This section sets forth a summary of the most significant rules and regulations that affect our business activities in China or the rights of our shareholders to receive dividends and other distributions from us.

REGULATIONS RELATED TO FOREIGN INVESTMENT

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

On December 27, 2020, MOFCOM and the NDRC released the Encouraging Catalogue (2020 Version), which became effective on January 27, 2021, to replace the previous Encouraging Catalog. According to the Encouraging Catalogue (2020 Version), non-educational system vocational training institutions and non-formal language training institutions (except those for preschool education, compulsory education and high school education) are classified into the category of "encouraged" businesses. On December 27, 2021, MOFCOM and the NDRC released Negative List (2021 Version), which became effective on January 1, 2022, to replace the previous Negative List.

On March 12, 2022, the NDRC and MOFCOM promulgated the Market Access Negative List (2022 Version) (市場准入負面清單) (the "2022 Negative List"), which became effective on the same day. Compared with the Market Access Negative List (2020 Version), which was simultaneously abolished, the 2022 Negative List prohibits the illegal operations of news and media-related businesses, under which it further provides that non-public capital engaging in live broadcasts of activities and events involving, among others, education is prohibited. According to our telephone consultation with Beijing Cyberspace Administration, which is the competent authority as promulgated in the 2022 Negative List, the 2022 Negative List prohibits non-public capital from engaging in live broadcasts of activities and events in relation to education, which differs from our business of delivering online tutoring courses in live or pre-recorded format. Beijing Cyberspace Administration further confirms that our online tutoring services in nature are not news and media-related, and therefore do not constitute "live broadcasts of activities and events involving education" as described in the prohibited items in the 2022 Negative List.

On March 15, 2019, the NPC promulgated the FIL, which became effective on January 1, 2020 and replaced the major laws and regulations governing foreign investment in the PRC. Pursuant to the FIL, "foreign investments" refer to investment activities conducted by foreign investors directly or indirectly in the PRC, which include any of the following circumstances: (1) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (2) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (3) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (4) investment of other methods as specified in laws, administrative regulations, or as stipulated by the State Council.

According to the FIL, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the Negative List. The FIL provides that foreign invested entities operating in foreign "restricted" or "prohibited" industries will require entry clearance and other approvals. The FIL does not comment on the concept of "de facto control" or contractual arrangements with variable interest entities, however, it has a catch-all provision under definition of "foreign investment" to include investments made by

foreign investors in the PRC through means stipulated by laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions to provide for contractual arrangements as a form of foreign investment.

On December 26, 2019, the State Council promulgated the Implementing Rules of FIL, which became effective on January 1, 2020. The implementation rules further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

On December 30, 2019, MOFCOM and the SAMR jointly promulgated the Measures for Information Reporting on Foreign Investment, which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in the PRC directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

REGULATIONS RELATED TO PRIVATE EDUCATION

The private education in the PRC is mainly governed by the Law for Promoting Private Education of the PRC (the "Private Education Law"), which was promulgated by the SCNPC on December 28, 2002 and last amended on December 29, 2018, and the Regulations on the Implementation of the Law for Promoting Private Education, which was promulgated by the State Council on March 5, 2004 and last amended on April 7, 2021. Under these regulations, "private schools" are defined as schools established by social organizations or individuals with non-governmental funds. The establishment of a private school shall meet the local need of educational development and the requirements prescribed in the Education Law and the relevant laws and regulations. The standards for the establishment of private schools shall conform to those for the establishment of public schools of the same level and category. Those private schools engaging in diploma education, pre-school education, self-taught examination, and other cultural education shall subject to the examination and approval of the administrative departments for education of the governments at or above the county level in accordance with their authorities defined by the state. Those private schools mainly engaging in training of professional skills and vocational qualifications shall subject to the examination and approval of the administrative departments of human resources and social security in accordance with their authorities defined by the state and shall submit a copy to the educational administrative departments for archival purposes. Private schools to use internet technology to carry out educational activities online is encouraged in the PRC. Online educational activities carried out with internet technology shall comply with the provisions of the relevant laws and administrative regulations of the state on internet management. Private schools that carry out educational activities online with internet technology shall obtain corresponding school-running permits. For a private school approved to be founded officially, the examination and approval authority shall issue a school-running permit and make an announcement to the public. The time limit of a school-running permit shall be compatible with the school-running level and type of the private school. A private school without violations of laws or regulations within the time limit of a permit may, upon expiry of the validity period, has the validity period automatically extended and obtains a new permit. The measures for the administration of school-running permits of private schools shall be developed by the administrative department of education and the administrative department of human resources and social security of the State Council according to the division of functions.

REGULATIONS ON VALUE-ADDED TELECOMMUNICATIONS SERVICES

Licenses for Value-added Telecommunications Services

The Telecommunications Regulations of the PRC (the "Telecommunications Regulations"), which were promulgated by the State Council on September 25, 2000 and last amended with immediate effect on February 6, 2016, provide the regulatory framework for telecommunications service providers in the PRC. The Telecommunications Regulations classifies telecommunications services into basic

telecommunications services and value-added telecommunications services. Providers of value-added telecommunications services are required to obtain a license for value-added telecommunications services. According to the Catalog of Telecommunications Services, attached to the Telecommunications Regulations and last amended by MIIT on June 6, 2019, information services provided via public communication network or the internet are value-added telecommunications services.

As a subcategory (B25 Information Service) of the value-added telecommunications services, internet information services are regulated by the Administrative Measures on Internet Information Services (the "Internet Measures"), which was promulgated by the State Council on September 25, 2000 and last amended with immediate effect on January 8, 2011. Internet information services are defined as "services that provide information to online users through the internet." The Internet Measures classifies internet information services into non-commercial internet information services and commercial internet information services. Commercial internet information service providers shall obtain a value-added telecommunications business operating license for internet information service (the "ICP License") from appropriate telecommunications authorities. An ICP License has a term of five years and can be renewed 90 days prior to its expiration, according to the Administrative Measures for Telecommunications Businesses Operating Licensing, which was promulgated by MIIT on March 1, 2009, amended on July 3, 2017 and came into effect on September 1, 2017.

Restrictions on Foreign Investment in Value-Added Telecommunications Services

The Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the "FITE Regulations"), promulgated by the State Council on December 11, 2001 and last amended with immediate effect on February 6, 2016, requires foreign-invested value-added telecommunications enterprises in the PRC 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. In addition, the main foreign investor who invests in such an enterprise shall demonstrate a good track record and experience in such industry. Moreover, the joint ventures must obtain approvals from MIIT and MOFCOM, or their authorized local counterparts, before launching the value-added telecommunications business in the PRC. On April 7, 2022, the State Council issued the Decision to Amend and Abolish Certain Administrative Regulations, which made amendments to the FITE Regulations, including, among others, removing the performance and operational requirements (i.e., positive track record and experience in providing such services) for main foreign investors that invest in PRC companies conducting value-added telecommunications business as set out in the FITE Regulations. The amended FITE Regulations took effect on May 1, 2022.

According to the Negative List (2021 Version), the proportion of foreign investments in an entity engages in value-added telecommunications business (except for e-commerce, domestic multi-party communications, storage-forwarding and call centers) shall not exceed 50%.

Pursuant to the Ministry of Information Industry Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Services (the "MII Notice") issued by the Ministry of Information Industry ("MII"), the predecessor of MIIT, on July 13, 2006, domestic value-added telecommunications enterprises were prohibited to rent, transfer or sell licenses for value-added telecommunications services to foreign investors in any form, or provide any resources, premises, facilities or other assistance in any form to foreign investors for their illegal operation of any value-added telecommunications business in the PRC.

REGULATIONS RELATED TO PRINTING INDUSTRY

Licenses for Printing Operations

Regulations on the Administration of Printing Industry, promulgated by the State Council on March 8, 1997 and last amended with immediate effect on November 29, 2020, apply to the operations of printing publications, printed matters of package and decoration, and other printed matters.

