REGULATORY OVERVIEW

REGULATIONS ON 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**") which were promulgated and are amended from time to time by the Ministry of Commerce (the "**MOFCOM**") and the National Development and Reform Commission (the "**NDRC**"), and together with the PRC Foreign Investment Law and their respective implementation rules and ancillary regulations. The Encouraging Catalog and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: "encouraged", "restricted" and "prohibited". Industries not listed in the 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 Catalog of Industries for Encouraging Foreign Investment (2020 Version), which became effective on January 27, 2021, to replace the previous Encouraging Catalog. On December 27, 2021, MOFCOM and the NDRC released the 2021 Negative List, which became effective on January 1, 2022, to replace the previous Negative List.

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law (《外商投資法》) (the "**FIL**"), which became effective on January 1, 2020 and replaced the Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law (《中外合作經營企業法》) and the Wholly Foreign-Owned Enterprises Law (《外資企業法》) together with their implementation rules and ancillary regulations. Pursuant to the FIL, "foreign investments" refers to investment activities conducted by foreign investors directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment of other methods as specified in laws, administrative regulations, or as stipulated by the State Council.

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

The FIL also provides several protective rules and principles for foreign investors and their investments in the PRC, including, among others, that local governments shall abide by their commitments to the foreign investors; foreign-invested enterprises are allowed to issue stocks and corporate bonds; except for special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made in a timely manner, expropriate or requisition the investment of foreign investors is prohibited; mandatory technology transfer is prohibited, allows foreign investors' funds to be freely transferred out and into the territory of PRC, which run through the entire lifecycle from the entry to the exit of foreign investment, and provide

an all-around and multi-angle system to guarantee fair competition of foreign-invested enterprises in the market economy. In addition, foreign investors or the foreign investment enterprise should be imposed legal liabilities for failing to report investment information in accordance with the requirements. Furthermore, the FIL provides that foreign-invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within five years after the implementing of the FIL, which means that foreign invested enterprises may be required to adjust the structure and corporate governance in accordance with the current PRC Company Law and other laws and regulations governing the corporate governance.

On December 26, 2019, the State Council promulgated the Implementation Rules to the Foreign Investment Law (《外商投資法實施條例》), which became effective on January 1, 2020. The implementation rules further clarifies 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 State Administration for Market Regulation (the "**SAMR**"), jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, which sets forth the provisions concerning the security review mechanism on foreign investment, including, amongst others, the types of investments subject to review, review scopes and procedures. The Office of the Working Mechanism of the Security Review of Foreign Investment (外商投資安全審查工作機制辦公室) (the "**Office of the Working Mechanism**") will be established under the NDRC which will lead the task together with the MOFCOM. Foreign investor or relevant parties in China must declare the security review to the Office of the Working Mechanism prior to (i) the investments in the military industry, military industrial supporting and other fields relating to the security of national defense, and investments in areas surrounding military facilities and military industry facilities; and (ii) investments in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transport services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and other important fields relating to national security, and to obtain control in the target enterprise. "Control" as contemplated in item (ii) of the preceding sentence exists when the foreign investor (a) holds over 50% equity interests in the target enterprise, (b) has voting rights that can have material influence on the resolutions of the board of directors or shareholders meeting of the target enterprise even when it holds less than 50% equity interests in the target enterprise, or (c) has material influence on the target enterprise's business decisions, human resources, accounting and technology.

On April 2, 2022, the CSRC published the revised Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定(徵求意見稿)》) (the "**Draft Archives Rules**"), which had a comment period that expired on April 17, 2022. The Draft Archives Rules require that, in relation to the overseas listing activities of domestic enterprises, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with the relevant

requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. Under the Draft Archives Rules, the "domestic enterprises" refer to the domestic joint stock limited companies listing overseas directly and the domestic operation entities of a non-PRC company listing overseas. According to the Draft Archives Rules, during the course of an overseas offering and listing, if a domestic enterprise needs to publicly disclose or provide to securities companies, accounting firms or other securities service providers and overseas regulators, any materials that contain relevant state secrets, government work secrets or that have a sensitive impact (i.e. be detrimental to national security or the public interest if divulged), the domestic enterprise should complete the relevant approval/filing and other regulatory procedures. However, there remain uncertainties regarding the further interpretation and implementation of the Draft Archives Rules. As of the Latest Practicable Date, the Draft Archives Rules has not been formally adopted.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATION SERVICES

Licenses for Value-added Telecommunications Services

The Telecommunications Regulations of the People's Republic of China (《中華人民共和國電信條例》) (the "**Telecommunications Regulations**"), promulgated by the State Council of the PRC (the "**State Council**") on September 25, 2000 and last amended on February 6, 2016, provides a regulatory framework for telecommunications services providers in the PRC. The Telecommunications Regulations requires telecommunications services providers to obtain an operating license prior to the commencement of their operations. The Telecommunications Regulations categorizes telecommunications services into basic telecommunications services and value-added telecommunications services. According to the Catalog of Telecommunications Services (《電信業務分類目錄》), attached to the Telecommunications Regulations, which was promulgated by the Ministry of Information Industry of the PRC (the "**MII**", which is the predecessor of the Ministry of Industry and Information Technology (the "**MIIT**") on February 21, 2003 and amended by the MIIT on December 28, 2015 and June 6, 2019, respectively, stipulates that information services provided via fixed network, mobile network and Internet fall within value-added telecommunications services.

On March 1, 2009, the MIIT issued the Administrative Measures for the Licensing of Telecommunications Business (《電信業務經營許可管理辦法》) (the "**Telecom Licensing Measures**"), which took effect on April 10, 2009 and was last amended on July 3, 2017. The Telecom Licensing Measures confirms that there are two types of telecom operating licenses for operators in China, namely, licenses for basic telecommunications services and licenses for value-added telecommunications services (the "**VATS License**"). The operation scope of the license will detail the permitted activities of the enterprise to which it was granted. An approved telecommunications services operator shall conduct its business in accordance with the specifications listed in its VATS License. In addition, the holder of a VATS License is required to obtain approval from the original issuing authority in respect of any change to its shareholders.

On September 25, 2000, the State Council promulgated the Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》) (the "**Internet Information Measures**"), which was amended on January 8, 2011. Under the Internet Information Measures, commercial Internet information services operators shall obtain a VATS License with the business scope of Internet information service (an "**ICP License**"), from the relevant government authorities before engaging in any commercial Internet information services operations. The provision of information services through mobile applications is subject to the PRC laws and regulations governing internet information services. In addition, on June 28, 2016, the State Internet Information Office

promulgated the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) (the "**Mobile Application Administrative Provisions**"), which was amended on June 14, 2022, to strengthen the regulation of the mobile application information services. Pursuant to the Mobile Application Administrative Provisions, an internet application program provider must verify a user's mobile phone number and other identity information under the principle of mandatory real name registration at the back-office end and voluntary real name display at the front-office end. An internet application program provider shall not compel users to agree to non-essential personal information collection out of any reason, and shall be prohibited from banning users from their basic functional services due to the users' refusal of providing non-essential personal information. Furthermore, on December 16, 2016, the MIIT promulgated the Interim Administrative Provisions on the Pre-Installation and Distribution of Mobile Smart Terminal Application Software (《移動智能終端應用軟件預置和分發管理暫行規定》) (the "**Mobile Application Interim Provisions**"), which took effect on July 1, 2017. The Mobile Application Interim Provisions requires, among others, that Internet information services providers must ensure that a mobile application, as well as its ancillary resource files, configuration files and user data can be uninstalled by a user on a convenient basis, unless it is a basic functional software, which refers to a software that supports the normal functioning of hardware and operating system of a mobile smart device.

The content of the Internet information is highly regulated in China and pursuant to the Internet Information Measures, the PRC government may shut down the websites of ICP License holders and revoke their ICP Licenses if they produce, reproduce, disseminate or broadcast Internet content that contains content that is prohibited by law or administrative regulations. Commercial Internet information services operators are also required to monitor their websites. They may not post or disseminate any content that falls within the prohibited categories, and must remove any such content from their websites, save the relevant records and make a report to the relevant governmental authorities.

Foreign Investment in Value-added Telecommunications Services

Foreign direct investment in telecommunications companies in China is governed by the Administrative Provisions on Foreign-Invested Telecommunications Enterprises (2016 Revision) (《外商投資電信企業管理規定》(2016年修訂)), which was promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016. The regulations require foreign-invested value-added telecommunications enterprises in China to be established as Sino-foreign equity joint ventures, which the foreign investors may acquire up to 50% of the equity interests of such enterprise. In addition, the main foreign investor who invests in a foreign-invested value-added telecommunications enterprises operating the value-added telecommunications business in China must demonstrate a good track record and experience in operating a value-added telecommunications business. Moreover, foreign investors that meet these requirements must obtain approvals from the MIIT and the MOFCOM, or their authorized local counterparts, for the commencement of that investor of value-added telecommunication business in China. On March 29, 2022, the Decision of the State Council on Revising and Repealing Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》), which took effect on May 1, 2022, was promulgated to amend certain provisions of regulations including the Administrative Provisions on Foreign-Invested Telecommunications Enterprises (2016 Revision). The requirement for major foreign investors of a foreign-invested telecommunications enterprise to demonstrate a good track record and experience in operating value-added telecommunications businesses was removed.

In July 2006, the MII released the Circular on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Services (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) (the "**MII Circular**"), pursuant to which, domestic telecommunications enterprises were prohibited to rent, transfer or sell a telecommunications business operation license to foreign investors in any form, or provide any resources, premises, facilities and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in China. In addition, under the MII Circular, the Internet domain names and registered trademarks used by a foreign-invested value-added telecommunication service operator shall be legally owned by that operator (including any shareholder thereof).

According to the 2021 Negative List, the foreign-invested shares of a value-added telecommunications services company shall not exceed 50% (except for e-commerce, domestic multiparty communications services, store and forward services and call center services). Article 6 of the Interpretation Note of the 2021 Negative List ("**Article 6**") provides that "where a domestic enterprise engaged in the business within the prohibited areas of the Negative List on Access to Foreign Investment seeks to issue and list its shares overseas, it shall complete the examination process and obtain approval of the relevant competent authorities of the State, and the foreign investor shall not participate in the operation and management of the enterprise, and its shareholding percentage shall be subject to the relevant provisions on the administration of domestic securities investment by foreign investors." On January 18, 2022, a press conference was held by the NDRC to further clarify the position of Article 6, during which the spokesman made it clear that Article 6 shall only be applicable to the situations where domestic enterprises were seeking a direct overseas issuance and listing (i.e. H-shares listing). Also, the principle of non-retroactivity of the law would be followed and a proper transitional period would be provided according to the press conference held by CSRC on December 24, 2021 regarding the implementation of the Draft Overseas Listing Administration Provisions and the Draft Overseas Listing Filing Measures. As such, our PRC Legal Advisers are of the view that Article 6 of the Interpretation Note of the 2021 Negative List only applies to a PRC domestic company's direct overseas offering and an overseas listing adopting VIE structure through contractual arrangements which constitutes an indirect overseas offering, such as the [REDACTED] of the Company, does not fall within the scope of Article 6 and therefore is not subject to such provision as of the Latest Practicable Date. As a result, the Company would not be prohibited from future fund raisings solely based on the Negative List as of the Latest Practicable Date.

