LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress of the PRC (全國人民代表大會常務委員會) ("**SCNPC**") on December 29, 1993 and came into effect on July 1, 1994. The Company Law of the PRC was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013 (the latest revision became effective on March 1, 2014). The Company Law of the PRC generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of registered capital they have contributed. The Company Law of the PRC shall also apply to foreign-invested companies in form of limited liability company or joint stock limited company. Where laws on foreign investment have other stipulations, such stipulations shall apply.

The establishment procedures, approval procedures, registered capital requirements, foreign exchange matters, accounting practices, taxation and labor matters of foreign invested companies are regulated by, in the case of a wholly foreign-owned enterprise ("**WFOE**"), the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法》), which was promulgated on April 12, 1986 by the National People's Congress of the PRC (全國人民代表大會) ("**NPC**") and amended on October 31, 2000 and September 3, 2016 by the SCNPC (the latest revision became effective on October 1, 2016), and the Regulations for the Implementation of the Wholly Foreign-owned Enterprises Law of the PRC (《中華人民共和國外資企業法實施細則》), which was promulgated on December 12, 1990 by the Ministry of Foreign Trade and Economy and amended by the State Council on April 12, 2001 and February 19, 2014 (the latest revision became effective on March 1, 2014). Pursuant to the Wholly Foreign-owned Enterprises Law and its implementation, to establish a WFOE, an investor shall make an application to and seek the prior approval from the Ministry of Commerce of the PRC (中華人民共和國商務部) ("**MOFCOM**") or the competent regional commercial bureau, so as to the changes of any achieved approval or the status of such wholly foreign-owned enterprises.

Pursuant to the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) promulgated on October 8, 2016 and amended on July 30, 2017 and June 29, 2018 (the latest version became effective on June 29, 2018), provide that the establishment and the change of a WFOE does not involve the implementation of special access administrative measures prescribed by the state, the former approval items as stipulated by foreign investment laws and regulations, including those as described above, such as establishing a WFOE, a separation, merger or other major change, are subject to record-filing management only.

The Provisions on Guiding Foreign Investment Direction (《指導外商投資方向規定》), which was promulgated by the State Council on February 11, 2002 and became effective on April 1, 2002, categorizes all foreign-invested projects into encouraged, permitted, restricted and prohibited projects. The Catalog for the Guidance of Foreign Investment Industries (《外商投資產業指導目錄》) lists the categories of encouraged, restricted, and prohibited foreign-invested projects, those not listed are permitted foreign-invested projects. The current effective Catalog for the Guidance of Foreign Investment Industries was jointly promulgated by MOFCOM and the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) ("**NDRC**") on June 28, 2017 and became effective on July 28, 2017, according to which, our businesses belong to the encouraged and permitted foreign-invested projects.

Foreign-invested enterprises may also invest and establish subsidiaries in the PRC, which should comply with the Company Law of the PRC, the Interim Provisions on Investment by Foreign-Invested Enterprises in China (《關於外商投資企業境內投資的暫行規定》) promulgated by the MOFCOM and the SAIC on July 25, 2000 and amended by MOFCOM on October 28, 2015 (the latest version became effective on October 28, 2015) and other relevant laws and regulations.

LAWS AND REGULATIONS RELATING TO THE SOFTWARE INDUSTRY

Major Industry Policies

On June 24, 2000, the State Council of the PRC promulgated Several Policies on Encouraging the Development of Software and Integrated Circuit (IC) Industries (《鼓勵軟件產業和集成電路產業發展的若干政策》) ("**No. 18 Policy**"). Strong support was also provided for the development of the software industry by formulating policies regarding investment and financing, tax, industrial technology, export, income distribution, human talent, procurement, accreditation of software enterprises, protection of intellectual property rights, industry organizations and industry administration.

On January 28, 2011, the State Council of the PRC promulgated Several Policies on Further Encouraging the Development of the Software and Integrated Circular (IC) Industries (《進一步鼓勵軟件產業和集成電路產業發展的若干政策》) (the "**No. 4 Policy**"), which pointed out that the software industry is a strategic emerging industry of the state and an important foundation for national economic and social informationization. It proposed to continue to improve the incentive measures and clarify the orientation of policies, so as to optimize the environment for industrial development, enhance technology innovation capabilities, and increase the quality and level of industrial development. Meanwhile, strong support would continue to be provided for the development of the software industry by formulating policies regarding tax, investment and financing, R&D, import and export, human resources, protection of intellectual property rights and marketing.