Operations of printing referred to in these Regulations include operational activities of typesetting, plate making, printing, binding, copying, photographic reproducing, mimeographing, etc. The PRC adopts the license system for printing operations. No unit or individual may undertake printing operations without obtaining the license for printing operations according to these Regulations. The PRC allows the joint formation of enterprises engaging in the printing operations of publications by foreign investors and Chinese investors, and allows the formation of foreign-funded enterprises engaging in the printing operations of printed matters for packaging and decoration and other printed matters.

Restrictions on Foreign Investment in Printing Operations

According to Interim Provisions on the Establishment of Foreign-funded Printing Enterprises, which was promulgated by the General Administration of Press and Publication GAPP and the Ministry of Foreign Trade and Economic Cooperation on January 29, 2002 and last amended on August 28, 2015 with the supplementary provisions issued on November 12, 2008 and December 12, 2012, the following conditions shall be satisfied in the establishment of a foreign-funded printing enterprise:

(1) the Chinese and foreign investors that apply for establishing a foreign-funded enterprise shall be legal persons that can independently assume civil liabilities and shall have been directly or indirectly engaged in printing or the management thereof;

(2) a foreign investor shall meet any of the following requirements, including (i) it can provide internationally advanced ways of printing management and experiences; (ii) it can provide internationally advanced printing technologies and equipment; or (iii) It can provide fairly strong financial support;

(3) the form of business of the foreign-funded printing enterprise that is applied to be established shall be a limited liability company;

(4) the registered capital of a foreign-funded printing enterprise that is engaged in the printing of publications or printed matters for packaging decorations shall not be less than RMB10 million; the registered capital of a foreign-funded printing enterprise that is engaged in the printing of other printed matters shall not be less than RMB5 million;

(5) the Chinese party to a sino-foreign joint printing enterprise that is engaged in the printing and management of publications or other printed matters shall occupy a controlling or leading position. In particular, the chairman of the board of a sino-foreign joint printing enterprise that is engaged in the printing of publications shall be a Chinese, and there shall be more Chinese members than foreign ones in the board of directors; and

(6) the term of business operation shall, as a general principle, be no more than 30 years. In the examination and approval of the establishment of foreign-funded printing enterprises, the applicant shall, apart from satisfying the provisions ass mentioned in the preceding paragraph, be in conformity with the State plans concerning the total quantity, structure and distribution of printing enterprises.

According to the Negative List (2021 Version), Publications printing enterprises shall be controlled by Chinese investors.

REGULATIONS RELATED TO PUBLICATION

According to the Administrative Regulations on Publication (2020 revised) (出版管理條例) promulgated by the State Council, effective on November 29, 2020, publication activities include publishing, printing or reproduction, import and distribution of publications; and pursuant to the 2021 Negative List, editing, publishing and production of publications are subject to foreign investment

prohibitions. As further promulgated in the Administrative Regulations on Publication (2020 revised), publications, including newspapers, periodicals, books, audio-visual products and electronic publication, shall be published by publishing units, and publishing units shall apply for and obtain a publishing license. Any publication shall not contain content prohibited by laws and administrative regulations or by the State. A publication shall, in accordance with the relevant provisions of the State, clearly indicate the name and address of the author, publisher, printer, reproducer or distributor, the book number, periodical number or edition number, the list and data under publication, the date of publication, the number of issue, and other relevant particulars. The specification, size, format, binding and layout, and proofreading of a publication shall accord with the standards and norms of the State to ensure its quality. During the Track Record Period and as of the Latest Practicable Date, we have engaged in publication distribution business, including wholesale, retail and online sales, and have obtained the License for Operating Publication Business for such publication distribution business; however, we have not engaged in editing, publishing or production of publications. We cooperate with independent third-party publishing companies with publishing qualifications and engage such publishing companies to edit and publish relevant learning reference materials created by us. Our PRC Legal Advisors are of the view that the relevant entities of our Group have obtained the required authorization to operate publication distribution business and that the third-party publishing companies we cooperate with have obtained the required authorization to operate publishing business.

REGULATIONS RELATED TO ONLINE PUBLICATION

On February 4, 2016, MITT and the State Administration of Press, Publication, Radio, Film and Television (the "SAPPRFT") jointly promulgated the Online Publishing Regulations, which came into effect on March 10, 2016. The Online Publishing Regulations define "online publications" as digital works that are edited, produced, or processed to be published and provided to the public through the internet, including (1) original digital works, such as pictures, maps, games and comics; (2) digital works with content that is consistent with the type of content that, prior to being released online, typically was published in offline media such as books, newspapers, periodicals, audio-visual products and electronic publications; (3) digital works in the form of online databases compiled by selecting, arranging and compiling other types of digital works; and (4) other types of digital works identified by the SAPPRFT. In addition, foreign-invested enterprises are not allowed to engage in the foregoing services. Under the Online Publishing Regulations, internet operators distributing online publications via internet are required to obtain an Online Publishing Service License.

REGULATIONS RELATED TO ONLINE TRANSMISSION OF AUDIO-VISUAL PROGRAMS

According to the Audio-Visual Regulations, which was promulgated by the SARFT (currently known as the NRTA) and MII on December 20, 2007, as amended on August 28, 2015, internet audio-visual program service refers to activities of making, editing and integrating audio-visual programs, providing them to the general public via internet, and providing such services to other people by uploading. An internet audio-visual program service provider shall obtain an AVSP issued by the SARFT or complete certain registration procedures with the SARFT. On March 17, 2010, the SARFT further promulgated the Catalogue of Internet Audio-Visual Program Services, which was amended on March 10, 2017. On March 30, 2009, the SARFT promulgated the Notice on Strengthening the Administration of the Content of Internet Audio-Visual Programs, which reiterates the pre-approval requirements for the internet audio-visual programs, including those on mobile network (if applicable), and prohibits internet audio-visual programs containing violence, pornography, gambling, terrorism, superstition or other prohibited elements.

Pursuant to the Audio-Visual Regulations, providers of internet audio-visual program services are generally required to be either state-owned or state-controlled. According to the Official Answers to Press Questions Regarding the Internet Audio-Visual Program Regulations published on the SARFT's website on February 3, 2008, the SARFT and MII clarified that providers of internet audio-visual program services who had legally engaged in such services prior to the adoption of the Audio-visual Regulations shall be eligible to re-register their businesses and continue their operations of internet

audio-visual program services so long as those providers have not been in violation of the laws and regulations. This exemption will not be granted to internet audio-visual program service providers established after the adoption of the Audio-Visual Regulations. These policies have later been reflected in the Notice on Relevant Issues Concerning Application and Approval of Audio-Visual Permit, issued by the SARFT on May 21, 2008 and amended on August 28, 2015.

Under the Regulations on the Administration of Production of Radio and Television Programs, promulgated by the SARFT on July 19, 2004, as amended on October 29, 2020, any entities that engage in the production of radio and television programs are required to apply for a Radio and Television Production Operation License from the NRTA or its local level counterparts. Entities with the Radio and Television Production Operation License shall conduct their operations strictly within the approved scope of production and operation. Except for radio and television broadcasting institutions, the above-mentioned permit holders shall not produce radio and television programs concerning current political news or special topics, columns and other programs of the same kind.

REGULATIONS RELATED TO ONLINE LIVE-STREAMING SERVICES

On November 4, 2016, the CAC issued the Administrative Regulations on Online Live Streaming Services (the "Online Live Streaming Regulations"), which came into effect on December 1, 2016. According to the Online Live Streaming Regulations, online live streaming service providers and online live streaming publishers that provide internet news information services without licenses, or exceed the scope of their licenses, shall subject to punishment by the CAC and its provincial counterparts which may include an order to cease such services and a fine of RMB10,000 to RMB30,000. Other violations of the Online Live Streaming Regulations are subject to punishment by the national and local internet information offices; if such violations constitute crime offence, criminal investigations or penalties may be imposed.