REGULATIONS ON ONLINE GAMES PUBLISHING AND OPERATION

Regulatory Authorities

The Notice on Circulating the Interpretation of the State Commission Office for Public Sector Reform on Some of the Articles in the "Three Provisions" for the MOC, the State Administration of Radio, Film and Television (the "**SARFT**", subsequently known as the State Administration of Press, Publication, Radio, Film and Television, the "**SAPPRFT**" and currently known as the National Radio and Television Administration, the "**NRTA**") and the General Administration of Press and Publication (the "**GAPP**") concerning Animated Games, Online Games and Comprehensive Law Enforcement in the Culture Market (《關於印發〈中央編辦對文化部、廣電總局、新聞出版總署〈「三定」規定〉中有關動漫、網絡遊戲和文化市場綜合執法的部分條文的解釋〉的通知》), which was issued by the State Commission Office for Public Sector Reform (a division of the State Council) and became effective on September 7, 2009, provides that the GAPP (which is now part of the National Radio and Television Administration) will be responsible for the examination and approval of online games to be uploaded on the Internet.

The MCT at the national level closed the online filing system for online games since July 2018. In May 2019, the General Office of the MCT released the Notice on Adjusting the Scope of Examination and Approval regarding the Internet Cultural Operation License to Further Regulate the Approval Work (《關於調整〈網絡文化經營許可證〉審批範圍進一步規範審批工作的通知》, the "**Notice on Adjusting Examination and Approval Scope**"), which further specifies that the MCT no longer assumes the responsibility for the administration of online games industry. On July 10, 2019, the MCT issued the Decision of the Ministry of Culture and Tourism on revocation the Interim Measures for the Administration of Online Games and the Measures for Planning and Administration of Tourism Development (《文化和旅遊部關於廢止〈網絡遊戲管理暫行辦法〉和〈旅遊發展規劃管理辦法〉的決定》), which specifies that the Interim Administrative Measures for Online Games (《網絡遊戲管理暫行辦法》) (the "**Online Game Measures**") was abolished by the MCT on July 10, 2019. Based on the above, our PRC Legal Advisers have advised that (i) after the Notice on Adjusting Examination and Approval Scope was released, the MCT no longer assumes the supervision responsibility for the distribution and operation of online games; (ii) as of the Latest Practicable Date, no PRC laws and regulations have been officially promulgated regarding whether the responsibility of the MCT for supervising the online games will be undertaken by another governmental department, so it is still unclear as to whether such supervision responsibility will be transferred to another governmental department or whether such governmental department will require similar supervision requirement or new supervision requirements for the distribution and operation of online games. Accordingly, as advised by our PRC Legal Advisers, the Internet Culture Operation License (the "**ICO License**"), which used to be granted by MCT in the abolished regulation regime, was no longer required following a consultation with the Department of Culture and Tourism of Guangdong Province (廣東省文化和旅遊廳) which confirmed that it is not necessary for an enterprise to obtain the ICO License to conduct online game operation business. For the same reason, our collaborating partners, such as co-developers and third-party publishers, were no longer required to possess ICO License in order to cooperate with our Group. Further, during the Track Record Period, we did not receive any administrative sanctions in relation to the validity of our collaborating partners' ICO Licenses from the PRC government. However, we will closely monitor the latest regulatory developments on the requirements of the ICO License, if any, and strive to comply with any new applicable laws and regulations. As of the Latest Practicable Date, the latest ICO Licenses obtained by our Group in relation to Wangchen Technology and Moji Technology had expired on February 15, 2020 and October 10, 2019, respectively. As of the Latest Practicable Date, our Group is not required to and therefore does not intend to renew the expired ICO License or obtain new ICO License after the respective expiry for the purpose of operating our Group's mobile games.

Online Game Examination and Publishing

The Administrative Provisions on Online Publishing Services (《網絡出版服務管理規定》) (the "**Online Publishing Measures**") were jointly promulgated by the SAPPRFT (currently known as the NRTA) and the MIIT on February 4, 2016 and became effective on March 10, 2016. The Online Publishing Measures imposed a license requirement for "online publishing services", which refers to providing online publications to the public through information networks, and "online publications" refers to edited, produced or processed digital works that are provided to the public through information network, including, *inter alia*, games. The license requirement is that an entity shall, for the purpose of engaging in online publishing services, be approved by publishing authorities and obtain the Online Publishing Service License (網絡出版服務許可證). According to the Online Publishing Measures, before publishing an online game, an online publishing service provider shall file an application with the competent provincial counterpart of the SAPPRFT (currently known as

the NRTA) in the place where it is located and the application, if approved, shall be submitted to the SAPPRFT (currently known as the NRTA) for approval. An online game shall not be launched without the prior approval of the SAPPRFT (currently known as the NRTA).

The SAPPRFT (currently known as the NRTA) promulgated the Notice of the General Office of the SAPPRFT on the Administration of Mobile Games Publishing Services (《國家新聞出版廣電總局辦公廳關於移動遊戲出版服務管理的通知》) ("**Mobile Game Notice**"), on May 24, 2016 and became effective on July 1, 2016. According to the Mobile Game Notice, game publishing services providers shall be responsible for examining the contents of their games and applying for game publication numbers. Concerning those mobile games (including pre-installed mobile games) that have been published and operated online before the implementation of Mobile Game Notice, relevant approval procedures would have to be implemented by the game publishing service entities and enterprises in coordination with the provincial publication administrative departments before October 1, 2016 as required by Mobile Game Notice. Otherwise, these mobile games shall cease to be published or operated online. According to The Notice of the General Office of the SAPPRFT (currently known as the NRTA) on the Extension of "the notice on the management of the publishing service of mobile games" and the Notice of the Time Limit on the Work (《國家新聞出版廣電總局辦公廳關於順延〈關於移動遊戲出版服務管理的通知〉有關工作時限的通知》), issued by the General Office of the SAPPRFT on September 19, 2016, the deadline of the approval formalities was postponed to December 31, 2016.

In March 2018, the Central Committee of the Communist Party of China issued the Plan for Deepening the Institutional Reform of the Party and State (《深化黨和國家機構改革方案》) and the National People's Congress promulgated the Decision of the First Session of the Thirteenth National People's Congress on the State Council Institutional Reform Proposal (《第十三屆全國人民代表大會第一次會議關於國務院機構改革方案的決定》) (collectively, the "**Institutional Reform Plans**"). According to the Institutional Reform Plans, the SAPPRFT was reformed and then renamed as the NRTA under the State Council, and the responsibility of the SAPPRFT for the approval of online game registration and issuance of game publication numbers has been transferred to the National Press and Publication Administration (the "**NPPA**"), effective from March 2018. The NPPA at the national level temporarily suspended approval of game registration and issuance of publication numbers for online games since March 2018 and resumed to issue game publication numbers for new online games by batches periodically since December 2018. Subsequently, the game registration and issuance of game publication numbers temporarily suspended again in July 2021, and then resumed in April 2022. During the Track Record Period and up to the Latest Practicable Date, our Group has completed game registration with the relevant government authorities and obtained the game publication numbers for our launched games in the PRC. To the best knowledge of our PRC Legal Advisers and after a verbal consultation via phone inquiry with the NPPA conducted by our PRC Legal Advisers and the Sole Sponsor's PRC legal advisers through the official service hotline on November 8, 2022, as of the Latest Practicable Date, (i) they were not aware of any new regulations, rules or official notices on suspending or slowing down the approval process for new online games in the PRC; and (ii) applicants of online game approvals can continue to submit application materials according to the prevailing application process and requirements as published on the official website of NPPA. As advised by our PRC Legal Advisers, subject to complete documentation process, the relevant authorities' discretion and barring any unforeseen circumstances, there is no foreseeable material legal impediment to our Group to complete the game registration and obtain the game publication numbers for our new games in the pipeline, because (i) to the best knowledge of our PRC Legal Advisers, as of the Latest Practicable Date, there are currently no new regulations, rules or official notices on suspending or slowing down the approval process for new online games in the PRC; (ii) on November 8, 2022, our PRC Legal Advisers conducted a phone consultation with the

NPPA, which confirmed that applicants of online game approvals can continue to submit application materials according to the prevailing application process and requirements as published on the official website of NPPA; and (iii) the NPPA continues publishing the approval information of new online games regularly through its official website as of the Latest Practicable Date. As further advised by our PRC Legal Advisers, to the best of their knowledge, the approval process and procedures for the online game registration and issuance of game publication numbers by the relevant government authorities in the PRC are substantially the same, regardless of the game types of the Group (such as sports management simulation games and sports action simulation games). Based on (i) the view of the PRC Legal Advisers as stated above; (ii) during the Track Record Period and up to the Latest Practicable Date, the Group had not experienced any material difficulty in completing the game registration and obtaining the game publication numbers for the launched games in the PRC; and (iii) the approval of game registration and issuance of publication numbers for online games have been resumed since April 2022, the Directors are of the view that there would be no material adverse impact on our Group's new games in the pipeline, business operation and financial performance.

Online Game Operation

Pursuant to the Circular on Implementation of the Newly Revised Interim Measures on the Administration of Internet Culture (關於實施新修訂《互聯網文化管理暫行規定》的通知) issued by the MOC on March 18, 2011, the authorities shall temporarily suspend the acceptance of applications by foreign invested internet information services providers for operation of internet culture businesses (other than music). Pursuant to the Interim Measures on the Administration of Internet Culture (《互聯網文化管理暫行規定》) (the "**Internet Culture Measures**") issued by the MOC on May 10, 2003 and later revised on December 15, 2017, "internet culture products" are defined as including the online games specially produced for internet and games disseminated or distributed through internet, and provision of internet culture products and related services for commercial purpose is subject to the approval of the provincial counterparts of the MOC.

On July 10, 2019, the MCT issued the Decision of the Ministry of Culture and Tourism of the PRC on Abolishing the Interim Measures for the Administration of Online Games and the Measures for Planning and Administration of Tourism Development (《文化和旅遊部關於廢止〈網絡遊戲管理暫行辦法〉和〈旅遊發展規劃管理辦法〉的決定》), which specifies that the Online Game Measures was abolished by the MCT on July 10, 2019.