On January 25, 2017, NDRC promulgated Announcement of NDRC [2017] No.1-Guiding Catalog of Key Products and Services in Strategic Emerging Industries (《國家發展和改革委員會公告2017年第1號—戰略性新興產業重點產品和服務指導目錄》), which confirms "new software and service" as a strategic emerging industry.

Regulations on Software Enterprises Certification

On August 9, 2012, the NDRC, Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) ("**MIIT**"), the Ministry of Finance of the PRC (中華人民共和國財政部) ("**MOF**"), MOFCOM, and the State Administration of Taxation (中華人民共和國國家税務總局) ("**SAT**") promulgated and implemented Trial Measures for the Administration over the Certification of Key Software Enterprises and Integrated Circuit (IC) Design Enterprises under State Planned Layout (《國家規劃佈局內重點軟件企業和集成電路設計企業認定管理試行辦法》) (the "No. 2413 Measure"). According to the No. 2413 Measure, key software enterprises under the state plan layout could go through tax reduction procedures with the competent tax authorities to enjoy preferential tax policies pursuant to the Enterprise Income Law of the PRC (《中華人民共和國企業所得税法》) and its implementing regulations and the Administration of Tax Collection of the PRC (《中華人民共和國税收徵收管理法》) and its implementing rules.

According to the Decision of the State Council on Canceling Non-administrative Licensing Examination and Approval Items (Guo Fa [2015] No. 27) (《國務院關於取消非行政許可審批事項

的決定》（國發[2015] 27號）) (the "**No. 27 Decision**"), which became effective on May 10, 2015, certification of key software enterprises and Integrated Circuit (IC) design enterprises as an item of administrative examination and approval has been canceled.

Regulations on High and New Technology Enterprises Recognition

Pursuant to the Administrative Measures for the Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》) (the "No. 32 Measure"), which was promulgated on April 14, 2008 and amended on January 29, 2016 jointly by the Ministry of Science and Technology of the People's Republic of China (中華人民共和國科學技術部) ("**MST**"), MOF and SAT (the latest revision became effective on January 1, 2016), and the Guidelines on the Administration of Recognition of High and New Technology Enterprises (《高新技術企業認定管理工作指引》), which was promulgated on July 8, 2008 and amended on June 22, 2016 jointly by MST, MOF and SAT (the latest revision became effective on January 1, 2016), the recognized high and new enterprises under the No.32 Measure may apply for preferential tax policies in accordance with the Enterprise Income Law of the PRC (《中華人民共和國企業所得稅法》) and its implementing regulations and the Administration of Tax Collection of the PRC (《中華人民共和國稅收徵收管理法》) and its implementing rules.

Regulations on Software Copyright Protection

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, implemented on June 1, 1991 and amended on October 27, 2001 and February 26, 2010 (the latest revision became effective on April 1, 2010), computer software is covered by copyright protection.

Pursuant to the Regulations for the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council of the PRC (中華人民共和國國務院) on December 20, 2001, implemented on January 1, 2002 and amended on January 8, 2011 and January 30, 2013 (the latest revision became effective on March 1, 2013), PRC nationals, legal persons or other entities enjoy the copyright of the software they have developed, regardless of whether such software has been published. Copyright covers the right of publication, authorship, right of modification, right of reproduction, right of distribution rights, right of rent, right of translation, etc. Software copyright arises from the date of completion of software development. The protection period of the software copyright of a natural person shall be the entire life of the natural person and 50 years after his/her death, ending on December 31 of the fiftieth year after the death of the natural person. The protection period of the software copyright of a legal person or other units shall be 50 years, ending on December 31 of the fiftieth year after the first publication of the software. Software which has not been published for 50 years since the date of completion of software development shall not be under protection. For computer software copyright infringement, the infringer may be requested to bear civil liability by means of ceasing infringements, eliminating negative effects, making an apology, or compensating for losses.