On September 2, 2016, the SAPPRFT issued the Circular on Issues concerning Strengthening the Administration of Online Live Streaming of Audio-Visual Programs (the "Online Live Streaming Circular"). According to the Online Live Streaming Circular, appropriate AVSP is a prerequisite for online audio-visual live streaming of general cultural events of social communities, sports events, important political, military, economic, social, and cultural events. Relevant information about specific activities to be streamed shall be filled in advance to the provincial counterparts of the SAPPRFT. Online audio-visual live streaming service providers shall censor and tape such programs and retain them for at least 60 days for future check by the administrative departments; and they shall have emergency plan in place to replace programs in violation of laws and regulations. Bullet-screen comments shall be forbidden in the live streaming of important political, military, economic, social, sports and cultural events. Special censor shall be appointed for bullet-screen comments in the live streaming of general cultural events of social communities and sports events. Hosts, guests and targets hired or invited by online audio-visual live streaming programs shall meet following requirements: (1) patriotic and law-abiding; (2) good public reputation and social image, no scandals and misdeeds; and (3) dress, hairstyle, language and actions are consistent with public order and good morals, and not drawing topics with vulgar contents or contents inappropriate to discuss in public.

According to the Notice on Strengthening the Management of Internet Live Streaming Service issued by the CAC, the Ministry of Culture and Tourism of the PRC (the "MCT"), the NRTA, the Office of the National Anti-pornography and Anti-illegal Working Group, MII and the MPS on August 1, 2018, live streaming service providers shall perform website ICP filing procedures with the competent telecommunication department according to law, and live streaming service providers involved in operating telecommunication business and internet news and information, online performance, live streaming of audio-visual programs and other businesses shall apply to the relevant departments to obtain licenses for telecommunication business operation, internet news and information services, network culture operation, information network dissemination of audio-visual programs, etc., and within 30 days of the live streaming service going online, shall carry out public security registration procedures in accordance with relevant regulations with the public security authorities.

According to the Guiding Opinions on Strengthening the Standardized Management of Network Live Broadcasting issued by the CAC, Office of the National Anti-pornography and Anti-illegal Working Group, MIIT, the MPS, the MCT, the SAMR and the NRTA on February 9, 2021, live streaming platforms that carry out business-oriented online performance activities must hold the internet cultural business license and carry out ICP filing; live streaming platforms that carry out network audio-visual program services must hold the AVSP (or complete the registration in the national network audio-visual platform information registration management system) and carry out ICP filing; live streaming platforms that carry internet news information service must hold internet news information service license. Live streaming platforms shall file with local cyberspace administration office in a timely manner, and shall cancel its filing immediately after it ceases to provide live streaming services.

REGULATIONS RELATED TO MOBILE INTERNET APPLICATIONS INFORMATION SERVICES

In addition to the Telecommunications Regulations and other regulations above, mobile internet applications (the "APPs") are specially regulated by the Administrative Provisions on Mobile Internet Applications Information Services (the "APP Provisions"), which was promulgated by the CAC on June 28, 2016 and became effective on August 1, 2016. The APP Provisions sets forth the relevant requirements on the APP information service providers and the APP Store service providers. The CAC and its local branches shall be responsible for the supervision and administration of nationwide and local APP information respectively.

App providers shall strictly fulfill their responsibilities of information security management, and perform the following duties: (1) in accordance with the principles of "real name at background, any name at foreground," verify identities with the registered users through mobile phone numbers etc.; (2) establish and improve the mechanism for user information security protection, follow the principles of "legality, appropriateness and necessity" in collection and use of personal information, expressly state the purpose, methods and scope of information collection, and obtain the users' consent; (3) establish and improve the verification and management mechanism for the information content; adopt proper sanctions and measures such as warning, limiting functions, suspending updates, and closing accounts, for releasing illegal information content, as appropriate; keep records and report to the competent department; (4) according to the law, protect and safeguard users' "rights to know and rights to choose" during installation or use; do not turn on the functions of collecting geographical location, reading address books, or using cameras or recordings, without express statement to the users and the consent of the users; do not turn on functions irrelevant to the services; do not tie up and install irrelevant Apps; (5) respect and protect intellectual property rights; do not produce or release Apps which violate others' intellectual property rights; and (6) keep records of user log information for 60 days.

On 14 June 2022, the CAC issued a revised version of the Administrative Provisions on Mobile Internet Application Information Services (移動互聯網應用程序信息服務管理規定) (the "Revised APP Provisions"), which basically reflects the regulatory development since 2016 and further emphasizes that mobile internet app providers shall comply with the relevant provisions on the scope of necessary personal information when engaging in personal information processing activities. According to the Revised APP Provisions, mobile internet app providers shall not compel users to agree to non-essential personal information collection out of any reason and are prohibited from banning users from their basic functional services due to the users' refusal of providing non-essential personal information.

REGULATIONS RELATED TO CONSUMER PROTECTION

According to Law of the PRC on the Protection of Consumer Rights and Interests, which was promulgated by the SCNPC on October 31, 1993 and last amended on October 25, 2013, in providing commodities or services to consumers, business operators shall fulfill their obligations in accordance with this Law and other applicable laws and regulations. Business operators shall fulfill their obligations as agreed upon with consumers, provided that the agreements with consumers are not in

violation of the provisions of laws and regulations. In providing commodities or services to consumers, business operators shall adhere to social morality, operate business in good faith, and protect the lawful rights and interests of consumers; and shall neither set unfair or unreasonable trading conditions nor force consumers into any transactions. Business operators shall provide consumers with true and complete information on the quality, performance, use, and useful life, among others, of commodities or services; and shall not conduct any false or misleading promotion. Business operators shall provide true and definite answers to questions from consumers regarding the quality and use instructions of their provided commodities or services. Business operators shall clearly mark the prices of their provided commodities or services.

REGULATIONS RELATED TO INFORMATION SECURITY

Internet content in the PRC is also regulated and restricted from a state security point of view. The Decision Regarding the Safeguarding of Internet Security, enacted by the SCNPC on December 28, 2000 and amended with immediate effect on August 27, 2009, makes it unlawful to: (1) gain improper entry into a computer or system of strategic importance; (2) disseminate politically disruptive information; (3) leak state secrets; (4) spread false commercial information; or (5) infringe intellectual property rights.

The Administrative Measures for the Security Protection of International Connections to Computer Information Network, issued by the MPS on December 16, 1997 and amended on January 8, 2011, prohibits the use of the internet in ways that, among other things, result in a leakage of state secrets or the distribution of socially destabilizing content. Socially destabilizing content includes any content that incites defiance or violations of PRC laws or regulations or subversion of the PRC government or its political system, spreads socially disruptive rumors or involves cult activities, superstition, obscenities, pornography, gambling or violence. State secrets are defined broadly to include information concerning PRC's national defense affairs, state affairs and other matters as determined by the PRC authorities.

In addition, the National Administration of State Secrets Protection is authorized for the blocking of access to any website it deems to be leaking state secrets or failing to comply with the relevant legislation regarding the protection of state secrets.

On July 1, 2015, the SCNPC issued the National Security Law, which came into effect on the same day. The National Security Law provides that the state shall safeguard the sovereignty, security and cybersecurity development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

On November 7, 2016, the SCNPC issued the Cybersecurity Law, which came into effect on June 1, 2017. The Cybersecurity Law provides that network operators must set up internal security management systems that meet the requirements of a classified protection system for cybersecurity, including appointing dedicated cybersecurity personnel, taking technical measures to prevent computer viruses, network attacks and intrusions, taking technical measures to monitor and record network operation status and cybersecurity incidents, and taking data security measures such as data classification, backups and encryption. The Cybersecurity Law also imposes a relatively vague but broad obligation to provide technical support and assistance to the public and state security authorities in connection with criminal investigations or for reasons of national security. The Cybersecurity Law also requires network operators that provide network access or domain name registration services, landline or mobile phone network access, or that provide users with information publication or instant messaging services, to require users to provide a real identity when they sign up. The Cybersecurity Law sets high requirements for the operational security of facilities deemed to be part of the PRC's "critical information infrastructure." These requirements include data localization, i.e., storing personal information and important business data in the PRC, and national security review requirements for any network products or services that may impact national security. Among other factors, "critical

information infrastructure" is defined as critical information infrastructure, that will, in the event of destruction, loss of function or data leak, result in serious damage to national security, the national economy and people's livelihoods, or the public interest. Specific reference is made to key sectors such as public communication and information services, energy, transportation, water-resources, finance, public services and e-government.