On May 14, 2019, the General Office of the Ministry of Culture and Tourism released the Notice on Adjusting the Examination and Approval Scope of Internet Culture Operation License and Further Standardizing the Examination and Approval Work (關於調整《網絡文化經營許可證》審批範圍進一步規範審批工作的通知) (the "**Notice of Adjusting Examination Scope**"), which quotes the Regulations on the Function Configuration, Internal Institutions and Staffing of the MCT (《文化和旅遊部職能配置、內設機構和人員編制規定》) and further specifies that the MCT shall no longer assume the responsibility for administering the industry of online games and shall no longer approve and issue the Internet Culture Operation Licenses within the business scope of "operating online games via the internet," "operating online games via the internet (including the issuance of virtual currencies used for online games)" and "conducting trade of virtual currencies used for online games via the internet." Since the abolishment of the Online Game Measures and as of the Latest Practicable Date, no new nor update on the relevant PRC law or regulation (including official guidelines) that comprehensively regulates the online game operation activities has been promulgated. Therefore, our PRC Legal Advisers are of the view that MCT will not continue to grant new approvals or issue new ICO Licenses within the business scope of "operating online games via the internet", "operating online games via the internet (including the issuance of virtual

currencies used for online games)" and "conducting trade of virtual currencies used for online games via the internet". However, it is still unclear as to whether the supervision responsibility of the MCT will be transferred to any another governmental department or whether such governmental department will impose similar or new supervision requirements for the operation of online games in the future.

Virtual Currency and Virtual Item

On February 15, 2007, the Notice on Further Strengthening the Management of Internet Cafes and Online Games (《關於進一步加強網吧及網絡遊戲管理工作的通知》) (the "**Online Games Notice**") was jointly issued by the MOC, the People's Bank of China and other governmental authorities with the goal of strengthening the administration of virtual currency in online games and to avoid any adverse impact on the PRC economy and financial system. The Online Games Notice provides that the People's Bank of China should impose strict limits on the total amount of virtual currency to be issued by online game operators and the amount to be purchased by individual game user (without further specifying the limit amount) and requires a clear delineation between virtual transactions and physical transactions carried out by way of electronic commerce. The Online Games Notice further provides that virtual currency must only be used to purchase virtual items and prohibits any resale of virtual currency.

On June 4, 2009, the MOC and MOFCOM jointly issued the Notice on Strengthening Administration on Online Game Virtual Currency (《關於加強網絡遊戲虛擬貨幣管理工作的通知》) (the "**Online Game Virtual Currency Notice**"). Virtual currency is broadly defined in the Online Game Virtual Currency Notice as a type of virtual exchange instrument issued by online game operators, purchased directly or indirectly by the game user by exchanging legal currency at a certain exchange rate, saved outside the game programs, stored in servers provided by the online game operators in electronic record format and represented by specific numeric units. According to this notice, online game virtual currency should only be used to exchange virtual services provided by the issuing enterprise for a designated extent and time, and is strictly prohibited from being used to purchase tangible products or any service or product of another enterprise.

According to the Notice on Regulating the Operations of Online Games and Strengthening Interim and Ex Post Regulation (《關於規範網絡遊戲運營加強事中事後監管工作的通知》) (the "**Interim and Ex Post Supervision Notice**") promulgated by the MOC on December 1, 2016 and effective from May 1, 2017, the virtual items, purchased by users directly with legal currency by using the virtual currencies of online games or by exchanging the virtual currencies of online games according to a certain percentage and enabling users to directly exchange for other virtual items or value-added service functions in online games, shall be regulated pursuant to the provisions on virtual currencies of online games. Online game operators shall not provide users with services to exchange virtual items into legal currency. Where it provides users with the option to exchange virtual currencies into physical items of minor value, the contents and value of such physical items shall be in compliance with relevant PRC laws and regulations. The Interim and Ex Post Supervision Notice was abolished by the MCT on August 19, 2019.

REGULATIONS ON ANTI-ADDICTION SYSTEM AND CONTROL OF MYOPIA

Protection of Minors and Anti-addiction

On April 15, 2007, eight PRC government authorities, including the GAPP, the Central Civilization Office, the Ministry of Education, the MPS, the MIIT, the Chinese Communist Youth League, the All-China Women Federation and the China Youth Concern Committee, jointly issued

the Notice Regarding the Implementation of Anti-addiction System on Online Games in Protecting the Physical and Mental Health of Minors (《關於保護未成年人身心健康實施網絡遊戲防沉迷系統的通知》) (the "**Anti-addiction Notice**"), which requires the implementation of an anti-addiction compliance system by all PRC online game operators in an effort to curb addiction to online games by minors. Under the anti-addiction compliance system, three hours or less of continuous playing by minors, defined as game users under 18 years of age, is considered to be "healthy", three to five hours is deemed "fatiguing", and five hours or more is deemed "unhealthy". Game operators are required to reduce the value of in-game benefits to a game user by half if it discovers that the amount of time a game user spends online has reached the "fatiguing" level, and to zero in the case of the "unhealthy" level. On January 15, 2011, the MOC (later superseded by the MOCT) and several other government authorities jointly issued the Notice on Implementation Program of Online Game Monitoring System of the Guardians of Minors (《關於印發〈「網絡遊戲未成年人家長監護工程」實施方案〉的通知》) (the "**Monitoring System Notice**", which requires online game operators to adopt certain measures to maintain an interactive system for the protection of minors.

To identify whether a game user is a minor and thus subject to the anti-addiction compliance system, a real-name registration system should be adopted to require online game users to register their real identity information before playing online games. Pursuant to Notice on Initiating the Real-name Authentication for Online Game Addiction Prevention (《關於啟動網絡遊戲防沉迷實名驗證工作的通知》) (the "**Real-name Authentication Notice**") issued by the relevant eight government authorities on July 1, 2011, online game (excluding mobile game) operators must submit the identity information of game users to the National Citizen Identity Information Center, a subordinate public institution of the MPS, for verification since October 1, 2011, in an effort to prevent minors from using an adult's ID to play online games. The most severe punishment contemplated by the Real-name Authentication Notice requires revocation of relevant licenses if it is found in violation of the Anti-addiction Notice and the Real-name Authentication Notice.

On July 25, 2014, SAPPRFT (currently known as the NRTA) issued the Notice on Deeply Carrying out the Real-name Authentication for Online Game Addiction Prevention (《關於深入開展網絡遊戲防沉迷實名驗證工作的通知》) and effected on October 1, 2014, which specifies that subject to the hardware, technology and other factors, the anti-addiction compliance system applies to all online games excluding mobile games temporarily.

On October 25, 2019, the NPPA issued the Notice on Preventing Minors from Addiction to Online Games (《國家新聞出版署關於防止未成年人沉迷網絡遊戲的通知》) which took effect from November 1, 2019. The Notice stipulates several requirements on the online game operation as follows: (i) the real-name registration system shall be implemented. All online game users shall register their game accounts with valid identity information. Online-game companies shall require existing users to complete real-name registration and shall not provide any game services for those users who have not completed real-name registration; (ii) the time slot and duration for playing online games by minors shall be strictly controlled. Game services shall not be provided to minors between 10:00 p.m. to 8:00 a.m. the next day and shall not exceed 3 hours per day during statutory holidays and 1.5 hours per day during other times; (iii) the provision of paid services to minors shall be regulated. The online game enterprises shall not provide paid services to minor users under 8 years old. For minor users between 8 and 16 years old, the top up amount shall not exceed RMB50 per time and the accumulative amount shall not exceed RMB200 per month; for those over 16 years old but below 18 years old, the top up amount shall not exceed RMB100 per time and the accumulative amount shall not exceed RMB400 per month; (iv) the regulation of the industry shall be enhanced. The requirements above shall be requisite for launching, publishing and operating online games. For online game companies which fail to fulfill the requirements of the Notice, local publishing administrative departments shall order them to take rectification measures within a

limited period of time; in serious cases, it shall be dealt with according to laws and regulations or even the relevant licenses of such online game companies shall be revoked; (v) the development and implementation of appropriate-age reminding system shall be explored. The game companies shall explore ways to remind their users of specific online games designed for users of different ages and display such reminders at prominent places on pages for download, registration and login. Online game companies shall analyze the cause of minor addiction, and alter the content and features of games or game rules resulting in such addiction.

On August 30, 2021, the NPPA issued the Notice on Further Strengthening Regulation to Effectively Prevent Online Gaming Addiction among Minors (《關於進一步嚴格管理切實防止未成年人沉迷網絡遊戲的通知》), which took effect on September 1, 2021. This Notice further strengthens the measures on providing online game services to minors in response to the growing concern over gaming addiction among minors. It sets out a series of requirements and restrictions regarding the operation of online games, including (i) all online game companies (including platforms providing online game services) can only provide one hour of online game services to minors between 20:00 to 21:00 on Fridays, weekends and statutory holidays, and are not allowed to provide online game services in any form to minors in any other time, (ii) the requirements for real-name registration and login of online game user accounts shall be strictly implemented, (iii) publishing authorities at all levels shall strengthen their supervision and inspection of online game companies in terms of, among other situations, the implementation of the time frame and duration of online game services, the real-name registration and login, and paid services compliance, and (iv) families, schools and other social parties shall be actively guided to create a good environment conducive to the healthy growth of minors, to perform the guardianship duty to minors, to strictly enforce on minors the rules on the time frame and duration of playing online games, etc.

On October 20, 2021, the Ministry of Education of the People's Republic of China, along with several other government authorities, issued the Notice on Further Strengthening the Management of Preventing Primary and Middle School Students from Addiction to Online Games (《關於進一步加強預防中小學生沉迷網路遊戲管理工作的通知》), which requires the relevant government authorities to: (1) ensure the NPPA's local counterparts to properly guide the online game operators to develop healthy and diversified games; (2) thoroughly implement the laws and regulations related to the anti-addiction, such as the Law on the Protection of Minors and the Notice on Further Strengthening Regulation to Effectively Prevent Online Gaming Addiction among Minors (《關於進一步嚴格管理切實防止未成年人沉迷網絡遊戲的通知》); (3) ensure local educational authorities, schools, and parents to provide primary and middle school students with the proper guidance to prevent addiction; and (4) ensure the local counterparts of NPPA, CAC, MIIT, MPS and SAMR to strengthen the regulation of online game operators.

The Law on the Protection of Minors (《未成年人保護法》), promulgated by Standing Committee of the National People's Congress on September 4, 1991, last amended on October 17, 2020 and became effective on June 1, 2021, provides the regulatory framework for protection of minors. Its last amendment provides that, amongst others, (i) departments of press and publication, education, health, culture and tourism, and cyberspace administration authorities shall supervise providers of network products and services to fulfill their obligations of preventing minors from becoming addicted to the network; (ii) providers of online games shall set up corresponding time management, authority management, consumption management and other functions for minors who use their services; (iii) online games may not be operated before being approved according to the law. Providers of online game services shall require minors to register and log into online games with their real identity information. Providers of online game services may not provide online game services for minors from 22:00 of each day to 8:00 of the next day. As of the Latest Practicable Date, no implementation rule of this amendment has been issued to enforce it.

On March 14, 2022, the CAC published the revised Regulations on the Online Protection of Minors (Draft for Comments) (《未成年人網絡保護條例(徵求意見稿)》) (the "**Minor Protection Draft**"), which was open for public consultations. The Minor Protection Draft sets out in details the responsibilities of the online platforms, online product or service providers, personal information processors, and manufacturers and sellers of smart terminal products.