According to the Computer Software Copyright Registration Measures (Order of the National Copyright Administration of the PRC (No. 1)) (《計算機軟件著作權登記辦法》（國家版權局令第1號）) (the "**NCA No. 1 Order**") promulgated and implemented by the National Copyright Administration of the PRC (中華人民共和國國家版權局) on February 20, 2002, the PRC encourages software registration and gives particular protection for registered software. The NCA is in charge of

the registration and management of software copyrights across the state, and has authorized Copyright Protection Center of China to be the agency for software registration. Applicants can apply for software copyright registration, and registration of exclusive licensing contracts and assignment contracts of software copyright with Copyright Protection Center of China.

The applicant for the registration of software copyright shall be the copyright owner of the said software, or the natural person, legal person or other organization that inherits, acquires or receives the software copyright. The NCA No. 1 Order shall only be applicable when the applicant or one of the applicants is a foreigner or stateless person.

LAWS AND REGULATIONS RELATING TO TENDER AND PROCUREMENT

Pursuant to the Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法》) which was promulgated by the SCNPC on August 30, 1999, implemented on January 1, 2000 and amended on December 28, 2017 (the latest revision became effective on December 28, 2017), construction projects, such as large infrastructure and public utility projects that concern public interests and security, projects invested wholly or partly by state-owned funds or financed by the state and projects using loans or aid funds from international organizations or governments of other countries, shall be subject to bid invitation. Tenders are classified into two categories: public tender and invited tender.

In addition, the Regulations for the Implementation of the Law on Tendering and Bidding (《中華人民共和國招標投標法實施條例》) promulgated by the State Council of the PRC on December 20, 2011 and implemented on February 1, 2012, and amended on March 1, 2017 and March 19, 2018 (the latest revision became effective on March 19, 2018), further provides that when state-owned funds hold a controlling interest or play a leading role in the above specified types of construction projects, public tender shall be adopted. However, invited tender is permitted when due to sophisticated technology of the project, special requirements or constraints from the natural environment, only a few potential bidders are available for selection; or when the cost of public invitation shall become an excessive proportion of the consideration of the project.

The Government Procurement Law of the PRC (《中華人民共和國政府採購法》), which was promulgated by the SCNPC on June 29, 2002 and took effect on January 1, 2003, and amended on August 31, 2014 (the last revision became effective on August 31, 2014), provides that public invitation shall be the principal method of government procurements. "Government procurement" refers to the purchasing activities conducted with fiscal funds by government department, institutions and public organizations at all levels, where the goods, construction and services concerned are in the centralized procurement catalog complied in accordance with law or where the fair value of the goods, construction or services exceeds the respective prescribed procurement thresholds.

The Government Procurement Law of the PRC primarily regulates the activities of the purchasers, their agencies and employees in the government procurement process. For the suppliers, misconduct such as submitting false information, colluding with other parties or bribing in the government procurement process, are prohibited.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, implemented on June 1, 1991 and amended on October 27, 2001 and February 26, 2010 (the latest revision became effective on April 1, 2010) and the Implementing Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) promulgated by the State Council of the PRC on January 30, 2013 and implemented on March 1, 2013, the PRC nationals, legal persons, and other organizations shall, enjoy copyright in their works, whether published or not, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. The copyright owner enjoys various kinds of rights, including right of publication, right of authorship and right of reproduction.

Any work of a foreigner or stateless person which acquires copyright under an agreement concluded between the PRC and the country to which the author belongs or in which the author permanently resides, or under an international treaty to which both countries are parties, shall be protected by this Law. Any work of a foreigner or stateless person published for the first time and within the territory of the PRC shall acquire copyright in accordance with the relevant rules.

Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984 and amended on September 4, 1992, August 25, 2000, December 27, 2008 (the latest revision became effective on October 1, 2009) and the Implementing Regulations of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council of the PRC on January 9, 2010 and implemented on February 1, 2010, there are three types of patents, which are invention patents, design patents and utility model patents. Invention patents are valid for twenty years, while design patents and utility model patents are valid for 10 years, in each case commencing on their respective application dates. Upon the granting of an invention or a utility model patent, unless otherwise specified, no organization or individual may exploit the patent without licensing from the patentee, i.e., they may not, for the purposes of production and business operation, produce, use, offer to sell, sell, or import the patented products, nor use the patented method to produce, use, offer to sell, sell or import products that are acquired directly through the patented method. Upon the granting of a design patent, no organization or individual may exploit the patent without licensing from the patentee, i.e., they may not produce, offer to sell, sell or import the design patent products for the purposes of production and business operation. Where the infringement of patent is determined, the infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, pay damages, etc.