The Provisions on Technological Measures for Internet Security Protection, promulgated by the MPS on December 13, 2005 and became effective on March 1, 2006, requires internet service providers to keep records of certain information about their users (including user registration information, log-in and log-out times, IP addresses, content and time of posts by users) for at least 60 days. Under the Cybersecurity Law, network operators must also report any instances of public dissemination of prohibited content. If a network operator fails to comply with such requirements, the PRC government may revoke its ICP License and shut down its websites.

On March 13, 2019, The Office of the Central Cyberspace Affairs Commission and the SAMR jointly issued the Notice on App Security Certification and the Implementation Rules on Security Certification of Mobile Internet Application, which encourages mobile application operators to voluntarily obtain app security certification, and search engines and app stores are encouraged to recommend certified applications to users.

On June 10, 2021, the SCNPC issued the Data Security Law to regulate data processing activities and security supervision in the PRC, which took effect on September 1, 2021. According to the Data Security Law, data processing activities shall be carried out in accordance with PRC laws and regulations, establishing and improving the data security management system of the whole process, organizing and carrying out data security education and training, and taking corresponding technical measures and other necessary measures to guarantee data security. Where data processing activities are carried out through the internet and other information networks, the above-mentioned data security protection obligations shall be fulfilled on the basis of the hierarchical network security protection system. In carrying out data processing activities, risk monitoring shall be strengthened, and remedial measures shall be taken immediately when data security defects, loopholes and other risks are found. In the event of a data security incident, the processors of data shall take immediate measures to deal with it, inform the user in time and report to the competent authorities in accordance with relevant provisions. The processors of important data shall, in accordance with relevant provisions, carry out regular risk assessments of their data processing activities and submit risk assessment reports to the competent authorities. The Data Security Law provides a national data security review system, under which data processing activities that affect or may affect national security shall be reviewed. Any organization or individual carrying out data processing activities that violates the Data Security Law shall bear the corresponding civil, administrative or criminal liability depending on the specific circumstances.

Along with the promulgation of the Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law issued on July 6, 2021, overseas-listed China-based companies are experiencing a heightened scrutiny over their compliance with laws and regulations regarding data security, cross-border data flow and management of confidential information from PRC regulatory authorities. Such laws and regulations are expected to undergo further changes, which may require increased information security responsibilities and stronger cross-border information management mechanism and process.

On November 14, 2021, the CAC published the Draft CAC Regulations on Internet Data Security, which provides that data processors conducting the following activities shall apply for cybersecurity review: (1) merger, reorganization or division of internet platform operators in possession of a large number of data resources concerning national security, economic development or public interests, which affects or may affect national security; (2) data processors processing over one million individuals' personal information that seek for **[REDACTED]** in a foreign country; (3) **[REDACTED]** in Hong Kong which affects or may affect national security; or (4) other data processing activities that affect or

may affect national security. Any failure to comply with such requirements may subject us to, among others, suspension of services, fines, revoking relevant business permits or business licenses and penalties. However, it provides no further explanation or interpretation as to how to determine what "affects or may affect national security." As of the date of this document, the Draft CAC Regulations on Internet Data Security has not been formally adopted and would be subject to further guidance from the CAC.

On December 28, 2021, the CAC, the NDRC, MIIT, the MPS, the MSS, the Ministry of Finance ("MOF"), MOFCOM, the PBOC, the SAMR, the NRTA, the CSRC, the National Administration of State Secrets Protection, and the State Cryptography Administration jointly issued the Measures for Cybersecurity Review (2022), which became effective on February 15, 2022, to replace the previous Measures for Cybersecurity Review, which was issued on April 13, 2020 and took effect on June 1, 2020. The Measures for Cybersecurity Review (2022) stipulates that operators of critical information infrastructure purchasing network products and services, as well as data processors (together with the operators of critical information infrastructure, the "Operators") carrying out data processing activities that affect or may affect national security, shall conduct a cybersecurity review. "The operator of critical information infrastructure" in the Measures for Cybersecurity Review (2022) refers to the operator identified by the critical information infrastructure protection authorities. According to the Measures for Cybersecurity Review (2022), an Operator who controls personal information of more than one million users must report to the cybersecurity review office for a cybersecurity review if it intends to be **[REDACTED]** abroad. However, the Measures for Cybersecurity Review (2022) provides no further explanation or interpretation for "**[REDACTED]** abroad."

On July 30, 2021, the State Council issued the Regulations for the Security Protection of Critical Information Infrastructure (the "CII Regulations"), which came into effect on September 1, 2021. Pursuant to the CII Regulations, "critical information infrastructures" refers to important network facilities and information systems of important industries and sectors such as public communications and information services, energy, transport, water conservation, finance, public services, e-government, and science and technology industry for national defense, as well as other important network facilities and information systems that may seriously endanger national security, national economy and citizen's livelihood and public interests if they are damaged or suffer from malfunctions, or if any leakage of data in relation thereto occurs. Competent authorities as well as the supervision and administrative authorities of the above-mentioned important industries and sectors are responsible for the security protection of critical information infrastructures (the "Protection Authorities"). The Protection Authorities will establish the rules for the identification of critical information infrastructures based on the particular situations of the industry and report such rules to the public security department of the State Council for record. The following factors must be considered when establishing identification rules: (1) the importance of network facilities and information systems to the core businesses of the industry and the sector; (2) the harm that may be brought by the damage, malfunction or data leakage of, the network facilities and information systems; and (3) the associated impact on other industries and sectors. The Protection Authorities are responsible for organizing the identification of critical information infrastructures in their own industries and sectors in accordance with the identification rules, promptly notifying the operators of the identification results and reporting to the public security department of the State Council. These provisions were newly issued, and detailed rules or explanations may be further enacted with respect to the interpretation and implementation of such provisions, including rules on identifying critical information infrastructures in different industries and sectors.

Based on the real-name telephone consultation regarding our proposed **[REDACTED]** in Hong Kong conducted on October 9, 2022 with the China Cybersecurity Review Technology and Certification Center, which is the competent authority entrusted by the CAC to set up cybersecurity review consultation hotlines, (1) the term of "**[REDACTED]** in a foreign country (國外**[REDACTED]**)" under the Measures for Cybersecurity Review does not apply to **[REDACTED]** in Hong Kong, and thus the obligations to proactively apply for cybersecurity review by an entity seeking **[REDACTED]** in a foreign country shall not be applicable to our proposed **[REDACTED]**, and (2) since the Draft CAC Regulations on Internet Data Security has not become effective or been formally implemented, the

mandatory obligation to apply for a cybersecurity review with the CAC does not apply to our proposed **[REDACTED]**. Furthermore, (1) during the Track Record Period and up to the Latest Practicable Date, we had not encountered any incident of data or personal information leakage, violation of data protection and privacy laws and regulations or investigation or other legal proceeding against us that will materially and adversely affect our business operation, (2) we have not received any notification from the critical information infrastructure protection authorities of being identified as "an operator of critical information infrastructure" as of the date of this document, and (3) we did not engage in any activities that might give rise to national security risks based on the factors set out in Article 10 of the Measures for Cybersecurity Review during the Track Record Period and up to the Latest Practicable Date. Therefore, our Directors and CM Law Firm, our legal advisors as to PRC cybersecurity and data privacy protection laws, are of the view that (1) the Measures for Cybersecurity Review and the Draft CAC Regulations on Internet Data Security would not have a material adverse effect on our business operations or our proposed **[REDACTED]** on the Stock Exchange, and (2) our business operation is unlikely to be deemed as affecting national security in light of the factors set out in Article 10 of the Measures for Cybersecurity Review. However, we cannot rule out the possibility that the cybersecurity review would apply to us, and we cannot assure you that the relevant government authorities will not interpret the regulations in ways that may negatively affect our business operations in the future.