Specifically, in addition to the requirements promulgated in the previous regulations such as the anti-addiction system and real-name authentication procedures, the Minor Protection Draft further stipulates that the online product or service providers shall comply with the following requirements: (1) establish a comprehensive anti-addiction policy, and promptly amend content, function or rules that may lead to minors' addiction; (2) prevent and discourage unhealthy values such as with excessive focus on viewership; (3) continue to enforce the spending limits; (4) periodically release updates on anti-addiction compliance; (5) implement game rules that are designed to prevent minors from addicting to online games; (6) implement appropriate-age reminding system, categorize games, clarify the applicable age group for the game, and label conspicuous warnings on the downloading page, user registration and login page.

If an entity fails to comply with the abovementioned requirements, the competent authorities can order it to make corrections, issue a warning, and confiscate its illegal gains, as well as impose monetary fines between RMB100,000 to RMB1,000,000 if the illegal gains are below RMB1,000,000 or if there are no illegal gains, and monetary fines between one and 10 times the illegal gains if the illegal gains are over RMB1,000,000. If it refuses to make corrections or the circumstances are serious, it may be ordered to suspend its relevant business, cease its business for rectification, close its website, or revoke its business license or its relevant permits. The responsible managerial personnel and other directly liable persons of the entity could be imposed monetary fines between RMB10,000 to RMB100,000. If an entity's business license or relevant permits are revoked, such revoked licenses and permits cannot be reapplied within five years and the responsible managerial personnel and other directly liable persons could be banned from engaging in the business of similar online products or services for five years. However, there remain uncertainties regarding the further interpretation and implementation of the Minor Protection Draft. As of the Latest Practicable Date, the Minor Protection Draft has not been formally adopted.

Control of Myopia

On August 30, 2018, eight PRC regulatory authorities at national government level released the Implementation Program on Comprehensive Prevention and Control of Adolescent Myopia (《綜合防控兒童青少年近視實施方案》) (the "**Implementation Program**"). As a part of the plan to prevent myopia among children, the Implementation Program plans to regulate the number of new online games and restrict the amount of time that children spend on playing electronic devices. As of the Latest Practicable Date, no implementation rule has been issued to enforce the Implementation Program.

REGULATIONS RELATING TO INFORMATION SECURITY AND CENSORSHIP

Internet content in China is regulated and restricted from a state security standpoint. The Standing Committee of the National People' s Congress (the "**NPC Standing Committee**") enacted the Decision on Internet Security Protection (《關於維護互聯網安全的決定》) on December 28, 2000, which was amended on August 27, 2009, that may subject persons to criminal liabilities in China for any attempt to: (i) gain improper entry to a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information or (v) infringe upon intellectual property rights. In 1997, the MPS issued the

Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》), which were amended by the State Council on January 8, 2011 and prohibit using the Internet in ways which, among others, result in a leakage of state secrets or a spread of socially destabilizing content. The MPS has supervision and inspection powers in this regard, and relevant local security bureaus may also have jurisdiction.

On November 7, 2016, the NPC Standing Committee promulgated the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), which became effective on June 1, 2017, pursuant to which, network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties, and network operators of key information infrastructure shall store within the territory of the PRC all the personal information and important data collected and produced within the territory of PRC. Their purchase of network products and services that may affect national security shall be subject to national cyber security review.

On April 13, 2020, the CAC and 11 other government authorities jointly promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Measures for Cybersecurity Review 2020**"), effective from June 1, 2020, which provides that critical information infrastructure operators purchasing network products and services, which affects or may affect national security, shall apply for cybersecurity review to the cyberspace administrations in accordance with the provisions thereunder. On December 28, 2021, the CAC and 12 other government authorities published a new version of the Measures for Cybersecurity Review (the "**Measures for Cybersecurity Review 2022**"), which came into effect on February 15, 2022. The Measures for Cybersecurity Review 2022 provides that the relevant operators shall apply with the Cybersecurity Review Office of CAC for a cybersecurity review under the following circumstances: (i) internet platform operators holding over one million individuals' personal information aiming for foreign listing, (ii) operators of "critical information infrastructure" that intend to purchase internet products and services that will or may affect national security, or (iii) internet platform operators carrying out data processing that affect or may affect national security.

On March 13, 2019, the Office of the Central Cyberspace Affairs Commission (the "**OCCAC**") and the SAMR jointly issued the Notice on App Security Certification (《關於開展App 安全認證工作的公告》) and the Implementation Rules on Security Certification of Mobile Internet Application (《移動互聯網應用程序(App)安全認證實施規則》), 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 22, 2007, The Administrative Regulations for the Classified Protection of Information Security (《信息安全等級保護管理辦法》) was promulgated, according to which websites should determine the protection classification of their information systems pursuant to a classification guideline and file their classification with the Ministry of Public Security or its bureaus at or above the municipal level with subordinate districts.

REGULATIONS RELATING TO PRIVACY PROTECTION

On December 13, 2005, the MPS issued the Provisions on the Technical Measures for the Protection of the Security of the Internet (《互聯網安全保護技術措施規定》) (the "**Internet Protection Measures**") which took effect on March 1, 2006. The Internet Protection Measures requires Internet service providers to take proper measures including anti-virus, data back-up and other related measures, and to keep records of certain information about their users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, and detect illegal information, stop transmission of such information, and keep relevant records. Internet services providers are prohibited from unauthorized disclosure of users' information to any third parties unless such disclosure is required by the laws and regulations. They are further required to establish management systems and take technological measures to safeguard the freedom and secrecy of the users' correspondences.

In December 2012, the NPC Standing Committee promulgated the Decision on Strengthening Information Protection on Networks (《關於加強網絡信息保護的決定》) to enhance the legal protection of information security and privacy on the Internet. In July 2013, the MIIT promulgated the Regulations on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》), which took effect on September 1, 2013, to regulate the collection and use of users' personal information in the provision of telecommunication services and Internet information services in China and the personal information includes a user's name, birth date, identification card number, address, phone number, account name, password and other information that can be used for identifying a user. Telecommunication business operators and Internet service providers are required to constitute their own rules for the collection and use of users' information and they cannot collect or use of user's information without users' consent. Telecommunication business operators and Internet service providers must specify the purposes, manners and scopes of information collection and uses, obtain consent of the relevant citizens, and keep the collected personal information confidential. Telecommunication business operators and Internet service providers are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. Telecommunication business operators and Internet service providers are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss.

On December 29, 2011, the MIIT promulgated the Several Provisions on Regulation of the Order of Internet Information Service Market (《規範互聯網信息服務市場秩序若干規定》), which became effective on March 15, 2012. The Provisions stipulates that without the consent of users, Internet information service providers shall not collect information relevant to the users that can lead to the recognition of the identity of the users independently or in combination with other information (hereinafter referred to as "**personal information of users**"), nor shall they provide personal information of users to others, unless otherwise provided by laws and administrative regulations. The Provisions also requires that Internet information service providers shall properly keep the personal information of users; if the preserved personal information of users is divulged or may possibly be divulged, Internet information service providers shall immediately take remedial measures; where such incident causes or may cause serious consequences, they shall immediately report the same to the telecommunications administration authorities that grant them with the Internet information service license or filing and cooperate in the investigation and disposal carried out by relevant departments. Failure to comply with such requirements may result in a fine between RMB10,000 and RMB30,000 and an announcement to the public.

On October 31, 2019, the MITT issued the Notice on the Special Rectification of Apps Infringing Users' Rights and Interests (《工業和信息化部關於開展APP侵害用戶權益專項整治工作的通知》), pursuant to which app providers were required to promptly rectify issues the MITT designated as infringing app users' rights such as collecting personal information in violation of PRC regulations and setting obstacles for user account deactivation.

The CAC, the MIIT, the MPS and the SAMR jointly promulgated the Provisions on the Scope of Essential Personal Information for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》) with effective date from May 1, 2021, which clarifies the scope of Essential Personal Information for Common Types of Applications. In relation to online game applications, the basic function and service is "provision of online game products and services", for which the necessary personal information is mobile phone number of registered users. In addition, internet application operators shall not refuse users from using the basic functions of the internet application on the ground that users do not agree to the collection of unnecessary personal information. On August 29, 2015, the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》) issued by the SCNPC, which became effective on November 1, 2015, provides that any internet service provider that fails to comply with the obligations related to internet information security administration as required by the applicable laws and refuses to rectify upon order shall be subject to criminal penalty for (i) any large-scale dissemination of illegal information; (ii) any serious consequences due to the leakage of user information; (iii) any serious loss of criminal evidence; or (iv) other severe circumstances. Furthermore, any individual or entity that (i) sells or distributes personal information in a manner which violates relevant regulations, or (ii) steals or illegally obtains any personal information is subject to criminal penalty in serious circumstances. On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) (the "**Personal Information Interpretations**"), effective from June 1, 2017. The Personal Information Interpretations clarify several concepts regarding the criminal offence of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including "citizen's personal information", "provision", and "unlawful acquisition". Also, the Personal Information Interpretations specify the standard for determining "serious circumstances" and "particularly serious circumstances" regarding the crime. On January 23, 2019, the OCCAC, the MIIT and the MPS, and the SAMR jointly issued the Notice on Special Governance of Illegal Collection and Use of Personal Information via Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》), which restates the requirement of legal collection and use of personal information, encourages app operators to conduct security certifications and encourages search engines and app stores to clearly mark and recommend those certified apps. On August 22, 2019, the CAC issued the Regulation on Cyber Protection of Children's Personal Information (《兒童個人信息網絡保護規定》), effective on October 1, 2019. No organization or individual is allowed to produce, release or disseminate information that infringes upon the personal information security of children under 14. Network operators are required to establish specific policies and user agreements to protect children's personal information, and to appoint special personnel in charge of protecting children's personal information. Network operators who collect, use, transfer or disclose personal information of children are required to, in a noticeable and clear way, notify and obtain consent from children's guardians. On November 28, 2019, the CAC, MIIT, the MPS and 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》), which lists six types of illegal collection and usage of personal information, including "failure to publish rules on the collection and usage of personal information", "failure to