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 and amended on February 22, 1993, October 27, 2001 and August 30, 2013 (the latest revision became effective on May 1, 2014) and the Implementing Regulations 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 of the PRC on August 3, 2002 and amended on April 29, 2014 (the latest revision became effective on May 1, 2014), a registered trademark means a trademark that has been approved by and registered with the trademark office, including goods marks, service marks, collective marks

and certification marks. A registered trademark is valid for 10 years commencing on the date of registration approval. Any of the following acts shall be deemed an infringement upon the right to the exclusive use of a registered trademark, including (i) using a trademark which is identical with or similar to the registered trademark on the same or similar commodities without authorization; (ii) selling the commodities that infringe upon the right to the exclusive use of a registered trademark; (iii) forging, manufacturing the marks of a registered trademark of others without authorization, or selling the marks of a registered trademark forged or manufactured without authorization; (iv) altering another party's registered trademark without authorization and selling goods bearing such altered trademark; (v) providing convenience for or even help others to infringe the exclusive right to use a registered trademark on purpose; and (vi) causing other damages to the right to the exclusive use of a registered trademark of another person.

REGULATIONS ON INFORMATION SECURITY

On November 7, 2016, Standing Committee of the PRC National People's Congress published Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), or the Cyber Security Law, which took effective on June 1, 2017 and requires network operators to perform certain functions related to cyber security protection and the strengthening of network information management. For instance, pursuant to the Cyber Security Law, network products and services providers who conduct business and provide services shall comply with laws and regulations and to protect cybersecurity, effectively respond to cybersecurity incidents, prevent illegal and criminal activities committed on the network, and maintain the integrity, confidentiality and availability of network data. Network products and services shall comply with the compulsory requirements of the relevant national standards. What's more, under the Cyber Security Law, network operators of key information infrastructure shall store within the territory of the PRC all the personal information and important data collected and produced within the territory of PRC and their purchase of network products and services that may affect national securities shall be subject to national cybersecurity review. On May 2, 2017, the Cyberspace Administration of China issued a trial version of the Measures for the Security Review of Network Products and Services (Trial) (《網絡產品和服務安全審查辦法（試行）》), which took effective on June 1, 2017, to provide for more details rules regarding cybersecurity review requirements.

REGULATIONS ON DIVIDEND DISTRIBUTION

The principal regulations governing distribution of dividends of foreign-invested enterprises include the PRC Company Law（《中華人民共和國公司法》）, the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法》), and the Regulations for the Implementation of the Wholly Foreign-owned Enterprises Law of the PRC (《中華人民共和國外資企業法實施細則》). Under these laws and regulations, WFOE in China may pay dividends only out of their accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, WFOE in China are required to allocate at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until these reserves have reached 50% of the registered capital of the enterprises. WFOE may, at their discretion, allocate a portion of their after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserves are not distributable as cash dividends.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROLS

The Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council of the PRC on January 29, 1996, became effective

on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008 (the latest revision became effective on August 5, 2008), forms an important legal basis for foreign exchange supervision in the PRC. RMB is freely convertible for payments of current account items such as trade and service-related foreign exchange transactions and dividend payments, but is not freely convertible for capital expenditure items such as direct investment, loans or investments in securities outside the PRC unless the approval of the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局) ("**SAFE**") or its local counterparts is obtained in advance. SAFE approval is required for the retention or sale of foreign exchange income in the capital accounts to financial institutions engaged in the settlement and sale of foreign exchange except where such approval is not required under the relevant rules and regulations. Any foreign exchange payment from capital account shall, in accordance with provisions enacted by the foreign exchange administrative department of the State Council of the PRC, be made out of the payer's own foreign exchange funds with valid documents, or be made with foreign exchange funds purchased from any financial institution engaged in the foreign exchange settlement and sales business. Where the foreign exchange payment requires the approval from the foreign exchange administrative authority, the payer must obtain such approval before making the payment.

