to take practicable steps to ensure the accuracy of personal data having regard to the purpose for which the personal data is or is to be used and is not kept longer than is necessary for the fulfillment of that purpose.

Principle 3 stipulates the use of personal data. Unless with prescribed consent of the data subject, it is prohibited for the data be used for any purpose other than the purposes for which they were collected or directly related purposes.

Principle 4 stipulates the security of personal data. It requires all practicable steps be taken to ensure that any personal data held by a data user is protected against unauthorized or accidental access, processing, erasure, loss or use. It also requires security in the storage, processing and transmission of data. If a data user engages a data processor to process personal data on the data user's behalf, the data user must adopt contractual or other means to prevent unauthorized or accidental access, processing, erasure, loss or use of the data transferred to the data processor for processing.

Principle 5 provides that information shall be generally available. It requires data users to take all practicable steps to ensure a person can (i) ascertain a data user's policies and practices in relation to personal data, (ii) be informed of the kind of personal data held by the data user, and (iii) be informed of the main purposes for which personal data held by a data user is or is to be used.

Pursuant to Principle 6, a data subject has the right to, among other things, request access to his/her personal data and request correction of the same.

In the course of business, the Group falls within the definition of "data user" and shall comply with the DPPS and PDPO with regards to the collection, use, retention, accuracy, security, and access to personal data.

Laws and Regulations relating to Use of Electronic Means

Telecommunication Ordinance (Cap. 106) (the "TO")

Under the TO, the Hong Kong government may grant license to the operator or provider of telecommunication networks, systems, installations or services, or for the establishment or maintenance of a telecommunication network for carrying communications to or from the public between fixed/moving locations.

Electronic Transactions Ordinance (Cap. 553) (the "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, book, register, correspondence, information, document or other material in the course of performing a function under or for the purposes of the ETO to disclose any information relating to another person as contained in such record, book, register, correspondence, information, document or other material to any other person.

Unsolicited Electronic Messages Ordinance (Cap. 593) (the "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 UEMO 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, and (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.

Laws and Regulations relating to Import and Export of Goods and Product Liability

Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the "IEO")

The IEO provides for the regulation and control of the import of articles into Hong Kong, the export of articles from Hong Kong, the handling and carriage of articles within Hong Kong which have been imported into Hong Kong or which may be exported from Hong Kong, and any matter incidental to or connected with the foregoing. Under the IEO, any person who imports or exports any article (other than exempted articles under Regulation 3 of the Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong)) shall lodge with the Commissioner of Customs and Excise an accurate and complete import or export declaration within 14 days after the date of import or export. Certain documents need to be presented for customs clearance, including the bill of lading or similar documents, invoice and packing list. Further, under the IEO, customs officers are granted various powers in relation to the investigation, examination, and seizure of goods.

Laws and Regulations relating to Competition

Competition Ordinance (Chapter 619 of the Laws of Hong Kong) (the "Competition Ordinance")

The Competition Ordinance prohibits restrictions on competition in Hong Kong through three competition rules, namely, (i) the first conduct rule which prohibits anti-competitive agreements (the "**First Conduct Rule**"), (ii) the Second Conduct Rule which prohibits abuse of market power (the "**Second Conduct Rule**"), and (iii) the Merger Rule which prohibits anti-competitive mergers and acquisitions (the "**Merger Rule**").

The First Conduct Rule and the Second Conduct Rule apply to all sections of the Hong Kong economy. At present, the Merger Rule only applies to mergers involving carrier license holders within the meaning of the Telecommunications Ordinance (Chapter 106 of the Laws of Hong Kong). Therefore, our Group is subject to the Competition Ordinance generally, save for the Merger Rule. The First Conduct Rule prohibits businesses from making or giving effect to an agreement, engaging in a concerted practice, or making or giving effect to a decision of an association, if the object or effect to harm competition in Hong Kong.

The Second Conduct Rule prohibits businesses with a substantial degree of market power from abusing its power by engaging in conduct that has the object or effect to harm competition in Hong Kong. Serious anti-competitive conduct is defined under Section 2(1) of the Competition Ordinance as any conduct that consists of any one or combination of the following: (i) fixing, maintaining, increasing or controlling the price for the supply of goods or services; (ii) allocating sales, territories, customers or markets for the production or supply of goods and services; (iii) fixing, maintaining, controlling, preventing, limiting or eliminating the production or supply of goods and services; and (iv) bid-rigging.