expressly state the purpose, manner and scope of the collection and usage of personal information", "collecting and using personal information without obtaining consents from users", "collecting personal information irrelevant to the services provided", "providing personal information to other parties without obtaining consent" and "failure to provide the function of deleting or correcting personal information as required by law or failure to publish the methods for complaints and reports or other information." On May 28, 2020, the National People's Congress of the PRC approved the PRC Civil Code (《中華人民共和國民法典》), which took effect on January 1, 2021. Pursuant to the PRC Civil Code, the collection, storage, use, process, transmission, provision and disclosure of personal information shall follow the principles of legitimacy, properness and necessity. On August 20, 2021, the Standing Committee of the National People's Congress issued the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"), which became effective on November 1, 2021, and sets forth detailed rules on handling personal information and legal responsibilities, including but not limited to the scope of personal information and the ways of processing personal information, the establishment of rules for processing personal information, and the individual's rights and the processor's obligations in the processing of personal information. The Personal Information Protection Law also strengthens the punishment for those who illegally process personal information. According to the Law of the PRC on the Protection of Minors (2020 Revision) (《中華人民共和國未成年人保護法(2020修訂)》), which became effective on June 1, 2021, information processors must follow the principles of legality, legitimacy and necessity when processing personal information of minors via internet, and must obtain consent from minors' parents or other guardians when processing personal information of minors under age of 14. In addition, internet service providers must promptly alert upon the discovery of publishing private information by minors via the internet and take necessary protective measures. On June 10, 2021, the Standing Committee of the National People's Congress issued the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) (the "**Data Security Law**"), which took effect on September 1, 2021. The Data Security Law clarifies the scope of data to cover a wide range of information records generated from all aspects of production, operation and management of government affairs and enterprises in the process of the gradual transformation of digitalization, and requires that data collection shall be conducted in a legitimate and proper manner, and theft or illegal collection of data is not permitted. Data processors shall establish and improve the whole-process data security management rules, organize and implement data security trainings as well as take appropriate technical measures and other necessary measures to protect data security. In addition, data processing activities shall be conducted on the basis of the graded protection system for cybersecurity. Monitoring of the data processing activities shall be strengthened, and remedial measures shall be taken immediately in case of discovery of risks regarding data security related defects or bugs. In case of data security incidents, responding measures shall be taken immediately, and disclosure to users and report to the competent authorities shall be made in a timely manner. In addition, pursuant to the Standard of Information Security Technology — Personal Information Security Specification (2020 edition) (《信息安全技術個人信息安全規範》(2020年版)), which took effect in October 2020, any entity or person who has the authority or right to determine the purposes for and methods of using or processing personal information are seen as a personal data controller. Such personal data controller is required to collect information in accordance with the applicable laws, and prior to collecting such data, the information provider's consent is required. On July 7, 2022, the CAC has promulgated the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which takes effect on September 1, 2022, and requires that any data processor providing important data collected and generated during operations within the territory of the PRC or personal information that should be subject to security assessment according to the relevant law to an overseas recipient shall conduct security assessment. The Measures for the Security Assessment of Cross-border Data Transfer provides four circumstances, under any of which data processors shall, through the local cyberspace

administration at the provincial level, apply to the national cyberspace administration for security assessment of cross-border data transfer. These circumstances include: (i) where the important data are transferred to an overseas recipient; (ii) where the personal information is transferred to an overseas recipient by an operator of critical information infrastructure or a data processor that has processed personal information of more than one million people; (iii) where a data processor provides personal information to an overseas recipient if such data processor has already provided overseas the personal information of 100,000 people or sensitive personal information of 10,000 people since January 1 of the preceding year; or (iv) other circumstances under which security assessment of outbound data transfer is required as prescribed by the national cyberspace administration.

On November 14, 2021, the CAC published the Administrative Regulations on Internet Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Regulations on Internet Data Security**") for public comments. The Draft Regulations on Internet Data Security covers a wide range of internet data security issues, including the supervision and management of data security in the PRC, and applies to situations using networks to carry out data processing activities. The Draft Regulations on Internet Data Security sets out general guidelines covering subjects including protection of personal information, security of important data, security management of cross-border data transmission, obligations of internet platform operators, supervision and management, and legal liabilities of internet data security. In particular, the Draft Regulations on Internet Data Security requires a data processor to apply to the CAC for cybersecurity review if its listing in Hong Kong affects or may affect national security. The Draft Regulations on Internet Data Security was released for public comment only, and the provisions and the anticipated adoption or effective date may be subject to change with substantial uncertainty.

On September 30, 2021, and again on February 10, 2022, the MIIT issued the Measures for Data Security Administration in the Industry and Information Technology Field (Trial Implementation) (Draft for Comments) (《工業和信息化領域數據安全管理辦法(試行)(徵求意見稿)》) for public comments. In accordance with the draft measures, the industrial and telecommunication data processors shall classify data firstly based on the data's category and then based on its security level on a regular basis, and also classify and identify data based on the industry requirements, business needs, data sources and purposes and other factors, and to make a data classification list. In addition, the industrial and telecommunication data processors shall establish and improve a sound data classification management system, take measures to protect data based on the levels, carry out key protection of critical data, implement stricter management and protection of core data on the basis of critical data protection, and implement the protection with the highest level of requirement if different levels of data are processed at the same time. The draft measures also impose certain obligations on industrial and telecommunication data processors in relation to, among others, implementation of data security work system, administration of key management, data collection, data storage, data usage, data transmission, provision of data, disclosure of data, data destruction, safety audit and emergency plans, etc. As of the Latest Practicable Date, the draft measures have not been formally adopted.

REGULATION RELATING TO FOREIGN EXCHANGE

Under the Foreign Currency Administration Rules of the PRC (《中華人民共和國外匯管理條例》) which was promulgated on January 29, 1996 and last amended on August 5, 2008 and various regulations issued by the SAFE and other relevant PRC government authorities, RMB 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 RMB 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 and loans, requires the prior approval from the SAFE or its local office. Foreign exchange income under the current accounts may be retained or sold to a financial institution engaging in settlement and sale business of foreign exchange pursuant to relevant rules and regulations of the PRC. For foreign exchange income under the capital accounts, approval from the relevant foreign exchange administrative authority is required for its retention or sale to a financial institution engaging in settlement and sale business of foreign exchange, except where such approval is not required under the relevant rules and regulations of the PRC.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents

On July 4, 2014, SAFE issued the Circular concerning Foreign Exchange Administration of Overseas Investment and Financing and Round-trip Investment Conducted by Domestic Residents through Overseas Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**Circular 37**"). Under the Circular 37, domestic residents in the PRC are required to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such domestic residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in Circular 37 as a "special purpose vehicle". Circular 37 further requires that in the event the change of basic information of the registered offshore special purpose vehicle 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 formality for offshore investment. At the same time, the SAFE has issued the Operation Guidance for the Issues concerning Foreign Exchange Administration over Round-trip Investment (《返程投資外匯管理所涉業務操作指引》) (the "**Operating Guidance**") with respect to the procedures for SAFE registration under the Circular 37, which became effective on July 4, 2014 as an attachment to Circular 37. According to the Operating Guidance, a domestic individual resident is only required to register for the first level of special purpose vehicle he/she directly owned or controlled.

On February 13, 2015, SAFE promulgated the Circular of SAFE on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) effective from June 1, 2015 and was amended on December 30, 2019, which cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment. In addition, it simplifies the procedure of registration of foreign exchange and investors shall register with banks to have the registration of foreign exchange under the condition of direct domestic investment and direct overseas investment. However, remedial registration applications made by PRC residents that previously failed to comply with the Circular 37 continue to fall under the jurisdiction of the relevant local branch of SAFE. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the special purpose vehicle may be prohibited from distributing profits to the PRC shareholder and from carrying out subsequent cross-border foreign exchange activities. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

On March 30, 2015, the SAFE promulgated the Circular on Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular 19**"), which came into effect from June 1, 2015. According to the SAFE Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretional Foreign Exchange Settlement (the "**Discretional Foreign Exchange Settlement**"). The Discretional Foreign Exchange Settlement refers

to the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution has been confirmed by the local branch of the SAFE (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise. Furthermore, the SAFE Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises.

On June 9, 2016, the SAFE promulgated the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"), which came into effect on the same day. Pursuant to the SAFE Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on self-discretionary basis. The SAFE Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on self-discretionary basis which applies to all enterprises registered in the PRC. The SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws.

On October 23, 2019, SAFE issued the Circular on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (the "**SAFE Circular 28**"), which came into effect on the same day. The SAFE Circular 28 allows all foreign-invested enterprises to make equity investment in the PRC using their capital, subject to compliance with the then effective Negative List.

REGULATIONS RELATED TO TAX

Enterprise Income Tax

On March 16, 2007, the National People's Congress promulgated the Law of the PRC on Enterprise Income Tax (《中華人民共和國企業所得稅法》) which was amended on February 24, 2017 and December 29, 2018 respectively. On December 6, 2007, the State Council enacted the Implementing Regulations of the Law of the PRC on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) which came into effect on January 1, 2008 and was amended on April 23, 2019 (collectively, the "**EIT Law**"). According to the EIT Law, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China 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 Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is usually 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.

Circular on Issues Concerning the Identification of Chinese-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the Actual Standards of Organizational Management (《國家税務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關

問題的通知》) promulgated by SAT on April 22, 2009 and last amended on December 29, 2017 and Announcement on Issues concerning the Determination of Resident Enterprises Based on the Standards of Actual Management Institutions (《關於依據實際管理機構標準實施居民企業認定有關問題的公告》) promulgated by the SAT on January 29, 2014 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.

The EIT Law and the implementation rules provide that an income tax rate of 10% will normally be applicable to dividends payable to investors that are "non-resident enterprises," and gains derived by such investors, which (a) do not have an establishment or place of business in the PRC or (b) have an establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within the PRC. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and other jurisdictions. Pursuant to the Agreement between the Mainland of the PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Double Tax Avoidance Arrangement**") and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% if the resident enterprise holds at least 25% of the equity interest in the PRC resident enterprise. However, based on the Circular of the SAT on Relevant Issues concerning the Implementation of Dividend Clauses in Tax Treaties (《國家税務總局關於執行税收協定股息條款有關問題的通知》) issued on February 20, 2009, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment.

According to the EIT Law, the EIT tax rate of a high and new technology enterprise is 15%. Pursuant to the Administrative Measures for Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》), effected on January 1, 2008 and amended on January 29, 2016, the certificate of a high and new technology enterprise is valid for three years. An enterprise shall, after being accredited as a high-tech enterprise, fill out and submit the statements on annual conditions concerning the intellectual property rights, scientific and technical personnel, expenses on research and development and operating income for the previous year on the "website for the administration of accreditation of high-tech enterprises". Besides, when any high-tech enterprise has changed its name or has undergone any major change concerning the accreditation conditions (such as a division, merger, reorganization or change of business), it shall report the change to the accreditation institution within three months upon occurrence of the change. If the high-tech enterprise is qualified upon review by the accreditation institution, it continues to have the qualification as a high-tech enterprise, and in case of change in the name, a new accreditation certificate will be issued with the number and term of validity remaining the same as the previous certificate; otherwise, the qualification as a high-tech enterprise shall be canceled as of the year of change in the name or any other condition.

Value-added Tax and Business Tax

According to the Interim Value-Added Tax Regulations of the PRC (《中華人民共和國增值税暫行條例》) (the "**VAT Regulations**"), which was promulgated by the State Council on December 13, 1993 and was amended in November 2008, February 2016 and November 2017, and the

Implementing Rules for the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例實施細則》), which was first promulgated by the MOF on December 25, 1993 and was amended by the MOF and the SAT on December 15, 2008 and subsequently amended on October 28, 2011, all taxpayers selling goods, providing processing, repairing or replacement services or importing goods within the PRC shall pay value-added tax.