On October 21, 2005, the SAFE issued the Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in the Financing and Return on Investment Conducted by PRC Residents via Special Purpose Vehicles outside the PRC (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 75**"), which became effective as of November 1, 2005. SAFE Circular 75 and the related implementation rules state that PRC residents, whether natural or legal persons, must register with the relevant local SAFE branch prior to establishing or taking control of an offshore entity established for the purpose of overseas equity financing with onshore assets or equity interests held by them. The term "PRC natural person residents" as used in the SAFE Circular 75 includes all PRC citizens and all other natural persons, including foreigners, who habitually reside in China for economic benefits. PRC residents are required to complete registration alteration formalities with the local SAFE branch upon (i) transfer of equity interests or assets of an onshore enterprise to the offshore entity, or (ii) subsequent overseas equity financing by such offshore entity. PRC residents are also required to complete registration alteration or filing with the local SAFE branch within 30 days as of the occurrence of any material change in the shareholding or capital of the offshore entity, such as changes in share capital, share transfers and long-term equity or debt investments, and provision of security. PRC residents who have already incorporated or gained control of offshore entities that have made onshore investment in China before SAFE Circular 75 was promulgated must register their shareholding in the offshore entities with the local SAFE branch on or before March 31, 2006. According to SAFE Circular 75, PRC residents are further required to repatriate back into PRC all of their dividends, profit or capital gains obtained from their shareholdings in the offshore entity within 180 days as of their receipt of such dividends, profit or capital gains. The registration and filing procedures under SAFE Circular 75 are prerequisites for other approval and registration procedures necessary for capital inflow from the offshore entity, such as inbound investments or shareholder loans, or capital outflow to the offshore entity, such as the payment of profit or dividends, liquidating distributions, equity sale proceeds, or the return of funds upon a capital reduction.

On July 4, 2014, the SAFE promulgated SAFE Circular 37, which replaced SAFE Circular 75. The SAFE Circular 37 applies to PRC residents, including both PRC institutions and PRC individual residents (collectively the "**PRC Resident**"), who engage in offshore investment and financing and reverse investment activities via special purpose vehicles (the "**SPV**"). An SPV is an overseas

enterprise which is directly established or indirectly controlled by a PRC Resident for the purposes of investment and financing with its lawful domestic enterprise assets or interests, or its lawful overseas assets or interests. Reverse investment is referred to the direct investment activities of a PRC Resident directly or indirectly via an SPV, i.e. establishing foreign-invested enterprises or projects within the territory of the PRC by ways such as newly establishment or mergers and acquisitions, etc., and the activities of obtaining interests such as ownership, control, operation management, etc. Pursuant to the SAFE Circular 37, (a) a PRC Resident must register with the local SAFE branch before contributing assets or equity interests in an SPV, that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC Resident is also required to register with the local SAFE branch for any major change, in respect of the SPV, including a change in the SPV's PRC Resident shareholder, name of the SPV, term of operation, or any increase or reduction of the SPV's registered capital, share transfer or swap, merger or division and so on, or other similar significant change development. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties. If a non-listed SPV grants equity-based incentives to its directors, supervisors, senior officers in the domestic enterprise directly or indirectly controlled by it, as well as other employees in employment or labor relations with the company by using the company's stock rights or options, the relevant domestic individual residents may apply for going through foreign exchange registration of a SPV before exercising its rights.

Pursuant to the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) ("**SAFE Circular 13**"), promulgated by SAFE and became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

LAWS AND REGULATIONS RELATING TO STOCK INCENTIVE PLANS

The SAFE promulgated the Circular of the SAFE on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-listed Companies (《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》) (the "**Stock Option Rules**") on February 15, 2012. Pursuant to the Stock Option Rules, PRC residents who are granted shares or stock options by companies listed on overseas stock exchanges based on the stock incentive plans are required to register with SAFE or its local branches, and PRC residents participating in the stock incentive plans of overseas listed companies shall retain a qualified PRC agent, which could be a PRC subsidiary of such overseas publicly-listed company or another qualified institution selected by such PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plans on behalf of these participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, purchase and sale of corresponding stocks or interests, and fund transfer. In addition, the PRC agents are required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agents or the overseas entrusted institution or other material changes. The PRC agents shall, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares granted under the stock incentive plans and dividends distributed by the overseas-listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. Under the Circular of the SAT on Issues Concerning

Individual Income Tax in Relation to Equity Incentives (《國家税務總局關於股權激勵有關個人所得税問題的通知》) effective from August 24, 2009, listed companies and their domestic organizations shall lawfully withhold and pay individual income tax on stock option income, according to the individual tax calculation methods for "wage and salary income".