Based on the independent due diligence work conducted as described below, nothing has come to the Joint Sponsors' attention that would reasonably cause the Joint Sponsors to cast doubt on the views of the Directors and CM Law Firm as stated above:

(i) discussed with the management of the Company to understand, among others, the applicability of the Measures for Cybersecurity Review and the Draft CAC Regulations on Internet Data Security to the Group's principal business operations;

(ii) discussed with CM Law Firm, the legal advisors of the Company as to cybersecurity and data privacy protection law, and reviewed the legal opinion in respect of data privacy and cybersecurity prepared by CM Law Firm and their consultation minutes with CCRC to understand, among others,

  (a) the legal implications of the Measures for Cybersecurity Review and the Draft CAC Regulations on Internet Data Security and their impact on the Company's business operation,

  (b) CM Law Firm have had a phone consultation with the China Cybersecurity Review Technology and Certification Center (the "CCRC") on a named basis, which is a competent authority delegated by the CAC to accept consultation and applications for cybersecurity review, and CCRC confirmed that (1) the term of "**[REDACTED]** in a foreign country" (國外**[REDACTED]**) under the Measures for Cybersecurity Review does not apply to **[REDACTED]** in Hong Kong, and thus the obligations to proactively apply for cybersecurity review by an entity seeking **[REDACTED]** in a foreign country shall not be applicable to the proposed **[REDACTED]**, (2) since the Draft CAC Regulations on Internet Data Security has not become effective or been formally implemented, the mandatory obligation to apply for a cybersecurity review with the CAC does not apply to the proposed **[REDACTED]**;

(iii) obtained and reviewed (a) a summary of personal data collected and stored by the Company; and (b) the internal control measures and policies of the Company in relation to cybersecurity and data privacy protection; and

(iv) conducted an expert interview with CM Law Firm to understand, among others, their credentials, work scope and methodology in conducting due diligence and issuing legal opinion in respect of data privacy and cybersecurity issue of the Company.

The Administrative Provisions on Security Vulnerability of Network Products (the "Provisions") was jointly promulgated by MIIT, the CAC and the MPS on July 12, 2021 and took effect on September 1, 2021. Network product providers, network operators as well as organizations or individuals engaging in the discovery, collection, release and other activities of network product security vulnerability are subject to the Provisions and shall establish channels to receive information of security vulnerability of their respective network products and shall examine and fix such security vulnerability in a timely manner. Network product providers are required to report relevant information of security vulnerability of network products with MIIT within two days and to provide technical support for network product users. Network operators shall take measures to examine and fix security vulnerability after discovering or acknowledging that their networks, information systems or equipment have security loopholes. According to the Provisions, the breaching parties may be subject to administrative penalty as regulated in accordance with the Cybersecurity Law. Since the Provisions is relatively new, uncertainties still exist in relation to its interpretation and implementation.

On October 26, 2021, the CAC issued the Provisions on the Management of Account Names Information of Internet Users (Draft for Solicitation of Comments), which stipulates that the internet user account service platform shall perform the main responsibility of internet user account name information management, be equipped with management personnel and technical capability in corresponding with its business scale, establish a sound and strictly implement account names information management, authentic identity information verification, account professional qualification certification management, information content security, ecological governance, emergency response, personal information protection and credit evaluation management systems. If the internet user account service platform provides account registration services to minors, the platform shall obtain the consent of their guardians and verify the true identity information of the minors based on their resident ID numbers and verify the true identity information of their guardians.

On July 7, 2022, the CAC promulgated the Security Assessment Measures, effective from September 1, 2022, to regulate outbound data transfer activities, protect the rights and interests of personal information, safeguard national security and social public interests, and promote the cross-border security and free flow of data. Furthermore, the Security Assessment Measures provide that the security assessment for outbound data transfers shall follow principles of the combination of pre-assessment and continuous supervision and the combination of risk self-assessment and security assessment, so as to prevent the security risks arising from outbound data transfers, and ensure the orderly and free flow of data according to the law. As of the Latest Practicable Date, we had not been involved in any cross-border data transfer during our daily operations. We do not expect the Security Assessment Measures to have material impact on our daily operations in respect of the outbound data transfer.

REGULATIONS RELATED TO INTERNET PRIVACY

In recent years, PRC government authorities have enacted legislation on internet use to protect personal information from any unauthorized disclosure. PRC law does not prohibit internet content provision operators from collecting and analyzing personal information from their users. However, the Internet Measures prohibits an internet content provision operator from insulting or slandering a third party or infringing the lawful rights and interests of a third party.

The Several Provisions on Regulating the Market Order of Internet Information Services, promulgated by MIIT on December 29, 2011 and became effective on March 15, 2012, stipulates that internet content provision operators must not, without user consent, collect user personal information, which is defined as user information that can be used alone or in combination with other information to identify the user, and may not provide any such information to third parties without prior user consent. Internet content provision operators may only collect user personal information necessary to provide their services and must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information. In addition, an internet content provision operator may only use such user personal information for the stated purposes under the internet content

provision operator's scope of service. Internet content provision operators are also required to ensure the proper security of user personal information, and take immediate remedial measures if user personal information is suspected to have been disclosed. If the consequences of any such disclosure are expected to be serious, ICP operators must immediately report the incident to the telecommunications regulatory authority and cooperate with the authorities in their investigations.

The Cybersecurity Law imposes certain data protection obligations on network operators, including that network operators may not disclose, tamper with, or damage users' personal information that they have collected, and are obligated to delete unlawfully collected information and to amend incorrect information. Moreover, internet operators may not provide users' personal information to others without consent. Exempted from these rules is information irreversibly processed to preclude identification of specific individuals. The Cybersecurity Law also imposes breach notification requirements that will apply to breaches involving personal information.

On November 28, 2019, the CAC, MIIT, the MPS and the SAMR jointly issued the Measures to Identify Illegal Collection and Usage of Personal Information by APPs (App違法違規收集使用個人信息行為認定方法) (the "Identification Measures"), which lists six types of illegal collection and usage of personal information, including "failure to publicize rules for collecting and using personal information," "failure to expressly state the purpose, manner and scope of collecting and using personal information," "collection and usage of personal information without consent of users of such app," "collecting personal information irrelevant to the services provided by such app in violation of the principle of necessity," "provision of personal information to others without users' consent," "failure to provide the function of deleting or correcting personal information as required by laws" and "failure to publish information such as methods for complaints and reporting." As advised by CM Law Firm, we have implemented privacy policies in compliance with the Identification Measures, and as of the Latest Practicable Date, we had not been subject to any suspension of mobile apps or other material administrative penalties for illegal collection or usage of personal information as stipulated in the Identification Measures. See "Business — Data Privacy and Security."