Pursuant to the Interim Regulations of the PRC on Business Tax (《中華人民共和國營業税暫行條例》) (the "**Business Tax Regulations**"), which became effective on January 1, 1994 and were subsequently amended on November 10, 2008 and abolished on November 19, 2017, and its implementation rules, all institutions and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC shall pay business tax. The scope of services which constitute taxable services and the rates of business tax are prescribed in the Taxable Items and Tax Rates Form for Business Tax (《營業税税目税率表》) attached to the regulation. On November 16, 2011, the MOF and the SAT have implemented the Pilot Proposals for the Collection of Value-Added Tax in Lieu of Business Tax (《營業税改徵增值税試點方案》), which imposes VAT in lieu of business tax for certain "modern service industries" in certain regions and eventually expanded to nation-wide application in 2013. According to the implementation circulars released by the MOF and the SAT on the VAT Pilot Program, the "modern service industries" include research, development and technology services, information technology services, cultural innovation services, logistics support, and lease of corporeal properties, attestation and consulting services. According to the Notice of the MOF and the SAT on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (《財政部、國家税務總局關於全面推開營業税改徵增值税試點的通知》) which became effective on May 1, 2016, entities and individuals engaging in the sale of services, intangible assets or fixed assets within the territory of the PRC are required to pay value-added tax instead of business tax. The State Council amended the VAT Regulations and abolished the Business Tax Regulations concurrently on November 19, 2017.

REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

The principal regulations governing distribution of dividends of foreign holding companies include the Company Law of the PRC (《中華人民共和國公司法》) and other relevant laws and regulations, foreign investment enterprises in the PRC may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, wholly-foreign-owned enterprises in the PRC, like WFOE, are required to allocate at least 10% of their respective accumulated profits after tax each year, if any, to fund certain reserve funds unless these accumulated reserves have reached 50% of the registered capital of the enterprises. These reserves are not distributable as cash dividends.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

The Copyright Law

China has enacted various laws and regulations relating to the protection of copyright. China 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 PRC (Revised in 2020) (《中華人民共和國著作權法》(2020年修訂)) (the "**Copyright Law**") 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.

In order to further implement the Copyright Law of the PRC, the Regulations of the PRC for the Implementation of Copyright Law (《中華人民共和國著作權法實施條例》) was promulgated by the State Council on September 15, 2002 and last amended on January 30, 2013.

Under the Regulations on the Protection of Rights to Information Network Communication (《信息網絡傳播權保護條例》) 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:

(i) 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 (a) it has not chosen or altered the transmitted works, performance and audio/visual products and (b) 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;

(ii) 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 (a) it has not altered any of the works, performances or audio/visual products that are automatically stored; (b) 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 (c) 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;

(iii) 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 (a) it clearly indicates that the information memory space is provided to the users and publicizes its own name, contact person and web address; (b) it has not altered the works, performances and audio/visual products that are provided by the users; (c) 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; (d) it has not directly derived any economic benefit from the providing of the works,

performances and audio/visual products by its users; and (e) after receiving a notice from the copyright holder, it promptly deletes the allegedly infringing works, performances and audio/visual products pursuant to the regulation;

(iv) 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 (《互聯網著作權行政保護辦法》), that were promulgated by the MII and National Copyright Administration (the "**NCA**") and took effect on May 30, 2005, provides 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 6 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 3 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 Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) (the "**Software Copyright Measures**"), promulgated by the NCA on February 20, 2002, regulates registrations of software copyright, exclusive licensing contracts for software copyright and transfer contracts. The NCA shall be the competent authority for the nationwide administration of software copyright registration, and the Copyright Protection Centre 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 Measures and the Regulations on Computer Software Protection (Revised in 2013) (《計算機軟件保護條例》(2013年修訂)).

Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law to Trial of Civil Dispute Cases of Infringement of Information Network Transmission Right (《最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定》) provides 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 Trademark Law

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) which was promulgated on August 23, 1982 and subsequently amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019, respectively as well as the Implementing Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) adopted by the State Council on August 3, 2002 and subsequently amended on April 29, 2014. In China, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks.

The Trademark Office of National Intellectual Property Administration handles trademark registrations 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.

Domain Names

Internet domain name registration and related matters are primarily regulated by the Administrative Measures for the Internet Domain Names of the PRC (《中國互聯網絡域名管理辦法》), issued by MII on August 1, 2002 and amended on November 5, 2004 which was replaced by the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) issued by MIIT on August 24, 2017 and effective as of November 1, 2017, and the CNNIC Implementing Rules of Domain Name Registration (《中國互聯網絡信息中心域名註冊實施細則》) issued by China Internet Network Information Center on May 28, 2012, which became effective on May 29, 2012 and was replaced by the Announcement on Promulgation and Implementation of a Series of Provisions of the Implementing Rules for the Registration of National Top-level Domain Names (《關於發佈並實施〈國家頂級域名注冊實施細則〉系列規定的公告》), which was issued on June 18, 2019. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

In November 2017, the 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 (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), 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.

The Patent Law

According to the Patent Law of the PRC (Revised in 2008) (《中華人民共和國專利法》(2008年修訂)) promulgated by the NPC Standing Committee, and its Implementation Rules (Revised in 2010) (《中華人民共和國專利法實施細則》(2010年修訂)) promulgated by the State Council, the China National Intellectual Property Administration is responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law of the PRC and its implementation rules provide for three types of patents, "invention", "utility model" and "design". Invention patents are valid for twenty years, while design patents and

utility model patents are valid for ten years, from the date of application. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, an invention or utility model must meet three criteria: novelty, inventiveness and practicability. A third-party player must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights. The Patent Law of the PRC was recently amended on October 17, 2020 and the revised version took effect from June 1, 2021.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WARFARE

The Labor Contract Law

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (the "**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 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 national 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. In addition, according to the Labor Contract Law: (i) employers must pay laborers double income in circumstances where within one year an employer fails to enter into an employment contract that is more than a month but less than a year from the date of employment and if such period exceeds one year, the parties are deemed to have entered into a labor contract with an "unfixed term"; (ii) employees who fulfill certain criteria, including having worked for the same employer for ten years or more, may demand that the employer execute a labor contract with them with an unfixed term; (iii) employees must adhere to regulations in the labor contracts concerning commercial confidentiality and non-competition; (iv) an upper limit not exceeding the cost of training supplied to the employee has been set as the amount of compensation an employer may seek for an employee's breach of the provisions concerning term of services in the labor contract; (v) employees may terminate their employment contracts with their employers if their employers fail to make social insurance contributions in accordance with the law; (vi) if an employer pays for an employee professional training, the labor contract may specify a term of service. When the employee breaches term of service, the amount of compensation may not exceed the training expenses; (vii) employers who demand money or property from employees as guarantee or otherwise may be subject to a fine of more than RMB500 but less than RMB2,000 per employee; and (viii) employers who intentionally deprive employees of any part of their salary must, in addition to their full salary, pay such employees compensation ranging from 50% to 100% of the amount of salary so deprived if they fail to pay the salary deprived within ascertain period by the labor administration authorities.

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated on July 5, 1994 and effective on January 1, 1995 and amended on August 27, 2009 and 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.

Social Insurance and Housing Fund

As required under the Regulations on Work-Related Injury Insurance (《工傷保險條例》) implemented on January 1, 2004 and amended in 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on December 14, 1998, the Regulations on Unemployment Insurance (《失業保險條例》) promulgated on January 22, 1999 and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) implemented on July 1, 2011 and amended on December 29, 2018, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit.

In accordance with the Administrative Regulations on the Housing Provident Fund (《住房公積金管理條例》) which was promulgated by the State Council in 1999 and amended on March 24, 2002 and March 24, 2019, respectively, 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 RELATING TO M&A AND OVERSEAS LISTING

M&A Rules

On August 8, 2006, six PRC governmental and regulatory agencies, including the MOFCOM and the CSRC, promulgated the Rules on Merger and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**"), a regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and was revised by the MOFCOM on June 22, 2009. Foreign investors should comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC, purchase the assets of a domestic company and operate the asset; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets, and operate the assets. The M&A Rules, among other things, purports to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

SOUTH KOREAN LAWS AND REGULATIONS

Under the Game Industry Promotion Act (the "**Game Act**"), "Game Products" are defined as certain video products produced for the purposes of gaming, leisure, or enhancing learning or physical exercise by using a data processing technology such as a computer program or mechanical machines, or other types of devices mainly manufactured to present such video products. Online

games are considered as "Game Products" for the purpose of the Game Act, and thus are subject to the legal requirements under the Game Act. The major legal requirements under the Game Act are as follows:

(1) Pursuant to the Game Act, in order to conduct online game distribution business in South Korea, registration of game distribution business with local government is required.

(2) The Game Act requires anyone who produces, distributes or services the Game Products to obtain in advance a rating classification for each Game Product from the Game Rating and Administration Committee, or the GRAC, except for certain Game Products distributed solely for the educational, religious or public interest purposes or produced solely for the purposes of exhibitions or gaming contests as recommended by competent governmental authorities. Currently, the rating classifications for the Game Products comprise those permitted for all ages, 12 years or older, 15 years of older, or adults only.

Furthermore, pursuant to the Game Act, the distributors or service providers of the Game Products are required to specifically indicate the name of the producers and the relevant rating classifications, as well as the contents information, granted by the GRAC together with a rating classification in descriptors of sexuality, violence, fear/horror/threatening, language, alcohol/tobacco/drug, crime/anti-society or gambling.

However, in case that a company distributes its online games to users in South Korea through entering into distribution agreements with third party distributors, and such company is not directly involved in the distribution process, the aforementioned registration of game publishing business with local government will not be required so long as such games are proper for playing by the minors (i.e., not for adults only).

VIETNAMESE LAWS AND REGULATIONS

Under Decree No. 72/2013/ND-CP, as amended, issued on July 15, 2013 and effective on September 1, 2013 regarding the management, provision and use of Internet services and online information, a foreign entity is not allowed to directly publish and provide online game services in Vietnam. Providing game online services is providing users with the ability to access and play the games online. Vietnam does not commit to provide market access for cross-border online game services without involving companies incorporated under the Vietnamese laws. Only companies incorporated under the Vietnamese laws are entitled to publish and provide the online games for users in Vietnam. Before advertising, introducing and publishing online games (including the subsequent version updates or upgrade of the games) in Vietnam, a local company must meet certain regulatory requirements such as obtaining an online game publishing license or approval from the local authorities of Vietnam. Requirements may vary subject to classification of the online games.

In particular, G1 is a classification of online games having interaction among multiple players on the game server of the eligible company. G2, G3 and G4 are classifications of online games which do not have the said interaction under G1 but include (i) only interaction with the game server, (ii) interaction among players without involving game server or (iii) only offline game which is downloaded from online.

For G1 online games, the relevant company must first obtain a G1 license. Then, the G1 licensed company must obtain a G1 game content approval for each of its online games before advertising and/or publishing each game.