LAWS AND REGULATIONS RELATING TO TAXATION

Business Tax

Pursuant to the Provisional Regulations of the PRC on Business Tax (《中華人民共和國營業税暫行條例》), which became effective on January 1, 1994 and were subsequently amended on November 10, 2008 and became effective on January 1, 2009, and its implementation rules, all institutions and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC must pay business tax. The scope of services which constitute taxable services and the rates of business tax are prescribed in the List of Items and Rates of Business Tax (營業税税目税率表) attached to the regulation.

Business tax was abolished pursuant to the Decision of the State Council to Repeal the Provisional Regulations of the PRC on Business Tax and Amend the Provisional Regulations of the PRC on Value-added Tax (《國務院關於廢止<中華人民共和國營業税暫行條例>和修改<中華人民共和國增值税暫行條例>的決定》) promulgated on November 19, 2017.

Value-Added Tax

According to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例》) promulgated by the State Council of the PRC on December 13, 1993 and amended on November 5, 2008, February 6, 2016 and November 19, 2017 and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例實施細則》) promulgated by the MOF on December 25, 1993 and amended by the MOF and SAT on December 15, 2008 and amended by the MOF on October 28, 2011 (the latest revision became effective on November 1, 2011), all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, the sale of services, intangible assets or immovable properties and the importation of goods within the territory of the PRC must pay value-added tax.

On October 13, 2011, the MOF and SAT issued Notice of the MOF and SAT on VAT Policies Applicable to Software Products (《財政部、國家税務總局關於軟件產品增值税政策的通知》), which provided that after the levy of VAT on software products self-developed and self-produced by general VAT taxpayers at the statutory rate of 17%, the part with the actual VAT burden exceeding 3% may enjoy the "immediate refund of VAT levied" policy.

Effective on November 16, 2011, the MOF and the SAT implementing the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (《營業税改徵增值税試點方案》) (the "VAT Pilot Program"), which imposes VAT in lieu of business tax for certain "modern service industries" in certain regions and eventually expanded to nation-wide application in 2013. According to the implementation circulars released by the MOF and the SAT on the VAT Pilot Program, the "modern service industries" include research, development and technology services, information technology services, cultural innovation services, logistics support, lease of corporeal properties, attestation and consulting services. And the research, development and technology services and information

technology services included in the VAT Pilot Program are subject to the VAT tax rate of 6%. According to the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) announced by the MOF and the SAT which became effective on May 1, 2016, entities and individuals engaging in the sale of services, intangible assets or fixed assets within the territory of the PRC are required to pay value-added tax instead of business tax.

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated by the NPC on March 16, 2007 and became effective on January 1, 2008 and amended on February 24, 2017, and the Enterprise Income Tax Implementation Regulations of the PRC (《中華人民共和國企業所得稅法實施條例》) ("**EITIR**"), which was promulgated by the State Council of the PRC on December 6, 2007 and became effective on January 1, 2008, the enterprise income tax of both domestic and foreign-invested enterprises is unified at 25%. According to the Enterprise Income Tax of the PRC, enterprises are classified as "resident enterprises" and "non-resident enterprises". Pursuant to the Enterprise Income Tax Law of the PRC and EITIR, PRC resident enterprises typically pay an enterprise income tax at the rate of 25% while non-PRC resident enterprises without any branches in the PRC should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10% and enterprises established under the laws of foreign countries or regions whose "de facto management bodies" are located in the PRC are considered as resident enterprises, and will generally be subject to enterprise income tax at the rate of 25% of their global income. The EITIR defines "de facto management bodies" as "establishments that carry out substantial and overall management and control over production and operations, personnel, accounting, and properties" of the enterprise. If an enterprise is considered as a PRC tax resident enterprise under the above definition, then its global income will be subject to enterprise income tax at the rate of 25%.