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law (the "PIPL"), which took effect on November 1, 2021. Pursuant to the PIPL, "personal information" refers to any kind of information related to an identified or identifiable individual as electronically or otherwise recorded but excluding the anonymized information. The processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information. The PIPL applies to the processing of personal information of individuals within the territory of the PRC, as well as personal information processing activities outside the territory of PRC, for the purpose of providing products or services to natural persons located within China, for analyzing or evaluating the behaviors of natural persons located within China, or for other circumstances as prescribed by laws and administrative regulations. A personal information processor may process the personal information of this individual only under the following circumstances: (1) where consent is obtained from the individual; (2) where it is necessary for the execution or performance of a contract to which the individual is a party, or where it is necessary for carrying out human resource management pursuant to employment rules legally adopted or a collective contract legally concluded; (3) where it is necessary for performing a statutory responsibility or statutory obligation; (4) where it is necessary in response to a public health emergency, or for protecting the life, health or property safety of a natural person in the case of an emergency; (5) where the personal information is processed within a reasonable scope to carry out any news reporting, supervision by public opinions or any other activity for public interest purposes; (6) where the personal information, which has already been disclosed by an individual or otherwise legally disclosed, is processed within a reasonable scope; or (7) any other circumstance as provided by laws or administrative regulations. In principle, the consent of an individual must be obtained for the processing of his or her personal information, except under the circumstances of the aforementioned items (2) to (7). Where personal information is to be processed based on the consent of an individual, such consent shall be a voluntary

and explicit indication of intent given by such individual on a fully informed basis. If laws or administrative regulations provide that the processing of personal information shall be subject to the separate consent or written consent of the individual concerned, such provisions shall prevail.

Furthermore, the PIPL stipulates the rules for cross-border transfer of personal information. Any cross-border transfer of personal information is subject to the condition that it is necessary to provide the personal information to a recipient outside the territory of the PRC due to any business need or any other need, as well as the satisfaction of at least one of the following conditions: (1) where a security assessment organized by the national cyberspace administration has been passed; (2) where a certification of personal information protection has been passed from a professional institution in accordance with the provisions issued by the national cyberspace administration; (3) where a standard contract formulated by the national cyberspace administration has been entered into with the overseas recipient; or (4) any other condition prescribed by laws, administrative regulations or any other requirements by the national cyberspace administration. Critical information infrastructure operators and personal information processors who have processed personal information in an amount reaching a threshold prescribed by the national cyberspace administration, must store in the territory of the PRC the personal information collected or generated within the territory of the PRC. If it is necessary to provide such information to an overseas recipient, a security assessment organized by the national cyberspace administration must be passed.

As discussed in greater detail in "Business — Data Privacy and Security," CM Law Firm, our legal advisors as to PRC cybersecurity and data privacy protection laws, are of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with the PIPL in all material respects.

REGULATIONS RELATED TO ALGORITHM RECOMMENDATIONS

On September 17, 2021, the CAC and eight other authorities jointly promulgated the Notice on Promulgation of the Guiding Opinions on Strengthening the Comprehensive Governance of Algorithm-related Internet Information Services (關於加強互聯網信息服務算法綜合治理的指導意見), which provides that, among others, enterprises shall establish an algorithmic security responsibility system and a technology ethics vetting system, improve the algorithmic security management organization, strengthen risk prevention and control as well as potential danger investigation and governance, and improve the capacity to respond to algorithmic security emergencies. Enterprises shall also strengthen their sense of responsibility and assume the main responsibility for the results arising from the application of algorithms.

On December 31, 2021, the CAC, MIIT, the MPS and the SAMR jointly issued the Provisions on Algorithm Recommendation, which became effective on March 1, 2022. The Provisions on Algorithm Recommendation stipulates that algorithm recommendation service providers shall (1) fulfill their responsibilities for algorithmic security, (2) establish and improve management systems for, among other, algorithm mechanism examination, ethical vetting in technology, user registration, information release vetting, protection of data security and personal information, anti-telecommunications and internet fraud, security assessment and monitoring, and emergency response to security incidents, and (3) formulate and disclose relevant rules for algorithm recommendation services, and be equipped with professional staff and technical support appropriate to the scale of the algorithm recommendation services. The provider of algorithm recommendation services shall not use the services to (1) engage in any illegal activity which may endanger national security and social public interest, disturb economic and social order, or infringe legitimate rights and interest of third parties, or (2) disseminate any information prohibited by laws or regulations. The Provisions on Algorithm Recommendation further provides that, within 10 working days of the service provision commencement date, algorithm recommendation service providers with public sentiment attributes or social mobilizing capability shall perform filing procedures through the internet information services algorithm filing system, which was launched on March 1, 2022.

We have submitted our filing report through such system. As of the Latest Practicable Date, we had not applied any algorithm recommendation technology prohibited or restricted under the Provisions on Algorithm Recommendation to the provision of internet information services. Based on the above, as advised by CM Law Firm, we have complied with existing laws and regulations concerning algorithm recommendation in all material respects, as evidenced by our internal policies and practices regarding algorithm recommendation. See "Business — Data Privacy and Security" for details.

REGULATIONS RELATED TO COMPANIES

The establishment, operation and management of corporate entities in China are governed by the PRC Company Law, which was promulgated on December 29, 1993, last amended with immediate effect on October 26, 2018. Under the PRC Company Law, companies are generally classified into two categories: limited liability companies and limited companies by shares. The PRC Company Law also applies to foreign-invested limited liability companies but where other relevant laws regarding foreign investment have provided otherwise, such other laws shall prevail.

The latest major amendment to the PRC Company Law took effect on March 1, 2014, pursuant to which there is no longer a prescribed timeframe for shareholders of a company to make full capital contribution to a company, except as otherwise provided in other relevant laws, administrative regulations and State Council decisions. Instead, shareholders are only required to state the capital amount that they commit to subscribe to in the articles of association of the company. Furthermore, the initial payment of a company's registered capital is no longer subject to a minimum capital requirement, and the business license of a company will not show its paid-up capital. In addition, shareholders' contribution of the registered capital is no longer required to be verified by capital verification agencies.

REGULATIONS RELATED TO DIVIDEND DISTRIBUTIONS

The principal laws and regulations regulating the distribution of dividends by foreign-invested enterprises in the PRC include the PRC Company Law last amended in 2018 and the FIL. Under the current regulatory regime in the PRC, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profit, if any, determined in accordance with PRC accounting standards and regulations. A PRC company, including foreign-invested enterprise, is required to set aside as general reserves at least 10% of its after-tax profit, until the cumulative amount of such reserves reaches 50% of its registered capital unless the provisions of laws regarding foreign investment otherwise provided, and shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

REGULATIONS RELATED TO INTELLECTUAL PROPERTY

Copyright

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

The Copyright Law of the People's Republic of China (the "Copyright Law"), which was promulgated by the SCNPC on September 7, 1990 and last amended on November 11, 2020, provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social

science, engineering technology and computer software. The purpose of the Copyright Law aims to encourage the creation and dissemination of works which is beneficial for the construction of socialist spiritual civilization and material civilization and promote the development and prosperity of Chinese culture.

Under the Regulation on Protection of the Right to Network Dissemination of Information that took effect on July 1, 2006 and was amended on January 30, 2013, it is further provided that an internet information service provider may be held liable under various situations, including if it knows or should reasonably have known a copyright infringement through the internet and the service provider fails to take measures to remove or block or disconnects links to the relevant content, or, although not aware of the infringement, the internet information service provider fails to take such measures upon receipt of the copyright holder's notice of infringement. The internet information service provider may be exempted from indemnification liabilities under the following circumstances:

(1) any internet information service provider that provides automatic internet access service upon instructions from its users or provides automatic transmission service for works, performances and audio/visual products provided by its users is not required to assume indemnification liabilities if (i) it has not chosen or altered the transmitted works, performance and audio/visual products, and (ii) it provides such works, performances and audio/visual products to the designated users and prevents any person other than such designated users from obtaining access;

(2) any internet information service provider that, for the sake of improving network transmission efficiency, automatically stores and provides to its own users the relevant works, performances and audio/visual products obtained from any other internet information service providers, is not required to assume the indemnification liabilities if (i) it has not altered any of the works, performances or audio/visual products that are automatically stored; (ii) it has not affected such original internet information service provider in holding the information about where the users obtain the relevant works, performances and audio/visual products; and (iii) when the original internet information service provider revises, deletes or shields the works, performances and audio/visual products, it will automatically revise, delete or shield the same;

(3) any internet information service provider that provides its users with information memory space for such users to provide the works, performances and audio/visual products to the general public via an informational network is not required to assume the indemnification liabilities if (i) it clearly indicates that the information memory space is provided to the users and publicizes its own name, contact person and web address; (ii) it has not altered the works, performances and audio/visual products that are provided by the users; (iii) it is not aware of or has no justified reason to know that the works, performances and audio/visual products provided by the users infringe upon the copyrights of others; (iv) it has not directly derived any economic benefit from the providing of the works, performances and audio/visual products by its users; and (v) after receiving a notice from the copyright holder, it promptly deletes the allegedly infringing works, performances and audio/visual products pursuant to the regulation; and

(4) an internet information service provider that provides its users with search engine or link services should not be required to assume the indemnification liabilities if, after receiving a notice from the copyright holder, it disconnects the link to the allegedly infringing works, performances and audio/visual products pursuant to the regulation, unless it is aware of or should reasonably have known the infringement.