REGULATORY OVERVIEW

JAPANESE LAWS AND REGULATIONS

Companies Act

Under the Companies Act of Japan (Act No. 86 of 2005, as amended), if a foreign company intends to continue to conduct transactions in Japan, it must appoint a representative in Japan (one or more of the representatives in Japan must be a person having an address in Japan) and complete registration as a foreign company within three weeks of the date on which the representative in Japan is appointed.

Consumer Protection

Sales operations in Japan are subject to various Japanese consumer protection regulations including, but not limited to, the Act against Unjustifiable Premiums and Misleading Representations (Act No. 134 of 1962, as amended) (the "**AUPMR**"). Under the AUPMR and related cabinet ordinances and public notices (together, the "**AUPMR Regulations**"), provision of a premium (including any article, money or other kinds of economic gain) by way of lot or other method using eventuality in exchange for presentation of a specific combination of different types of items representing two or more types of characters, pictures, codes, etc. is prohibited. In general, provision of in-game virtual items to an online game player on condition that such player collects a specific combination of the in-game items acquired as random rewards through lottery style mechanics from a large pool of in-game items (so-called a "loot box"), the "**Loot Box Method**") is considered to fall under such prohibited provision of a premium under the AUPMR Regulations, unless the Loot Box Method is available for free.

In addition, the AUPMR Regulations prohibit business operators from making certain misleading representations in connection with transactions of goods or services. For example, any representation by which the quality, standard or any other matter relating to the substance of goods or services is shown to be much better than the actual quality, standard or such other matter is prohibited.

Payment Services

The Payment Services Act (Act No. 59 of 2009, as amended) (the "**PSA**") regulates the issuance of prepaid payment instruments that can be used to purchase goods or services, in order to ensure the appropriate provision of payment services and protection of users, thereby contributing to the improvement of the safety, efficiency and convenience of the payment and settlement system.

Under the PSA, a person who issues a prepaid payment instrument for solely its own business (the "**Prepaid Payment Instrument**") is generally required to submit a notification to a relevant local authorities once the outstanding balance of the Prepaid Payment Instrument as of the specific reference dates (i.e., March 31 or September 30 each year) has exceeded certain amount stipulated in the PSA (i.e., JPY10,000,000), if the Prepaid Payment Instrument is valid for no less than six months from the date of issuance of the Prepaid Payment Instrument. Accordingly, an online game business operator is subject to such notification obligation if it introduces an in-game prepaid payment instrument, such as in-game currency, coins and points, which can be used to purchase in-game items or receive in-game services.

Telecommunications Business

The Telecommunications Business Act (Act No. 86 of 1984, as amended) (the "**TBA**") regulates provision of telecommunications services by ensuring the proper and reasonable operation of telecommunications services and promoting fair competition in consideration of the public nature of telecommunications business.

Under the TBA, a person who provides services involving intermediating communications of any third parties (i.e., transmitting or exchanging information (including voice, code and image) without altering its content and acting as an intermediary or broker to complete communications between the third parties at different locations) through the use of telecommunications facilities is generally required to file a notification with the local authorities. Accordingly, the relevant opinions and guidelines issued by the local authorities state that an online game business operator who provides in-application message or chat services for its users would be subject to such notification obligation.

TAIWAN LAWS AND REGULATIONS

Laws in relation to Mainland Chinese Investment and Business Activity in Taiwan

Act Governing Relations between the People of the Taiwan Area and the Mainland Area

The Act Governing Relations between the People of the Taiwan Area and the Mainland Area (台灣地區與大陸地區人民關係條例) (the "**Cross-Strait Act**"), last amended on June 8, 2022, was enacted to regulate dealings between the peoples of the Taiwan Area and the Mainland Area and to handle legal matters arising therefrom.

Where a foreign investor is classified as an investor from Mainland Area, such investor has to apply with Taiwan Investment Commission for approval, and the permitted industry and business for an investor from Mainland Area to carry out are limited to those set forth in the Positive List for Mainland Area Investors (大陸地區人民來臺投資業別項目) (the "**Positive List**") promulgated by Taiwan Investment Commission. On the other hand, investments from an individual or a company in Hong Kong (not otherwise classified as investor from Mainland Area) are governed by laws applied to foreign investors.

Pursuant to the former part of Paragraph 1 of Article 40–1 of the Cross-Strait Act, "unless permitted by the competent authorities and having established in the Taiwan Area a branch or liaison office, no profit-seeking enterprise of the Mainland Area may engage in any business activities in Taiwan". Therefore, any Mainland Area business entity intending to, directly or indirectly, operate business in Taiwan shall obtain permission accordingly. Additionally, such permission is predicated upon whether the intended business scope of the Mainland Investor is expressly included and provided in the Positive List. According to Article 2 of the Cross-Strait Act, "Taiwan Area" refers to Taiwan, Penghu, Kinmen, Matsu, and any other area under the effective control of the government.

Any person engaging in business activities without the aforesaid permission constitutes violation against the provisions of Paragraph 1 of Article 40–1 of the Cross-Strait Act, and shall be punished with imprisonment of not more than three years, detention, or in lieu thereof or in addition thereto, a fine of not more than fifteen million New Taiwan Dollars ("**NT$**") and responsible for any civil liabilities. The competent authorities shall also prohibit the subject party from using the name of the company in the Taiwan Area.

Laws in relation to Advertisement Activity

Regulations for Advertising Goods, Labor and General Services of the Mainland Area in the Taiwan Area

Pursuant to Paragraph 1 of Article 34 of the Cross-Strait Act: "The goods, labor, services or any other matters of the Mainland Area permitted in accordance with the Cross-Strait Act may have their advertisement broadcasted or published, or any other promotion activity thereof in the Taiwan Area." Article 2 of Regulations for Advertising Goods, Labor and General Services of the Mainland Area in the Taiwan Area (大陸地區物品勞務服務在台灣地區從事廣告活動管理辦法) (the "**Advertising Management Regulations**", last amended on August 29, 2013) further provides that individuals, juristic persons, organizations or other institutions of the Taiwan Area, foreign countries, Hong Kong, Macao or the Mainland Area may advertise Mainland Area goods, labor, general services or other matters by broadcasting, publishing, or other sales promotion activities, provided that such Mainland Area goods, labor, general services or other matters are permitted by Article 34 of the Cross-Strait Act and are not prohibited to be advertised by other laws or regulations. Similarly, as stipulated in Subparagraph 5 of Article 6 of the Advertising Management Regulations, advertising activities shall not be carried out in the Taiwan Area or conducted by way of placement marketing for goods, labor, general services or other items from Mainland Area that are not permitted, or where such permission is later revoked by the competent authorities.

Any violation against the aforesaid regulations by conducting advertising activities for game software of Mainland Area ("**Chinese Game Software**") not otherwise permitted shall be subject to the punishment as stipulated in Article 89 of the Cross-Strait Act, which provides that "Any person who entrusts to another, is entrusted, or acts on its own to engage in advertisement broadcast or publication, or any other promotion activity in the Taiwan Area for any goods, service, or other item of the Mainland Area other than those prescribed in Paragraph 1 of Article 34, or violates Paragraph 2 of Article 34 or the mandatory or prohibitive provisions of the rules governing the management prescribed in accordance with Paragraph 4 of Article 34 shall be punished with an administrative fine of not less than one hundred thousand (NT$100,000) but not more than five hundred thousand New Taiwan Dollars (NT$500,000). Any advertisement referred to in the preceding paragraph, irrespective of who owns or holds it, shall be confiscated."

Requirements in relation to Rating Information and Warning Statements

Protection of Children and Youths Welfare and Rights Act

Paragraph 1 of Article 44 of The Protection of Children and Youths Welfare and Rights Act (兒童及少年福利與權益保障法) (the "**Protection Act**", last amended on January 20, 2021) provides that "The rating management obligator shall rate publications, video program tapes, and game software other than newspapers. The agency shall confirm other articles that influence children and youth's mental health, that are subject to the same rating." In addition, as stated in Paragraph 3 of Article 44 of the Protection Act: "The central competent agency shall enact the classification, content, marking, method of display, management, rating management obligators and other methods of articles listed in Paragraph 1 thereof."

Game Software Rating Management Regulations

Furthermore, according to Paragraph 1 of Article 10 of Game Software Rating Management Regulations (遊戲軟體分級管理辦法) (the "**Rating Management Regulations**", last amended on May 23, 2019): "Before the launch of any game software by any game software publisher or agent, rating

information shall be specified in accordance with these regulations. However, if the game software is not supplied by such persons, the actual provider shall have the obligation of rating in accordance with these regulations." In addition, as stated in Paragraph 2 of Article 10 of the Rating Management Regulations: "The persons under the previous Paragraph shall register the rating category of the game software and the content descriptions and the contact information for effective communication of the publisher or seller of the game software in the database of the central competent authority for the specific industry for the purpose of consultation." Other than that, Article 13 of the Rating Management Regulations provides that certain warning statements shall be clearly indicated on the game package, user's guide, downloaded page or homepage of the product in Chinese *(remaining paragraph omitted)*". Lastly, pursuant to Paragraph 1 of Article 14 of the Rating Management Regulations: "If any obligor of rating management engages in any advertisement for any game software, in addition to compliance with applicable laws and regulations of the competent authority, the rating of the game software shall also be clearly displayed on such advertisement, unless the labeling is not possible due to excessively small size or special nature."

Before the launch or publishing of any game software, a game software publisher or agent shall apply for rating of game software with central government authority in charge, which is the Industrial Development Bureau, Ministry of Economic Affairs ("**Industrial Bureau**") according to the Protection Act and the Rating Management Regulations. All information such as the rating category of the game software, the content descriptions and the contact information of the publisher or seller of the game software shall be recorded in the database of the central competent authority. Subject to the aforementioned regulations, relevant warning statements shall also be clearly indicated on the game package and description of the game software, as well as the downloaded page or homepage, so as to comply with the regulations stipulated in the Rating Management Regulations. In addition to the aforesaid rating and warning statement to be indicated on the game software, the advertisement of the game software shall also comply with the Rating Management Regulations and applicable laws and regulations promulgated by the central government authority such that the rating shall be clearly displayed and labelled on such game software.

In the event of any violation against the aforesaid regulations, the latter part of Paragraph 1 of Article 15 of the Rating Management Regulations shall apply, which provides that: "If the rating label of the game software is inconsistent with these regulations, correction, recall or removal shall be carried out following notice by the central competent authority for the specific industry, local competent authority or competent authority for the specific industry." Furthermore, pursuant to Paragraph 1 of Article 92 of the Protection Act: "If publications, video tapes, game software, and other articles other than newspapers are confirmed by the authorized agencies to have a negative impact on the physical and mental health of children and youth and therefore shall be classified, those responsible for rating management shall be fined a sum of no less than NT$50,000 and no more than NT$250,000 in case of one of the following conditions, and shall be ordered to improve in a certain period of time; the fine may be imposed per violation in case of failure to take corrective actions before the given deadline: 1) lack of rating management in violation of the regulations of Paragraph 1, Article 44; 2) violation of the regulations promulgated in accordance with Paragraph 3, Article 44 regarding the types and contents of classification." Additionally, as stated in Paragraph 2 of Article 92 of the Protection Act: "Those responsible for rating management as specified in the preceding paragraph who violate the regulations relating to the marking specified in Paragraph 3 of Article 44 shall be fined a sum of no less than NT$30,000 and no more than NT$150,000 and ordered to take corrective actions in a certain period of time; the fine may be imposed per violation in case of failure to take corrective actions before the given deadline."