On April 20, 2012, the MOF and SAT issued Notice of the MOF and the SAT on Enterprise Income Tax Policies for Further Encouraging the Development of Software and IC Industries (《財政部、國家稅務總局關於進一步鼓勵軟件產業和集成電路產業發展企業所得稅政策的通知》). Pursuant to the notice, for eligible software enterprises within the PRC, upon identification, the enterprise income tax shall be exempted for the first and second year and shall be levied thereon at half of the statutory rate of 25% for the third through fifth year thereafter until the expiration of the preferential period which shall be calculated from the profit making year prior to December 31, 2017. For key software enterprises under the national plan of the PRC (國家規劃佈局內重點軟件企業) that have not enjoyed the tax exemption preference of the current year, the enterprise income tax rate shall be levied at the reduced rate of 10%. Further, according to the Notice of the Ministry of Finance, the State Administration of Taxation, the National Development and Reform Commission and the Ministry of Industry and Information Technology on Issues concerning Preferential Enterprise Income Tax Policies for the Software and Integrated Circuit Industries (《財政部、國家稅務總局、發展改革委、工業和信息化部關於軟件和集成電路產業企業所得稅優惠政策有關問題的通知》) which was promulgated on May 4, 2016, the identification for the software enterprises to enjoy the tax privileges has been canceled.

Dividends Withholding Tax

According to the Enterprise Income Tax Law of the PRC, dividends paid by foreign-invested companies to their foreign investors that are non-resident enterprises as defined under the law are subject

to withholding tax at a rate of 10%, unless otherwise provided in the relevant tax agreements entered into with the central government of the PRC. The PRC and Hong Kong governments entered into Arrangement between the Mainland of the PRC and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (the "Arrangement") on August 21, 2006. According to the Arrangement, the withholding tax rate on dividends paid by a PRC company to a Hong Kong resident entity is 5% if such Hong Kong resident entity directly holds at least 25% of the equity interest in the PRC company, and 10% if the Hong Kong resident entity holds less than 25% of the equity interest in the PRC company.

Pursuant to the Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》), which became effective on February 20, 2009, all of the following requirements must be satisfied in order to enjoy the preferential tax rates provided under the tax agreement: (i) the tax resident that receives dividends should be a company as provided in the tax agreement; (ii) the equity interests and voting shares of the PRC resident company directly owned by the tax resident should reach the percentages specified in the tax agreement; and (iii) the equity interests of the PRC resident company directly owned by such tax resident at any time during the twelve months prior to receiving the dividends should reach a percentage specified in the tax agreement.

Pursuant to the Taxation on Promulgating the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers (《非居民納税人享受税收協定待遇管理辦法》), which came into force on November 1, 2015 and amended on June 15, 2018 (the latest version became effective on June 15, 2018), any non-resident taxpayer meeting conditions for enjoying the convention treatment may be entitled to the convention treatment itself/himself when filing a tax return or making a withholding declaration through a withholding agent, subject to the subsequent administration by the tax authorities.

Enterprise Income Tax on Indirect Transfer of Non-Resident Enterprises

On December 10, 2009, the SAT issued the Notice on Strengthening the Administration of Enterprise Income Tax Concerning Proceeds from Equity Transfers by Non-Resident Enterprises (《國家税務總局關於加強非居民企業股權轉讓所得企業所得税管理的通知》) ("Circular 698"). By promulgating and implementing Circular 698, the PRC tax authorities have enhanced their scrutiny over the indirect transfer of equity interests in a PRC resident enterprise by a non-resident enterprise. The SAT further issued the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《國家税務總局關於非居民企業間接轉讓財產企業所得税若干問題的公告》) ("Circular 7") on February 3, 2015, to supersede existing provisions in relation to the indirect transfer as set forth in Circular 698. Circular 7 introduces a new tax regime that is significantly different from that under Circular 698. Public Notice extends its tax jurisdiction to capture not only indirect transfer as set forth under Circular 698 but also transactions involving transfer of immovable property in China and assets held under the establishment and place, in China of a foreign company through the offshore transfer of a foreign intermediate holding company. Circular 7 also provides clearer criteria than Circular 698 on how to assess reasonable commercial purposes and introduces safe harbor scenarios applicable to internal group restructurings. Where a non-resident enterprise indirectly transfers equity interests or other assets of a PRC resident enterprise by implementing arrangements that are not for reasonable commercial purposes to avoid its obligation to pay enterprise income tax, such an indirect transfer shall, in accordance with the Enterprise Income

Tax Law of the PRC, be recognized by the competent PRC tax authorities as a direct transfer of equity interests or other assets of the PRC resident enterprise.