Measures on Administrative Protection of Internet Copyright, which were promulgated by the MII and the National Copyright Administration of the PRC (the "NCAC") and took effect on May 30, 2005, provide that an internet information service provider shall take measures to remove the relevant

contents, record relevant information after receiving the notice from the copyright owner that some content communicated through internet infringes upon his/its copyright and preserve the copyright owner's notice for six months. Where an internet information service provider clearly knows an internet content provider's tortuous act of infringing upon another's copyright through internet, or fails to take measures to remove relevant contents after receipt of the copyright owner's notice although it does not know it clearly, and meanwhile damages public benefits, the infringer shall be ordered to stop the tortious act, and may be imposed of confiscation of the illegal proceeds and a fine of not more than three times the illegal business amount; if the illegal business amount is difficult to be calculated, a fine of not more than RMB100,000 may be imposed.

The Notice on Regulating Copyright Order of Internet Reproduction issued by the NCAC in 2015 includes the following four major points: (1) clarify certain important issues related to internet copyrights in existing laws and regulations, including the definition of news, clarify statutory licenses that are not applicable to internet copyrights and prohibit the distortion of title and work intent; (2) guide the press and media to further improve the internal management of copyrights, especially requesting the press to clarify the copyright sources of their content; (3) encourage the press and internet media to actively carry out copyright cooperation; and (4) ask the copyright administrations at all levels to strictly implement copyright supervision.

The Computer Software Copyright Registration Measures (the "Software Copyright Registration Measures"), which were promulgated by the NCAC on February 20, 2002, regulate registrations of software copyright, exclusive licensing contracts for software copyright and transfer contracts. The NCAC shall be the competent authority for the nationwide administration of software copyright registration and the Copyright Protection Center of China (the "CPCC") is designated as the software registration authority. The CPCC shall grant registration certificates to the Computer Software Copyrights applicants which conforms to the provisions of both the Software Copyright Registration Measures and the Computer Software Protection Regulations (Revised in 2013).

Provisions of the Supreme People's Court on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes over Infringement of the Right of Dissemination through Information Networks provide that web users or web service providers who create works, performances or audio-video products, for which others have the right of dissemination through information networks or are available on any information network without authorization shall be deemed to have infringed upon the right of dissemination through information networks.

The Notice on Launching "Jian Wang 2020" Special Actions Against Internet Piracy and Copyright Infringement, jointly issued by NCAC, MIIT, the MPS and CAC in 2020 includes carrying out special rectification of audio-visual works copyright, e-commerce platform copyright, social platform copyright, online education copyright, and consolidate the achievements of copyright management in key areas, including strengthen the protection of music copyright, and promote the improvement of online music copyright authorization system.

Trademark

Trademarks are protected by the Trademark Law of the PRC, which was promulgated on August 23, 1982 and last amended on April 23, 2019, as well as the Implementation Regulation of the PRC Trademark Law, which was adopted by the State Council on August 3, 2002 and amended on April 29, 2014. In the PRC, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks.

The PRC Trademark Office of National Intellectual Property Administration (the "Trademark Office") is responsible for the registration and administration of trademarks throughout the PRC, and grants a term of ten years to registered trademarks. Trademarks are renewable every ten years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within twelve months prior to the expiration of the term. A trademark

registrant may license its registered trademark to another party by entering into a trademark license contract. Trademark license agreements must be filed with the Trademark Office to be recorded. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. As with trademarks, the PRC Trademark Law has adopted a "first come, first file" principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

Patent

Patents are protected by the Patent Law of the PRC, which was promulgated on March 12, 1984 and last amended on October 17, 2020 with effect from June 1, 2021. A patentable invention or utility model must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds, methods of nuclear transformation or substances obtained by means of nuclear transformation. The Patent Office under the National Intellectual Property Administration is responsible for receiving, examining and approving patent applications. A patent is valid for a twenty-year term for an invention, a ten-year term for a utility model and a fifteen-year term for a design. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent owner to use the patent, or else the use will constitute an infringement of the rights of the patent holder.

Domain Names

Domain names are protected under the Administrative Measures on the Internet Domain Names promulgated by MIIT. MIIT is the major regulatory body responsible for the administration of the PRC internet domain names, under supervision of which the China Internet Network Information Center (the "CNNIC") is responsible for the daily administration of .cn domain names and Chinese domain names. The CNNIC adopts the "first to file" principle with respect to the registration of domain names. In November 2017, MIIT promulgated the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services, which became effective on January 1, 2018. Pursuant to the notice, the domain name used by an internet-based information service provider in providing internet-based information services must be registered and owned by such provider in accordance with the law. If the internet-based information service provider is an entity, the domain name registrant must be the entity (or any of the entity's shareholders), or the entity's principal or senior manager.

REGULATIONS RELATED TO FOREIGN EXCHANGE

General Administration of Foreign Exchange

Under the PRC Foreign Currency Administration Rules promulgated by the State Council on January 29, 1996 and last amended on August 5, 2008 and various regulations issued by SAFE and other relevant PRC government authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments, payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from SAFE or its local branches. Payments for transactions that take place within the PRC must be made in Renminbi. Unless otherwise provided by laws and regulations, PRC companies may repatriate foreign currency payments received

from abroad or retain the same abroad. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the PRC.

REGULATIONS RELATED TO OFFSHORE INVESTMENT

Pursuant to SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles ("SAFE Circular 75"), which became effective on November 1, 2005, the domestic residents, including domestic individuals and domestic companies, must register with local branches of SAFE in connection with their direct or indirect offshore investment in an overseas special purpose vehicle (the "Overseas SPV"), for the purposes of overseas equity financing activities, and to update such registration in the event of any significant changes with respect to that offshore company.

On July 4, 2014, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Control for Overseas Investment and Financing and Round-tripping by Chinese Residents through Special Purpose Vehicles ("SAFE Circular 37"), which replaced SAFE Circular 75, for the purpose of simplifying the approval process and promoting cross-border investments. SAFE Circular 37 supersedes SAFE Circular 75 and revises and regulates the relevant matters involving foreign exchange registration for round-trip investment. Under SAFE Circular 37, a domestic resident must register with the local SAFE branch before he or she contributes assets or equity interests in an Overseas SPV that is directly established or indirectly controlled by the domestic resident for the purpose of conducting investment or financing. In addition, in the event of any change of basic information of the Overseas SPV such as the individual shareholder, name, operation term, etc., or if there is a capital increase, decrease, equity transfer or swap, merge, spin-off or other amendment of the material items, the domestic resident shall complete the change of foreign exchange registration procedures for offshore investment. According to the procedural guideline as attached to SAFE Circular 37, the principle of review has been changed to "the domestic individual resident shall only register the Overseas SPV directly established or controlled (first level)."