Laws in relation to Consumer Protection

Consumer Protection Act & Matters should be Described and should not be Described in the Standard Terms and Conditions of Online Games

Pursuant to Paragraph 1 of Article 17 of Consumer Protection Act (消費者保護法) (last amended on June 17, 2015): "In order to prevent consumer disputes, protect consumer interests, and promote the fairness for the use of standard contracts, the competent authorities at the central government may set mandatory or prohibitory provisions of standard contracts which required certain industries to apply after approved by the Executive Yuan and proclaimed by the competent authorities." Furthermore, according to the "Matters should be Described and should not be Described in the Standard Terms and Conditions of Online Games" (網路連線遊戲服務定型化契約應記載及不得記載事項) specified in the Announcement Gong-Zi No. 10704605180 issued by Ministry of Economic Affairs of Taiwan on October 8, 2018, the specific information shall be clearly indicated on the official websites, log-in page or purchase page, as well as the game package by the service providers of the game software, such as rating as well as the age group prohibited from or suitable for the game pursuant to the Rating Management Regulations, and fee arrangement in respect of in-game sales transactions for points, products or other service (e.g., virtual currencies or treasure and advanced item) to be made on a paid basis (e.g., game store and online store). Failure to comply with the abovementioned requirements will result in an administrative fine of NT$30,000 to NT$300,000 according to Article 56–1 of Consumer Protection Act. Moreover, failure to take corrective actions in accordance with the further notice from the competent authorities within the time limit prescribed by the competent authorities shall be punished each time by an administrative fine of NT$50,000 to NT$500,000.

Laws in relation to Registration of Agency Information by Chinese Game Service Provider

Operation Procedure for Registration of Agency Information by the Game Service Providers of Mainland China

On May 26, 2018 the Industrial Bureau promulgated an administrative policy for Chinese Game Software, the "Operation Procedure for Registration of Agency Information by the Game Service Providers of Mainland China" (大陸地區遊戲業者登載代理資訊作業流程) (the "**Operation Procedure**"). In particular, subject to the restrictions set forth in the former part of Paragraph 1 of Article 40–1 of the Cross-Strait Act, the game service providers of Mainland China ("**Chinese Game Service Provider(s)**") have yet to be permitted by the competent authorities of Taiwan Area to engage in any business activities regarding distribution of games in Taiwan. To ensure the Chinese Game Service Providers comply with relevant regulations by distributing and selling Chinese Game Software through license agreements with Taiwanese agents and to avoid any cross-border operation by the Chinese Game Service Providers, the Operation Procedure provides that if any research and development, production or publishing of the game software is funded by or operated by business or enterprises from Mainland Area, information of the game software shall be submitted to the Industrial Bureau for registration by a Taiwanese agent along with certification documents manifesting that the agent is licensed for the purpose of operating such game software prior to the launch of game software in Taiwan.

According to the Operation Procedure, the basic information of the game, including the information of production, publishing, agency and website links, shall be submitted to the Industrial Bureau for registration by the Taiwanese agent. Furthermore, disclosure of agency information for operation activities shall be submitted to the Industrial Bureau, including the agency information disclosed on the websites and advertisements, as well as supporting documents of business activities,

descriptions of cash flow and establishment of customer service, illustrations of web server flow and other documents setting forth game accounts, cash flow, web server flow for all relevant personal data occurred during the process of the game.

Failure of the Chinese Game Service Provider to grant a license to a Taiwanese agent for distribution of game software and registration of the agency information results in a violation of the Operation Procedure as mentioned hereabove, and a notification of removing advertisements or suspending related business activities within the seven-day time limit will be issued by the Industrial Bureau. Continued failure to comply with the Operation Procedure or to remove the advertisements within the seven-day time limit may result in another notification from the Industrial Bureau. For those who fail to take corrective actions within the time limit after the second notification, the Industrial Bureau will issue a notice to service providers of the distribution platform, requests suspension of cash flow, media as well as other related service to the game service provider who violates the regulations. Copies of such notice will also be sent to all relevant competent authorities for record.

UNITED STATES LAWS AND REGULATIONS

Data Privacy

The U.S. does not have a comprehensive federal law that governs data privacy or data security. Instead the U.S. has a complex patchwork of sector-specific data privacy and data security laws and regulations at the federal level and sector-specific data and general privacy and data security laws and regulations at the state level. States have also enacted data breach notification laws, which generally require entities to notify affected customers of a data breach.

Data Privacy

Data privacy laws generally govern how data is collected, used, and shared. In the U.S., data privacy laws are only sector specific at the federal level (e.g., healthcare, financial data, education). Industries that do not have sector-specific statutory law generally fall within the enforcement authority of the Federal Trade Commission ("**FTC**"). The FTC does not prescribe data privacy rules, but rather, the FTC issues data privacy "best practices." These "best practices" are generally conveyed by the FTC through initiating enforcement proceedings against entities that, in the FTC's view, fall short of adequately protecting privacy. The FTC has the authority to bring enforcement actions under Section 5 of the FTC Act. Section 5 prohibits companies from engaging in "unfair or deceptive acts or practices." Under Section 5, the FTC may bring legal actions against organizations that fail to live up to promises regarding safeguarding consumers' personal information, for example, failing to follow a posted privacy policy that contains data privacy representations related to the Fair Information Practice Principles such as notice, consent, or control (e.g., the ability to opt out of third party data sharing).

Without a comprehensive federal privacy law, states have gained momentum in the pursuit of comprehensive data privacy laws at the state level. In 2018, California enacted the California Consumer Privacy Act ("**CCPA**"), which applies to for-profit business that do business in California and either (a) have a gross annual revenue of over US$25 million; (b) buy, receive, or sell the personal information of 50,000 or more California residents, households, or devices; or (c) derive 50% or more of their annual revenue from selling California residents' personal information. The CCPA secures privacy rights for California consumers including the right to know, right to delete, right to opt-out of sales, and right to non-discrimination. The CCPA also requires businesses to provide certain notices explaining their privacy practices.

Currently, the CCPA is the only state privacy law in force; however, this landscape is rapidly changing. Namely, California voters approved the California Privacy Rights Act ("**CPRA**") on November 3, 2020, and Virginia enacted the Virginia Consumer Data Protection Act ("**VCDPA**") on March 2, 2021. Both laws will become effective on January 1, 2023. Moreover, to date, state lawmakers have introduced bills similar to the CCPA in 26 states.

The CPRA introduces amendments to the CCPA and establishes the California Privacy Protection Agency. The VCDPA applies to all persons that conduct business in Virginia and either (a) control or process personal data of at least 100,000 consumers, or (b) derive over 50% of gross revenue from the sale of personal data and control or process personal data of at least 25,000 consumers.

Data Security

Data security laws generally govern how data should be safeguarded to prevent unauthorized access to or use of customer data. Similar to data privacy laws, federal data security laws are sector specific. For example, the Health Insurance Portability and Accountability Act ("**HIPAA**") and the Gramm-Leach Bliley Act ("**GLBA**") both impose data security provisions.

In the absence of a comprehensive federal data security law, state lawmakers have passed laws requiring companies to take information security measures to protect consumers' sensitive information. Generally, state data security laws require businesses that own or license personal information of a state resident to implement and maintain reasonable security procedures and practices necessary to protect personal information from unauthorized access, destruction, use, modification, and disclosure. Under data security laws, personal information is generally defined as an individual name in combination with either a Social Security number, driver's license number, financial account number or credit or debit card number, medical information, or health insurance information.

The relevant authorities do not proscribe data security standards, but instead merely publish data security "best practices" or recommend meeting or exceeding relevant industry accepted standards, like NIST 27003 or SOC 2. The authority may initiate enforcement proceedings against entities that, relative to other entities in similar industries, failed to implement reasonable data security — the standards develop based on the market's adoption of security practices and changes in technology. Data security violations can result, for example, by failing to honor security representations related to data, or failing to implement such commercially reasonable security procedures based upon the nature of the data being stored.

Data Breach Notification

Lawmakers have enacted data breach notification laws in all 50 states and other U.S. territories, including the District of Columbia, Guam, Puerto Rico, and the Virgin Islands, to govern how entities that suffer a data breach should respond. Each data breach notification law provides for different definitions of personal information, exceptions, and obligations regarding the notifications of affected customers, attorney generals, and state regulatory agencies. These data breach notification laws generally limit the definition of personal information to an individual's first name or first initial and last name in combination with one or more of the following: social security number, driver's license number or state identification number, or account number or credit or debit card number in combination with a security code, access code, or password. Approximately

two-thirds of states expand the definition to include additional elements under the definition of personal information and one-third of states provide for a private right of action to individuals harmed by the disclosure of their personal information.

Intellectual Property

Copyrights

U.S. copyright law governs original works of authorship, including literary works, musical works, dramatic works, choreographic works, pictorial, graphic, and sculptural works, motion pictures and audiovisual works, sound recordings, and architectural works. Copyright ownership provides the holder of the copyright with the right to (a) reproduce and make copies of an original work; (b) prepare derivative works; (c) distribute; (d) publicly perform the work; (e) publicly display the work; and (f) perform sound recordings publicly. When an entity creates content, it is important to recognize who owns the copyright and the rights associated with the copyright. For example, when products or publications contain contents that third parties create, the use must be authorized to avoid copyright infringement claims.

Patents

U.S. patent law grants the inventor of a process, design, or invention the right to exclude others from making, using, offering for sale, or selling, the process, design, or invention. U.S. patent law provides for utility and design patents. Utility patents are granted to individuals who invent or discover any new and useful process, machine, article of manufacture, or composition of matter. Design patents are granted to individuals who invent a new, original, and ornamental design for an article of manufacture. Generally, an entity should not make or sell a product in the U.S. that infringes a patent.

Trademark and Trade Dress

A U.S. trademark may be a word, name, symbol, or device that is used in commerce to indicate and distinguish the source of the goods. Trademark rights may prevent others from using a confusingly similar mark. Trade dress generally relates to the distinctive packaging or design of a product that promotes the product and distinguishes it from other products in the marketplace. An entity should consider the risks of using the same or similar mark to a mark that is already trademarked.

Trade Secrets

A trade secret is information that has actual or potential economic value, has value to others who cannot legitimately obtain the information, and is information that is subject to reasonable efforts to maintain secrecy. U.S. courts have the right to protect a trade secret by ordering misappropriation to stop, that the secret be protected from public exposure and in some instances, ordering the seizure of the trade secret. An entity should consider what information may be subject to trade secret and confidentiality obligations.