Orders that the Competition Tribunal may impose for contraventions of the competition rule include, among other things, pecuniary penalties, disqualification order, injunctions, prohibiting a person from making or giving effect to an agreement or to declare an agreement to be void, and award damages. For pecuniary penalty, the maximum penalty in relation to a single contravention can be up to 10% of the turnover of the undertaking concerned for each year in which the contravention occurred, or if the contravention occurred in more than three years, 10% of the turnover of the undertaking concerned for the three years in which the contravention occurred that saw the highest, second highest and third highest turnover. The Competition Tribunal may also order the disqualification of responsible director who has contravened a competition rule for up to five years.

Other Laws and Regulations in relation to Our Business

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

As the Group carries out business in Hong Kong, the Group is subject to the profits tax regime under the IRO.

The IRO is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. Section 14 of the IRO provides, among other things, 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 date of capital assets) arising in or derived from Hong Kong from such trade, profession or business. As at the Latest Practicable Date, profits tax is chargeable at the rate of 8.25% on assessable profits up to HK$2,000,000 and at the rate of 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 allowances for depreciation.

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the "EO")

The EO provides for the protection of the wages of employees and regulates general employment conditions. All employees covered by the EO, irrespective of their hours of work, are entitled to basic protection under the EO, including, among other matters, payment of wages and granting of statutory holidays. Employees who are employed under a continuous contract are further entitled to benefits such as rest days, paid annual leave, sickness allowance, severance payment and long service payment.

In addition, under the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), an employer is liable to pay compensation in respect of specified occupational diseases suffered by the employees, or in respect of injuries sustained by his employees as a result of an accident arising out of and in the course of employment.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (the "MPFSO")

The MPFSO provides a retirement protection system, under which every employer of a relevant employee shall take all practicable steps to ensure that the employee becomes a member of a registered scheme within 60 days (non-casual employee) and 10 days (casual employee) and every employer of a relevant employee shall take all practicable steps to ensure that the employee continues to be so registered afterwards throughout his employment with that employer. Employers and employees are both required to contribute 5% of the employee's monthly relevant income as mandatory contribution to a mandatory provident fund scheme, subject to the minimum and maximum level of relevant income for contribution purpose, which are currently HK$7,100 per month and HK$30,000 per month, respectively.

Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) (the "MWO")

The MWO applies to all employees being engaged under a contract of employment under the EO with certain exceptions. It provides that the wages payable to an employee in respect of any wage period, when averaged over the total number of hours worked in the wage period, should be no less than the statutory minimum wage rate. As at the Latest Practicable Date, the statutory minimum hourly wage rate with effect from 1 May 2025 is HK$42.1 per hour.

OVERVIEW OF SANCTIONS LAWS AND REGULATIONS

Set out below is a summary of the sanctions regimes imposed by U.S., the United Nations, the EU, the United Kingdom and United Kingdom overseas territories and Australia. This summary does not set out the laws and regulations relating to the U.S., the United Nations, the EU, the United Kingdom and Australian sanctions in their entirety.

U.S.

Treasury regulations

OFAC is the primary agency responsible for administering U.S. sanctions programs against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("**green card**" holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) except pursuant to an authorization or license from OFAC.

OFAC's comprehensive sanctions programs currently apply to Cuba, Iran, North Korea, Syria, the Crimea, the so-called Luhansk People's Republic and the Donetsk People's Republic regions. OFAC also prohibits U.S. persons from dealing with or facilitating dealings with individuals, entities and organizations identified in the SDN List or other sanctions lists. Doing business with individuals or entities from a country or region subject to selective sanctions maintained by OFAC (currently including Russia, Belarus, Venezuela and other countries/regions) will not automatically trigger sanctions risks unless a Sanctioned Target is involved. An entity that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) is also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

United Nations

The United Nations Security Council (the "**UNSC**") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter nonconstitutional changes, constrain terrorism, protect human rights and promote nonproliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees.

United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union

Under EU sanction measures, there is no 'blanket' ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to EU sanctions where that counterparty is not a Sanctioned Target and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Targets.

United Kingdom

UK sanctions are in force under the Sanctions and Anti-Money Laundering Act 2018 ("**the UK Sanctions Act**"), which enables the transition of existing EU sanctions programs and the establishment of autonomous UK regimes. The United Kingdom is no longer an EU member state as of January 1, 2021. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs through regulations setting out the specific measures under each UK sanctions regime.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.