At the same time, SAFE has issued the Operation Guidance for the Issues Concerning Foreign Exchange Administration Over Round-trip Investment with respect to the procedures for SAFE registration under SAFE Circular 37, which became effective on July 4, 2014 as an attachment to SAFE Circular 37. Under the relevant rules, failure to comply with the registration procedures set out in SAFE Circular 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliate, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations. PRC residents who hold any shares in the company from time to time are required to register with SAFE in connection with their investments in the company.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment, effective from June 1, 2015, which further amended SAFE Circular 37 by requiring domestic residents to register with qualified banks rather than SAFE or its local branches in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing.

REGULATIONS RELATED TO TAX

Enterprise Income Tax

The Law of the PRC on Enterprise Income Tax and The Regulations for the Implementation of the Law on Enterprise Income Tax (collectively, the "EIT Laws") were promulgated on March 16, 2007 and December 6, 2007, respectively, and were most recently amended on December 29, 2018 and April 23, 2019, respectively. According to the EIT Laws, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in the PRC

in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Laws and relevant implementing regulations, a uniform EIT rate of 25% is applicable. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment institutions or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC.

Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as the PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies ("Circular 82"), which was promulgated by SAT on April 22, 2009 and amended on January 29, 2014 and December 29, 2017, sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC.

According to Circular 82, a Chinese-controlled offshore incorporated enterprise will be regarded as a PRC tax resident by virtue of having a "de facto management body" in the PRC and will be subject to PRC EIT on its worldwide income only if all of the following criteria are met: (1) the primary location of the day-to-day operational management is in the PRC; (2) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (3) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders meeting minutes are located or maintained in the PRC; and (4) 50% or more of voting board members or senior executives habitually reside in the PRC.

The EIT Laws permit certain HNTEs to enjoy a reduced 15% EIT rate subject to these HNTEs meeting certain qualification criteria. In addition, the relevant EIT laws and regulations also provide that entities recognized as Software Enterprises are able to enjoy a tax holiday consisting of a two-year-exemption commencing from their first profitable calendar year and a 50% reduction in ordinary tax rate for the following three calendar years, while entities qualified as key software enterprises can enjoy a preferential EIT rate of 10%.

The SAT Public Notice 7 was issued by SAT on February 3, 2015 and most recently amended pursuant to the Announcement on Issues Concerning the Withholding of Enterprise Income Tax at Source on Non-PRC Resident Enterprises, which was issued by SAT on October 17, 2017 and became effective on December 1, 2017. Pursuant to the SAT Public Notice 7, an "indirect transfer" of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if the arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC EIT. As a result, gains derived from an indirect transfer may be subject to PRC EIT. According to the SAT Public Notice 7, "PRC taxable assets" include assets attributed to an establishment or a place of business in the PRC, immovable properties in the PRC, and equity investments in PRC resident enterprises. In respect of an indirect offshore transfer of assets of a PRC establishment or place of business, the relevant gain is to be regarded as effectively connected with the PRC establishment or a place of business and therefore included in its EIT filing, and would consequently be subject to PRC EIT at a rate of 25%. Where the underlying transfer relates to the immovable properties in the PRC or to equity investments in a PRC resident enterprise, which is not effectively connected to a PRC establishment or a place of business of a non-resident enterprise, a PRC EIT rate at 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. There is uncertainty as to the implementation details of the SAT Public Notice 7.

VAT and Business Tax

Before August 2013 and pursuant to applicable PRC tax regulations, any entity or individual conducting business in the service industry is generally required to pay a business tax at the rate of 5% on the revenue generated from providing services. However, if the services provided are related to technology development and transfer, the business tax may be exempted subject to approval by the relevant tax authorities.

In November 2011, MOF and SAT promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax. In May and December 2013, April 2014, March 2016 and July 2017, MOF and SAT promulgated five circulars to further expand the scope of services that are to be subject to VAT instead of business tax. Pursuant to these tax rules, from August 1, 2013, VAT was imposed to replace the business tax in certain service industries, including technology services and advertising services, and from May 1, 2016, VAT replaced business tax in all industries, on a nationwide basis. On November 19, 2017, the State Council further amended the Interim Regulation of PRC on Value Added Tax to reflect the normalization of the pilot program. The VAT rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT rate applicable to the small-scale taxpayers is 3%. Unlike business tax, a taxpayer is allowed to offset the qualified input VAT paid on taxable purchases against the output VAT chargeable on the revenue from services provided.

On April 4, 2018, MOF and SAT issued the Notice on Adjustment of VAT Rates, which came into effect on May 1, 2018. According to the notice, starting from May 1, 2018, the taxable goods previously subject to VAT rates of 17% and 11%, respectively, become subject to lower VAT rates of 16% and 10%, respectively.

On March 20, 2019, MOF, SAT and the General Administration of Customs issued the Announcement on Policies for Deepening the VAT Reform, which came into effect in April 2019, to further slash VAT rates. According to the announcement, (1) for general VAT payers' sales activities or imports previously subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively; (2) for the agricultural products purchased by taxpayers to which an existing 10% deduction rate is applicable, the deduction rate is adjusted to 9%; (3) for the agricultural products purchased by taxpayers for production or commissioned processing, which are subject to VAT at 13%, the input VAT will be calculated at a 10% deduction rate; (4) for the exportation of goods or labor services that are subject to VAT at 16%, with the applicable export refund at the same rate, the export refund rate is adjusted to 13%; and (5) for the exportation of goods or cross-border taxable activities that are subject to VAT at 10%, with the export refund at the same rate, the export refund rate is adjusted to 9%.

REGULATIONS RELATED TO EMPLOYMENT AND SOCIAL WELFARE

Labor Contract Law

According to the Labor Law of the PRC promulgated on July 5, 1994 and last amended on December 29, 2018, enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, educate laborers in labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with state-fixed standards. Enterprises and institutions shall provide laborers with a safe workplace and sanitation conditions which are in compliance with state stipulations and the relevant articles of labor protection. The PRC Labor Contract Law, which was implemented on January 1, 2008 and amended on December 28, 2012, is 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 PRC Labor Contract Law, 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 beyond the time limit and employers

shall pay laborers for overtime work in accordance with the laws and regulations. In addition, labor wages shall not be lower than local standards on minimum wages and shall be paid to laborers in a timely manner.

Social Insurance and Housing Fund

As required under the Regulation of Insurance for Labor Injury implemented on January 1, 2004 and amended on December 20, 2010, Provisional Measures for Maternity Insurance of Employees of Corporations implemented on January 1, 1995, Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance for Employees of Corporations of the State Council issued on July 16, 1997, Decisions on the Establishment of the Basic Medical Insurance Program for Urban Workers of the State Council promulgated on December 14, 1998, Unemployment Insurance Measures promulgated on January 22, 1999 and Social Insurance Law of the PRC implemented on July 1, 2011 and amended on December 29, 2018, enterprises are obliged to provide their employees in China 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.

In accordance with the Regulations on the Management of Housing Funds which were promulgated by the State Council on April 3, 1999 and last amended on March 24, 2019, enterprises must register at the competent managing center for housing funds and upon the examination by such managing center of housing funds, 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.

REGULATIONS RELATED TO STRICTLY COMBATING ILLEGAL SECURITIES ACTIVITIES

On July 6, 2021, the General Office of the CPC Central Committee and the General Office of the State Council jointly promulgated the Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law, which called for the enhanced administration and supervision of overseas-listed China-based companies, proposed to revise the relevant regulation governing the overseas issuance and listing of shares by such companies and clarified the responsibilities of competent domestic industry regulators and government authorities.

REGULATIONS RELATED TO OVERSEAS SECURITIES [REDACTED] AND [REDACTED]

Two draft regulations relating to overseas **[REDACTED]**, i.e., the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments), were released on December 24, 2021 for public comments. Pursuant to such draft regulations, domestic companies that apply for overseas **[REDACTED]** are required to, among others, file and report to the CSRC. Uncertainties exist regarding the final form of these regulations and their interpretation and implementation after promulgation.