On October 17, 2017, the SAT promulgated the Announcement on Matters Concerning Withholding and Payment of Income Tax of Non-resident Enterprises from Source (《國家税務總局關於非居民企業所得税源泉扣繳有關問題的公告》) ("**SAT Circular 37**"), which came into force and replaced Circular 698 and certain other regulations on December 1, 2017. SAT Circular 37 does, among other things, simplify procedures of withholding and payment of income tax levied on non-resident enterprises.

LAWS AND REGULATIONS RELATING TO LABOR

Labor Contract Law

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, becoming effective on January 1, 2008 and amended on December 28, 2012 (the latest revision became effective on July 1, 2013) and the Implementing Regulations of the Labor Contract Law of the PRC promulgated by the State Council on September 18, 2008 and becoming effective on September 18, 2008, are primarily aimed at regulating employee/employer rights and obligations, including matters with respect to the establishment, performance and termination of labor contracts. Pursuant to the Labor Contract Law of the PRC, labor contracts shall be concluded in writing if labor relationships are to be or have been established between enterprises or institutions and the laborers. Enterprises and institutions are forbidden to force laborers to work overtime and employers shall pay laborers for overtime work in accordance with national regulations. In addition, labor wages shall not be lower than local standards on minimum wages and shall be paid to laborers timely. According to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994 and became effective on January 1, 1995 and was amended on August 27, 2009 (the latest revision became effective on August 27, 2009), every employer must ensure work place safety and sanitation in accordance with the national regulations and provide relevant training to its employees.

Labor Dispatch

Pursuant to the Labor Law of the PRC and Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》), which was promulgated on January 24, 2014 and became effective on March 1, 2014, labor dispatch employment is a supplemental form which can only be adopted for temporary, auxiliary or alternative job positions. Temporary positions are positions subsisting for no more than six months; auxiliary positions are positions of non-major business serving for major businesses; and alternative positions are positions that can be held by dispatched laborers for a certain period of time during which the former laborers are temporarily out of their positions for reasons. An employer is required to strictly control the number of dispatched laborers not to exceed 10% of the total number of its employees.

Where a labor dispatch happens, the employer and the labor dispatch entity shall enter into a labor dispatch agreement to specify the dispatch positions and the number of personnel, the term of dispatch, the labor remuneration, the amount and payment method of social insurance and the liability for breach of the agreement under such agreement. The dispatched workers are entitled to receive as equal pay as employee who is hired by the employer and does the similar job. Pursuant to the Implementing Measures for Administrative Licensing for Labor Dispatch (《勞務派遣行政許可實

施辦法》), which was promulgated on June 20, 2013, an administrative license must be obtained for the operation of a labor dispatch business from the competent authorities.

LAWS AND REGULATIONS RELATING TO SOCIAL INSURANCE AND HOUSING FUNDS

Social Insurance

As required under the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council of the PRC and came into effect on January 22, 1999, the Regulation of Insurance for Labor Injury (《工傷保險條例》) implemented on January 1, 2004 and amended in December 20, 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) implemented on January 1, 1995, the Decisions of the State Council on the Establishment of a Unified Program for Old-Aged Pension Insurance (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued on July 16, 1997, the Decisions of the State Council on the Establishment of the Medical Insurance Program for Urban Workers (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on December 14, 1998, the Unemployment Insurance Measures (《失業保險條例》) promulgated on January 22, 1999 and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) implemented on July 1, 2011, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit. As of the Latest Practicable Date, the competent social security authorities are responsible for social insurance collection. Pursuant to the Plan for Reforming the State and Local Tax Collection and Administration Systems (《國稅地稅徵管體制改革方案》), the tax authorities shall take charge of collecting the social insurance from January 1, 2019.

Pursuant to the Interim Administrative Measures for Administration of Social Insurance Registration (《社會保險登記管理暫行辦法》) promulgated by the Ministry of Labor and Social Security of the PRC (Repealed) on March 19, 1999 and came into effect on the same day, the enterprises obliged to provide their employees in the PRC with welfare schemes in accordance with the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) shall make social insurance registration and obtain the registration certificate.

Housing Funds

According to the Regulations on Management of Housing Funds (《住房公積金管理條例》), which was promulgated by the State Council of the PRC and became effective on April 3, 1999 and was amended on March 24, 2002, enterprises in the PRC must register with the competent managing center for housing funds and upon the examination by such center, these enterprises shall complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner.