OVERVIEW OF PRC LAWS AND REGULATIONS

Laws and Regulations Relating to Corporation and Foreign Investment

Under the PRC legal regime, the establishment, operation, and management of companies in China is governed by the PRC Company Law (the "**Company Law**") (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress of the PRC on December 29, 1993, and subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018. Pursuant to the Company Law, companies established in the PRC may take forms of company of limited liability or company limited by shares. Each company has the status of legal persons and uses the assets it owns to bear its liability. The foreign-invested company shall also abide by the Company Law unless relevant laws and regulations provide otherwise.

On March 15, 2019, the National People's Congress promulgated the 2019 PRC Foreign Investment Law of the PRC (the "**Foreign Investment Law**") (《中華人民共和國外商投資法》), which became effective on January 1, 2020, and replaced the major former laws and regulations governing foreign investment in the PRC. According to the Foreign Investment Law and its implementing rules, the state adopts a system of pre-entry national treatment plus a negative list for foreign investment administration. Foreign investors shall not invest in the prohibited industries as specified in the negative list, and they must meet certain conditions stipulated in the said negative list before investing in the restricted industries, while foreign investments beyond the negative list will be granted national treatment.

The current requirements of industry entry clearance governing investment activities in the PRC by foreign investors are set out in two categories, namely the Special Administrative Measures (Negative List) (Edition 2021) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單) (2021年版)》), the latest amended version of which was jointly promulgated by the National Development and Reform Commission and the Ministry of Commerce on December 27, 2021, and took effect as of January 1, 2022, and the Encouraged Industry Catalogue for Foreign Investment (Edition 2020) (《鼓勵外商投資產業目錄(2020年版)》). Industries not listed in these two categories are generally deemed "permitted" for foreign investment unless otherwise restricted by other PRC laws. In general, catering services and related business operated by the Company is classified as an industry where foreign investments are allowed.

In accordance with the Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") which was jointly promulgated by the MOFCOM, the State Assets Supervision and Administration Commission, the SAT, the State Administration for Industry and Commerce, the CSRC and the SAFE and took effect on September 8, 2006, as latest amended on June 22, 2009 by the MOFCOM, a foreign investor was required to obtain necessary approvals when (i) it acquires the equity in a domestic enterprise or subscribes for the increased registered capital of whereby converting the latter into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which acquires and operates the assets of a domestic enterprise, or which acquires the assets of a domestic enterprise and thereafter injects those assets to establish a foreign-invested enterprise.

According to Article 11 of the M&A Rules, where a domestic company, enterprise or an individual, through an overseas company established or controlled by it/him/her, acquires a domestic company which is related to or connected with it/him, an approval from MOFCOM is required. Article 39 of the M&A Rules further provides that, offshore special purpose vehicles, formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, must obtain an approval from the CSRC prior to listing and trading of its securities on an overseas stock exchange. However, our PRC subsidiaries were established by us through foreign direct investment without involving any acquisition of the equity or assets of a "PRC domestic company" as defined under the M&A Rules. Therefore, under the PRC laws and regulations currently in effect, we are not required to obtain such approval from the MOFCOM or the CSRC.

On December 30, 2019, the Ministry of Commerce and the State Administration for Market Regulation, 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 said Measures, where a foreign investor directly or indirectly carries out investment activities in China, the foreign investor or the foreign-invested enterprise must forward the investment information to the competent commerce department for further handling.

Laws and Regulations Relating to the Licenses and Permits

Food Safety

In accordance with the Food Safety Law of the PRC (the "**Food Safety Law**") (《中華人民共和國食品安全法》), as effective on June 1, 2009 and latest amended on April 29, 2021, the State Council implemented a licensing system for food production and trading activities. Anyone who engages in food production, food selling, or catering services shall obtain the license according to the Food Safety Law.

Pursuant to the Food Safety Law, the food safety supervision and administration department of the State Council shall supervise and administer food production and trade activities according to the duties defined by the Food Safety Law and other standards prescribed by the State Council. The health administrative department under the State Council shall organize the implementation of risk monitoring and risk assessment of food safety according to the duties defined by the Food Safety Law and the State Council. The department shall also formulate and issue national food safety standards together with the food and drug administration under the State Council. Other relevant departments under the State Council shall carry out relevant food safety work according to the duties defined by the Food Safety Law and the State Council.

As sanctions for violation of the Food Safety Law, the Food Safety Law sets out various administrative penalties in the form of warnings, orders to rectify, confiscations of illegal gains, confiscations of utensils, equipment, raw materials, and other articles used for illegal

production and operation, fines, recalls and destructions of food in violation of laws and regulations, orders to suspend production and/or operation, revocations of production and/or operation license, and even criminal punishment.

The Implementation Rules of the Food Safety Law (《中華人民共和國食品安全法實施條例》), which came into effective on July 20, 2009, and most recently amended on October 11, 2019, further specifies the detailed measures to be taken and conformed to by food producers and business operators in order to ensure food safety, as well as the penalties that shall be imposed should these required measures not be implemented.

Food Operation Licensing

On August 31, 2015, the Food and Drug Administration (now merged into the State Administration for Market Regulation) promulgated the Administrative Measures for Food Operation Licensing (《食品經營許可管理辦法》), which was amended on November 17, 2017. According to the said Measures, a food operation license shall be obtained in accordance with the law to engage in food selling and catering services within the territory of China. Food business operation licensing shall be subject to the principle of "one license for one site", that is, a food operator shall obtain a food operation license to engage in food operation activities in one operation site. Food and drug administrative authorities shall implement classified licensing for food operations according to food operators' types and the degree of risk of their operation projects. The date on which the decision on licensing is made shall be the date of issuance of the food operation license, and the license is valid for five years. Food operators shall hang or place their food operation license originals in prominent places of their operation sites. Where the licensing items indicated on a food operation license change, the food operator shall, within ten (10) working days after the changes take place, apply to the food and drug administrative authority which originally issued the license for alteration of the operation license. Those who fail to obtain a food operation license and engage in food operation activities shall be punished by the local food and drug administrative authorities at or above the county level. Failures to comply with the above requirements may subject the food operators to legal consequences such as being ordered to rectify, receiving warnings and being fined.

Food Recall System

China Food and Drug Administration (now merged into the State Administration for Market Regulation) has promulgated the Administrative Measures for Food Recall (《食品召回管理辦法》), effective on September 1, 2015, amended on October 23, 2020. Food producers and operators shall, in accordance with the Administrative Measures for Food Recall, be the primary persons legally liable for food safety, establish and improve the relevant management systems, collect and analyze food safety information, and perform the obligations of ceasing to produce, operate, recall and dispose of unsafe foods. Where food business operators find the food under selling unsafe, they must immediately suspend the operations, inform relevant food producers and business operators, notify customers, and take necessary measures to mitigate food safety risks. Where food safety problems occur due to the food operators' own reasons,

the food operators shall voluntarily recall the food of questionable quality. Food producers knowing that any food produced or traded is unsafe must proactively recall such food, and if the food operators know that the food producers have recalled the unsafe food, they shall immediately adopt measures such as ceasing to purchase, sell, sealing up unsafe food, posting the recall announcement issued by the producers in a prominent position of operation premises, and cooperating with food producers to start recalling.

Where any food operator violates the Food Safety Law and the Administrative Measures for Food Recall and does not suspend the operation or proactively recall unsafe food in a timely manner, the food and drug administrative authorities shall issue warnings to it and impose fines between RMB10,000 and RMB30,000. Where any food operator who violates the Administrative Measures for Food Recall, or does not cooperate with food producers to recall unsafe food, the market supervisory and administrative authorities shall issue warnings to it and impose fines ranging from RMB5,000 to RMB30,000.

Online Catering Services

According to Measures for the Supervision and Administration of the Safety of Food Offered through Online Catering Services (《網絡餐飲服務食品安全監督管理辦法》) effective on January 1, 2018 and subsequently amended on October 23, 2020, online catering service providers must have their own physical stores and must have obtained food business licenses according to the law, and shall carry out business activities pursuant to the business forms and business items specified on their own food business licenses, and shall not operate beyond their business scope specified on their own food business licenses. A catering service provider that runs its own website must file the record with the administration for market regulation at its locality at county level, within 30 working days after recording with the competent department of communications.

Regulations Relating to the Sanitation of the Public Places

The Regulation on the Administration of Sanitation in Public Places (《公共場所衛生管理條例》) effective on April 1, 1987, and latest amended on April 23, 2019, and the Implementation Rules for the Regulation for the Administration of Sanitation in Public Places (《公共場所衛生管理條例實施細則》) effective on June 1, 1991, and amended on December 26, 2017, were promulgated by the State Council and the Ministry of Health (later known as the National Health Commission) respectively. The said regulations were adopted to create favorable and sanitary conditions for the public places, prevent disease transmission and safeguard people's health. Depending on the requirements of the local health authorities, a restaurant operator shall obtain a public place hygiene license from the local health authority after applying for a business license to operate its business.

The Decision of the State Council on the Integration of Sanitary permits and Food Business licenses in Public places for Restaurant Services (《國務院關於整合調整餐飲服務場所的公共場所衛生許可證和食品經營許可證的決定》), which was promulgated by the State

Council on February 3, 2016, cancelled the hygiene license issued by the local health authorities for four kinds of public places mentioned above, and integrates the contents of the food safety permits into the food operation licenses issued by the food and drug regulatory authorities.

Regulations Relating to Food Advertisement

The Advertising Law of the PRC (the "**Advertising Law**") (《中華人民共和國廣告法》) was promulgated by the SCNPC on October 27, 1994, and was latest amended on April 29, 2021, which applies to the commercial advertising activities conducted by business operators or service providers within the territory of PRC to directly or indirectly introduce their commodities or services through a certain medium and form.

According to the Advertising Law of the PRC, advertisements shall not contain any false or misleading information, and shall not deceive or mislead customers. Each advertiser, advertising agent or advertisement publisher shall comply with laws and regulations, act in good faith, and conduct the fair competition when engaging in advertising activities. In an advertisement, the statements regarding the performance, function, place of origin, use, quality, ingredients, price, producer, valid period and guarantees of the product, or the content, provider, form, quality, price and guarantees of the service, shall be accurate, clear and explicit. Failure to comply with the Advertising Law may subject the violators to punishment, including but not limited to fine, confiscating advertising fees, suspension of the advertisement publishing business, revocation of business license, or revocation of advertisement censorship.

Regulations Relating to Single-Purpose Commercial Pre-Paid Cards

The Administrative Measures for Single-purpose Commercial Prepaid Cards (for Trial Implementation) (《單用途商業預付卡管理辦法(試行)》) was promulgated by the Ministry of Commerce on September 21, 2012 and amended on August 18, 2016. Single-purpose commercial pre-paid cards refer to pre-paid certificates that are issued by an enterprise engaged in retail, accommodation, catering, and residential services, and which are exclusively used to pay for goods or services within the group to which the enterprise belongs to or within the franchise system of one brand. This includes but not limited to physical cards in the form of magnetic stripe cards, chip cards paper coupons, and virtual cards in the form of passwords string codes, graphics and biometric information. In accordance with relevant provisions of the said Measures, Card issuers shall file with the competent commerce department at the location of industrial and commercial registration for record, within 30 days of starting to offer single-purpose card services. If any card-issuing enterprise fails to comply with the provisions of the said Measures, the competent commerce department of the people's government above the county-level in the locality where such violation occurs shall order it to make rectifications. Where the enterprise fails to do so within the said time limit, the enterprise shall be subject to a fine of more than RMB10,000 and less than RMB30,000.

Regulations Relating to E-Commerce Activities

The obligations for operators of e-commerce platforms are clarified in the E-Commerce Law of the People's Republic of China (the "**E-Commerce Law**") (《中華人民共和國電子商務法》), which was promulgated by the SCNPC on August 31, 2018, and took effect on January 1, 2019. Pursuant to the E-Commerce Law, the e-commerce platforms shall

(i) require merchants that apply to sell products or provide services on its platform to submit truthful information, including the identities, addresses, contacts, and licenses;

(ii) verify and examine the information mentioned above;

(iii) establish registration archives and verify, examine and update such information on a regular basis;

(iv) submit identification information of merchants on its platform to market regulatory authorities and remind merchants that have not registered with market regulatory authorities to complete the relevant registration;

(v) submit identities and tax payment-related information of the merchants on its platform to tax authorities and remind merchants that have not registered with tax authorities to complete the relevant tax registration;

(vi) conspicuously display the terms of platform service agreements, transaction rules or links to such information on the homepage of the platform and ensure that merchants and consumers can read and download such information conveniently; and

(vii) restrain from deleting any comments made by consumers on any products sold or service provided on its platform.

Where an e-commerce platform operator fails to take necessary measures when it knows or should have known that the products or services provided by a merchant on its platform do not meet the requirements regarding personal or property safety or commits any other acts that impair the lawful rights and interests of consumers, such operator shall be held jointly liable with the merchants on its platform. Where an e-commerce platform operator fails to verify and examine the qualifications of a merchant on its platform or fails to fulfill its obligation to assure the safety of consumers concerning products or services affecting consumers' life and health, which results in damage to consumers, such operator shall take the corresponding liability. Where an e-commerce platform operator knows or should have known that a merchant on its platform has infringed any intellectual property right of other third parties, it shall take necessary measures, such as deleting or blocking the relevant information, disabling the relevant links, and terminating the relevant transactions and services; otherwise, such operator shall be held jointly liable with the infringing party.

Laws Relating to Consumer Rights and Benefits

The principal legal provisions for the protection of consumer interests are set out in the PRC Consumer Rights and Interests Protection Law (the "**Consumer Protection Law**") (《中華人民共和國消費者權益保護法》), which was promulgated on October 31, 1993, and came into effect on January 1, 1994, and was subsequently amended in 2009 and 2013. Pursuant to the Consumer Protection Law, business operators must guarantee that the commodities they sell satisfy the requirements for personal or property safety, provide consumers with authentic information about the commodities, and guarantee the quality, function, usage, and term of validity of the commodities. Failure to comply with the Consumer Protection Law may subject business operators to civil liabilities such as refunding purchase prices, replacing or repairing the commodities, mitigating the damages, compensation, and restoring the reputation, and subject the business operators or the responsible individuals to criminal penalties if business operators commit crimes by infringing the legitimate rights and interests of customers.

According to the Consumer Protection Law, where operators knowingly provide consumers with defective commodities or services causing death or serious damage to the health of consumers or other victims, the victims may require operators to compensate them for losses in accordance with the Consumer Protection Law and other relevant provisions, and claim punitive compensation of not more than two times the amount of losses incurred. The Food Safety Law also provides the amount of punitive compensation that the operators knowingly provide food failing to meet the food safety standards shall paid the victims, which is ten times the price paid or three times the loss unless the amount of the additional compensation is less than RMB1,000 where the punitive compensation shall be RMB1,000.

PRC Competition Law

The principal legal provisions governing market competition are set out in the Anti-unfair Competition Law of the PRC (the "**Anti-Unfair Competition Law**") (《中華人民共和國反不正當競爭法》), which was promulgated by the Standing Committee of the NPC on September 2, 1993, and then amended respectively on November 4, 2017, and April 23, 2019. In accordance with the Competition Law, operators should abide by the principles of involuntariness, equality, fairness, honesty, and credibility, and abide by laws and recognized business ethics when trading in the market. When an operator disrupts the competition order and infringes the legitimate rights and interests of other operators or consumers in violation of the Anti-Unfair Competition Law, its behavior constitutes unfair competition. When the legitimate rights and interests of an operator are damaged by unfair competition, the operator may start a lawsuit in the people's court. In contrast, if an operator violates the provisions of the Anti-Unfair Competition Law, engages in unfair competition, and causes damage to another operator, it shall be liable for damages. If the damage suffered by the injured operator is difficult to ascertain, it shall be determined in accordance with the profit obtained by the infringer through the infringement. The infringer shall also bear all reasonable expenses paid by the infringed operator to stop the infringement.

Regulations Relating to Real Estate Leasing

According to the PRC Civil Code (《中華人民共和國民法典》) which took effect on January 1, 2021, the lessee may sublease the leased premises to a third party with the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. In contrast, the lessee may terminate the lease contract if the leased property could not be used due to the reasons of the lessors, such as the ownership of the leased real estate is in dispute.

Pursuant to the PRC Civil Code, if the mortgaged property has been leased and transferred for occupation before the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right. According to the Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (Revised 2020) (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋》(2020年修正)), which was promulgated by the Supreme People's Court on July 30, 2009, and amended on December 29, 2020, if the ownership of the leased premises changes during the period when the lessee is in possession in accordance with the lease contract, and the lessee requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except that the mortgage right has been established before the real estate being leased and the ownership changes due to the mortgagee's realization of the mortgage right.

According to the Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (Revised 2020) (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋》), a lease contract of a building constructed without construction planning permit or in violation of such permit shall be void. However, if such construction planning permit or a construction approval from competent authorities is obtained before the close of court debate in the first instance, the court shall determine the lease contract as valid.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) (the "**New Lease Measures**"), which became effective on February 1, 2011, and replaced the Administrative Measures for Urban House Leasing (《城市房屋租賃管理辦法》). Pursuant to the New Lease Measures, parties shall register and file with the local property administration authority within thirty days after entering into the lease contract. Non-compliance with such registration and filing requirements shall be subject to fines up to RMB10,000. However, according to the PRC Civil Code, failure to register and file with the authority in accordance with the provisions of laws, administrative rules and regulations would not prejudice the validity of the contract.

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》), adopted by the Standing Committee of the Sixth National People's Congress on June 25, 1986, and latest amended on August 26, 2019, and the New Lease Measures, the land shall be

used strictly in line with the purposes determined in the general land use plan whether by units or individuals, and the usage of land defined in the general use plan shall not be changed without the approval of the authority who approved the plan originally. Where the original use of the real state is changed in violation of the relevant provisions, the local competent construction (real estate) department at municipality, city or county level shall order the violator(s) to rectify within a time limit. The department may also impose a fine of no more than RMB5,000 if there are no illegal gains. If there are illegal gains, the amount of fine imposed by the competent departments shall be more than one time and less than three times the illegal gains, but RMB30,000 at most.

According to the Regulation on the Quality Management of Construction Projects (《建設工程質量管理條例》) promulgated by the State Council on January 30, 2000, and most recently amended on April 23, 2019, and the Measures for the Administration of Filings for Post-Construction Inspection and Acceptance of Housing Building Projects and Municipal Infrastructure Projects (《房屋建築工程和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by the Ministry of Construction (now revoked) on April 7, 2000 and most recently amended by the Ministry of Housing and Urban-Rural Development on October 19, 2009, the construction entity shall organize the entities of design, construction, project supervision, etc. to conduct as-built acceptance check after receiving the project completion report. The construction project could be delivered for use only after it has passed the as-built acceptance. The construction unit shall, within 15 days from the date of passing the acceptance, file with the competent construction department of the local government at or above the county level where the project is located. Those who fail to organize the acceptance or fail to it and deliver the construction for use without authorization shall be ordered to rectify, and the construction entity shall be fined not less than 2% but not more than 4% of the contract price of the project.

According to the Measures of Beijing Municipality for Administering the Safe Use of People's Air-raid Projects and Ordinary Basements (2018 Amendment) (《北京市人民防空工程和普通地下室安全使用管理辦法(2018修改)》) which took effect on February 12, 2018, where any underground space is used for business, culture and entertainment, hotel as well as other production and operation activities, a registration shall be filed at the competent administrative department. Anyone who engages in operation activities leases or uses the underground space without making such a registration shall be ordered to make corrections, and be subject to a fine between RMB10,000 and RMB30,000. According to Procedures of Shanghai Municipality on the Administration of Safe Use of Underground Spaces (《上海市地下空間安全使用管理辦法》) which took effect on March 1, 2010 and the Detailed Implementation Rules for the Administration of Filing of Ordinary Basement Use (《上海市普通地下室使用備案管理實施細則》) which took effect on June 27, 2018, in case civil defense projects and ordinary basements open to the public for production, business and other activities are put into use, the property owner and the property management unit shall report relevant information to the municipal or district/county civil defense office for transacting filing procedures. Those who fail to fulfill the filing procedures shall be warned and ordered to make a correction within a prescribed time limit. Individual shall be subject to a fine between RMB100 and RMB1,000, and entities shall be subject to a fine between RMB500 and RMB5,000.

Regulations Relating to Fire Prevention

Fire Prevention Design Procedure

According to the Fire Prevention Law of the PRC (the "**Fire Prevention Law**") (《中華人民共和國消防法》), promulgated by the SCNPC on April 29, 1998, and latest recently amended on April 29, 2021, the fire prevention design of a construction project must conform to the national fire prevention technical standards. Construction projects are classified into two categories, namely special construction projects and other construction projects, and the former shall comply with more stringent requirements on fire prevention design procedure than the latter.

According to the Interim Provisions on the Administration of Fire Prevention Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) effective on June 1, 2020, for the restaurants, teahouses or coffee houses with more than 500 square meters and with entertainment functions, which belongs to the special construction projects, the construction entity shall apply for fire prevention design approval. With respect to other restaurants, teahouses or coffee houses, when the construction entity applies for a construction permit or an approval of commencement report, it shall provide the fire prevention design drawings and technical materials satisfying the requirement of the construction and such construction project shall be subject to the filing and random inspection system.

Where a construction project that is subject to fire prevention design inspection according to the Fire Prevention Law fails to participate in or pass the review and inspection, the construction project shall be ordered by the competent government authorities to close down and be fined not less than RMB30,000 nor more than RMB300,000. Where fire prevention design drawings or technical materials as needed for construction fail to be submitted by other construction projects, the relevant department shall neither issue a construction permit nor approve the construction commencement report.

Fire Prevention As-built Acceptance Check and Filing

Pursuant to the Fire Prevention Law of the PRC, the competent housing and urban-rural development authority replaced fire and rescue departments to monitor and administer the fire prevention as-built acceptance check and filing. Where the competent department of housing and urban-rural development under the State Council requires an application of the construction projects for acceptance checks for fire prevention, the construction entities shall apply to the competent department of housing and urban-rural development for acceptance checks for fire prevention. With respect to construction projects other than those mentioned above, construction entities shall, after an acceptance check, report their results to the competent department of housing and urban-rural development for record, and such department shall conduct random inspections thereof.

According to the Interim Provisions on the Administration of Fire Prevention Design Review and Acceptance of Construction Projects, for the special construction projects, including the hotels, restaurants, shopping malls and markets with a total construction area of more than 10,000 square meters and the restaurants, teahouses or coffee houses with entertainment functions and with a total construction area of more than 500 square meters, the construction entity shall apply for acceptance checks for fire prevention, for other construction projects apart from special construction projects and requiring fire control design in accordance with the national technical standards on fire control for engineering construction, the construction entity shall complete the fire prevention filing.

Where an as-built construction project that is subject to fire prevention final inspection according to the Fire Prevention Law fails to participate in or pass the check and inspection, the construction project shall be ordered by the competent government authorities to close down and be fined not less than RMB30,000 nor more than RMB300,000. The construction project that fails to report to the housing and urban-rural development authority for recordation after final inspection shall be ordered to take corrective action and be imposed a fine of not more than RMB5,000. If the construction project fails to pass the random inspection by the competent government authorities after the fire prevention recordation, the construction entity shall close down the construction project, and where rectification is not made, it shall be ordered by the competent authorities to close down or cease the business operations and be imposed a fine of not less than RMB30,000 nor more than RMB300,000.

Fire Safety Inspection

According to the Opinion on the Deepening the Reform of Fire Control Law Enforcement (《關於深化消防執法改革的意見》) promulgated jointly by the General Office of the CPC Central Committee and the General Office of the State Council on May 30, 2019, public gathering places are permitted to commence the business operation after obtaining business licenses or satisfying the conditions for use, and making their commitment on satisfying the conditions of fire safety standards to the fire-fighting department by submitting the application through governmental service online platform or in person.

Pursuant to the Fire Prevention Law amended on April 29, 2021, public gathering places include but not be limited to hotels, restaurants, shopping malls, markets, waiting rooms of passenger transport stations, waiting rooms of passenger transport docks, terminals of civil airports, gyms, stadiums, auditoriums, and public amusement places. The employer or the entity occupying the facility shall apply to the fire prevention and rescue department of the local people's government at or above the county level for a fire safety inspection before the use or commencement of the business operations in a public gathering place, make a commitment that the place complies with fire prevention technical standards and management provisions, submit the required materials, and be responsible for the authenticity of its commitment and materials. Any constructions illegally put into use, or public gathering place operated without passing the fire safety inspection or without satisfying the fire safety requirements, shall be ordered to discontinue the construction, use, production or operation and be fined not less than RMB30,000 but not more than RMB300,000 from the competent

departments of housing and urban-rural development and the relevant fire rescue agencies according to their respective duties. However, standards issued or adopted by local competent departments on what kind of catering places shall satisfy the requirements said above are not unified at present.

Regulations on Environmental Protection

Environment Protection Law

The Environmental Protection Law of the PRC (the "**Environment Protection Law**") (《中華人民共和國環境保護法》) was promulgated by SCNPC on December 26, 1989 and amended on April 24, 2014. This legislation has been formulated for the purpose of protecting and improving both the living environment and the ecological environment, preventing and controlling pollution, other public hazards, and safeguarding people's health.

According to the provisions of the Environmental Protection Law, in addition to other applicable laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts are responsible for administering and supervising environmental protection matters. Construction projects that have environmental impact shall be subject to environmental impact assessment. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal part of the project. Such installations shall not be dismantled or left idle without authorization from the competent government agencies.

The Environmental Protection Law clarifies that the punishments for any violation of said law include but not limited to warning, fine, rectification within a time limit, compulsory ceasing of operations, compulsory reinstallation of installations for the prevention and control of pollution, compulsory shutout or closedown, or even criminal punishment.

Laws on Environment Impact Assessment

Pursuant to the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), which was issued on October 28, 2002, and amended on July 2, 2016 and December 29, 2018, the State implements classification-based management on the environmental impact assessment of construction projects according to the level of impact on the environment. Construction entities shall prepare the Environmental Impact Report (the "**EIR**"), or the Environmental Impact Statement (the "**EIS**"), or fill out the Environmental Impact Registration Form (the "**EIRF**") (hereinafter collectively referred to as the "**EIA documents**") according to the following rules: (i) for projects with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive assessment of their environmental impacts; (ii) for projects with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialized assessment of their environmental impacts; and (iii) for projects with very small environmental impacts so that an EIA is not required, an EIRF shall be filled out.

According to Classified Administration Catalogue of Environmental Impact Assessments for Construction Projects (《建設項目環境影響評價分類管理名錄》), issued on September 2, 2008, and amended on April 28, 2018, construction projects with regard to the catering industry are classified as to fill in an EIRF. Where the EIFR is failed to be filled out in accordance with the law, the environmental protection administrative department at or above the county level shall order the construction entity to fill out, and impose a fine of not more than RMB50,000. On November 30, 2020, the Ministry of Ecology and Environment of the PRC promulgated the Classified Administration Catalogue of the Environmental Impact Assessment for Construction Projects (2021) (《建設項目環境影響評價分類管理名錄(2021)》), which became effective on January 1, 2021, and repealed the Classified Administration Catalogue issued in 2018. In Accordance with the Classified Administration Catalogue (2021) mentioned above, construction projects with regard to the catering industry are no longer required to submit the EIA documents.

Laws and Regulations on Prevention and Control of Water Pollution

The Law on Prevention and Control of Water Pollution of the PRC (《中華人民共和國水污染防治法》), which was promulgated on May 11, 1984 and most recently amended on June 27, 2017, provides principal provisions of water pollution control and prevention within the territory of the PRC. According to the provisions of the Water Pollution Prevention and Control Law, the Ministry of Environmental Protection and its local counterparts at or above county level shall take charge of the administration and supervision on the matters of prevention and control of water pollution, construct and improve urban drainage networks and sewage disposal facilities.

The Administrative Measures on Licensing of Urban Drainage (《城鎮污水排入排水管網許可管理辦法》), which was promulgated by the Ministry of Housing and Urban-rural Development on January 22, 2015 and came into effect on March 1, 2015, provides that enterprises, institutions and individual industrial and commercial households engaging in industry, construction, catering industry, medical industry and discharging sewage into the urban drainage network must apply for and obtain a license for urban drainage.

The Regulations on Urban Drainage and Sewage Treatment (《城鎮排水與污水處理條例》), which was promulgated by the State Council on October 2, 2013, and came into force on January 1, 2014, requires that urban entities and individuals shall dispose sewage through urban drainage facilities covering their geographical areas in accordance with relevant rules. Companies or other entities engaging in medical activities shall apply for a sewage disposal drainage license before disposing sewage into urban drainage facilities. Sewage-disposing entities and individuals shall pay sewage treatment fees in accordance with relevant rules.

Laws and Regulations on Drainage Permits

According to the Law of the PRC on the Prevention and Control of Environmental Pollution of Solid Waste (《中華人民共和國固體廢物污染環境防治法》), promulgated by the SCNPC on October 30, 1995, and latest amended on April 29, 2020, all enterprises that may cause environmental pollution during production and business operation shall introduce environmental protection measures in their plants and establish a reliable system for environmental protection.

In accordance with the Classification Management List for Fixed Source Pollution Permits (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the Ministry of Ecology and Environment on December 20, 2019, the state implements a focused management and a simplification of emission permits based on the pollutant-discharging enterprises and other manufacturing businesses' amount of pollutants, emissions and the extent of environmental damage. The food manufacturing industry is not required to apply for the drainage permit but shall fill out a pollutant discharge registration form on the national pollutant discharge license management information platform to register its basic information, pollutant discharge information, pollutant discharge standards implemented, and pollution prevention and control measures taken, etc.

Regulations Related to Labor

Labor Law and Labor Contracts Law

Under the PRC Labor Law (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, took into effect on January 1, 1995, and latest amended on December 29, 2018, the PRC Labor Contract Law (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, took into effect on January 1, 2008, and amended on December 28, 2012, and the Implementing Regulations of the Labor Contract Law (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council and took into effect on September 18, 2008, labor relationships between employers and employees must be executed in written forms. These series of laws and regulations set out specific provisions concerning the execution, the terms and the termination of a labor contract, and the rights and obligations of the employees and employers, respectively. Wages may not be lower than the local minimum wage level. Employers must establish a system for labor safety and sanitation, strictly abide by state standards and provide relevant education to their employees. Employees are also required to work in safe and sanitary conditions. At the time of hiring, the employers shall truthfully inform the employees of the scope of work, working conditions, working place, occupational hazards, work safety, salary, and other matters which the employees request to be informed about.

Social Insurance and Housing Funds

Employers in the PRC are required to contribute, for and on behalf of their employees,to a series of social insurance funds, including funds for pension, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance, and housing fund. These payments are made to local administrative authorities and employers who fail to contribute may be fined and be ordered to make up for the outstanding contributions. The various laws and regulations that govern the employers' obligations to contribute to the social insurance funds include the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010, and amended on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated by the State Council on January 22, 1999, and amended on March 24, 2019, the Regulations on Work-related Injury Insurance (《工傷保險條例》), which was promulgated by the State Council on April 27, 2003, and amended on December 20, 2010, and the Regulations on Management of the Housing Fund (《住房公積金管理條例》), which was promulgated and became effective on April 3, 1999, and was amended on March 24, 2002, and on March 24, 2019.

According to the Notice Concerning the Safe and Orderly Collection and Administration of Social Insurance Premiums (《關於穩妥有序做好社會保險費徵管有關工作的通知》) issued by the General Office of the State Administration of Taxation on September 13, 2018, the tax authorities will collect all social insurance premiums uniformly from January 1, 2019. Before the completion of the reform of the social insurance collection agency, the relevant local authorities shall continuously optimize the payment service and ensure the continuous improvement of the business environment, and shall not organize and carry out the previous year's arrears check without permission.

New Employment Patterns

In response to labor issues associated with the newly emerged platform economy, the MOHRSS, the NDRC, the CAC and five other ministries jointly promulgated the Guiding Opinions on New Employment Patterns which impose certain regulatory requirements on platform enterprises to safeguard the legal rights and interest of workers. The focus of the Guiding Opinions on New Employment Patters are major platform industries, including travel, food delivery, instant delivery and intra-city freight, among others. Based on the principles set out in the Guiding Opinions on New Employment Patterns, the SAMR, the NDRC, the CAC and four other ministries jointly issued the Guiding Opinions for Online Catering Platforms, which specifies that certain employer obligations should be borne by online catering platforms in order to protect the legal rights and interests of delivery riders.

As advised by our PRC Legal Advisor, we would not be regarded as an "online catering platform" or a "third party that collaborates with online catering platforms" on the following bases:

(i) Although the definition of "online catering platform" is not clear under the Guiding Opinions for Online Catering Platforms, the terms "platform" or "platform economy" have been described with particularity in other rules or guidelines issued by the competent ministries. For example, on December 24, 2021, the NDRC, the SAMR, the MOHRSS, the CAC and the MIIT jointly promulgated the Opinions on Promoting the Healthy and Sustainable Development of Platform Economy (關於推動平台經濟規範健康持續發展的若干意見), which clearly defined that the "platform economy is a new economic form with Internet platforms as the main carrier, data as the key production factor, a new generation of information technology as the core driving force, and network information infrastructure as important support". Pursuant to this definition, an "online catering platform" refers to an Internet-based company whose main business is to provide an online platform for take-away orders, whereas a restaurant offering delivery orders for its own products will not be regarded as an "online catering platform". Based on our understanding of the catering industry in the PRC, typical "online catering platforms", such as Meituan and Ele.me, (i) carry out their principal business activities through internet platforms, and (ii) have developed internet platforms that connect individuals (who may elect to register as either consumers or delivery riders) with a wide range restaurants to enable the delivery of food and beverages by delivery riders, from restaurants, to consumers. Such a business model differs substantially from ours, which is singularly focused on serving food from our own stores through a dedicated rider fleet. It is therefore unlikely that we would be deemed to be an "online catering platform".

(ii) As for the "third parties that collaborate with online catering platforms" mentioned in the Guiding Opinions for Online Catering Platforms, the Guiding Opinions on New Employment Patterns explicitly provide that a platform enterprise may collaborate with qualified third-party enterprises to organize labor for fulfilling platform-based work. On this basis, a "third party who collaborates with online catering platforms" refers to third-party enterprises with relevant labor resources licenses who are able to assign their employees to online platforms, but not restaurant operators registered on the online catering platforms. As of the date hereof, our delivery riders consist of our full-time and part-time employees, and certain riders employed by third-party delivery service providers who are assigned to us (the "Outsourced Riders"). We have entered into delivery service contracts with third-party delivery service providers, pursuant to which some Outsourced Riders are assigned to us by third-party delivery service providers to satisfy our delivery demands. However, we have not and do not assign any of our employees to online catering platforms; nor do we have the relevant licenses to do so. Therefore, we are not a "third party who collaborates with online catering platforms" as such term used in the relevant regulatory opinions.

Labor Dispatch

According to the Interim Provisions on Labor Dispatch(《劳務派遣暫行規定》) issued on January 24, 2014, and implemented on March 1, 2014, by the Ministry of Human Resources and Social Security, employers may only use dispatched workers for temporary, ancillary, or substitute positions. The aforementioned temporary positions shall mean positions lasting for no more than six months; ancillary positions shall mean positions of non-major business that serve positions of major business; and substitute positions shall mean positions that can be

substituted by other workers for a certain period during which the workers who originally hold such positions are unable to work as a result of full-time study, being on leave or other reasons. According to the Interim Provisions on Labor Dispatch, employers should strictly control the number of dispatched workers, and the number of the dispatched workers shall not exceed 10% of the total amount of their employees. Where rectification is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

Regulations Relating to Intellectual Property Rights

Patent

The SCNPC adopted the PRC Patent Law (《中華人民共和國專利法》) in 1984 and amended it in 1992, 2000, 2008 and 2020, respectively. A patentable invention or utility model must meet three conditions, e.g. novelty, inventiveness, and practical applicability. Patents will not be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds, methods used to nuclear transformation and substances obtained utilizing nuclear transformation, or designs of the pattern and the color of graphic printed matter and the combination of them that are primarily used to mark and identify. The Patent Office under the State Intellectual Property Office is responsible for receiving, examining, and approving patent applications. A patent is valid for a twenty-year term for an invention, a ten-year term for a utility model, or a fifteen-year term for a design, commencing from the application date. Except for certain specific circumstances provided by law, any third-party users must obtain consent or a proper license from the patent owners to use the patent, otherwise, the use of the patent will constitute an infringement of the rights of the patent holder.

Copyright

Copyright in the PRC, including copyrighted software, is principally protected under the Copyright Law of the PRC (《中華人民共和國著作權法》) which was latest amended on November 11, 2020, and took effect on June 1, 2021, and related rules and regulations. Under the Copyright Law, the term of protection for copyrighted software is 50 years.

According to the Copyright Law, the right of performance is the right to publicly perform works and to publicly broadcast the performance of works by various means. A right owner may permit others to exercise the rights and may receive remuneration as agreed upon in the contract. The right of performance includes public performances in the form of public broadcasting, recordings or videos, and sound recording products screening with the help of technical equipment, such as playing background music in restaurants, bars, and other places. Where a sound recording is used for public dissemination by wired or wireless means or public broadcasting via audio transmission technical equipment, remuneration shall be paid to the maker of such sound recording.

The Implementing Regulations of the PRC Copyright Law (《中華人民共和國著作權法實施條例》) was promulgated in 2002 and amended in 2013. The PRC Copyright Law and its implementing regulations are the principal laws and regulations governing copyright-related matters. Under the amended PRC Copyright Law, products disseminated over the internet and software products, among others, are entitled to copyright protection. Registration of copyright is voluntary, and it is administrated by the China Copyright Protection Center.The State Council and National Copyright Administration (the "**NCA**"), have promulgated various rules and regulations relating to the protection of software in China, including the Regulations on Protection of Computer Software (《計算機軟件保護條例》) which was promulgated by State Council on January 30, 2013, and became effective since March 1, 2013, and the Measures for Registration of Copyright of Computer Software (《計算機軟件著作權登記辦法》) which was promulgated by NCA on February 20, 2002, and became effective since the same date. According to these rules and regulations, software owners, licensees, and transferees may register their rights in software with the NCA or its local branches and obtain software copyright registration certificates. Although such registration is not mandatory under PRC law, software owners, licensees, and transferees are encouraged to complete the registration process and thus the registered software rights may be entitled to better protections.

Trademark

Registered trademarks are protected under the Trademark Law (《中華人民共和國商標法》) of the PRC promulgated on August 23, 1982, and latest revised on April 23, 2019, and related rules and regulations. Trademarks are registered with the State Intellectual Property Office, formerly the Trademark Office of the SAIC. Where registration is sought for a trademark that is identical or similar to another trademark that has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for 10 years unless otherwise revoked. Furthermore, trademark license agreements must be filed with the Trademark Office for record.

Domain Name

On August 24, 2017, MIIT promulgated Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), repealing the Domain Name Measures (《中國互聯網絡域名管理辦法》) since November 1, 2017. The efforts to undertake internet domain name services as well as the operation, maintenance, supervision, and administration thereof and other relevant activities within the territory of the PRC shall thereafter be made in compliance with Administrative Measures for Internet Domain Names. Under the Measures on Country Top-level Domain Name Dispute Resolution (《國家頂級域名爭議解決辦法》) promulgated by the CNNIC, which became effective on June 18, 2019, domain name dispute can be resolved by a domain name dispute resolution institution recognized by the CNNIC. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

Regulations Relating to Foreign Currency Exchange

According to the Foreign Exchange Administration Regulations (《中華人民共和國外匯管理條例》), as amended on August 5, 2008, Renminbi is freely convertible for current account items, including the distribution of dividends, interest payments, trade, and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, unless prior approval is obtained from SAFE, and prior registration with SAFE is made.

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of 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》), or the SAFE Circular 19, in replacement of the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》). SAFE further promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《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》), or the SAFE Circular 16, as effective on June 9, 2016, which, among other things, amended certain provisions of SAFE Circular 19. According to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign investment company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties.

Since 2012, SAFE has promulgated several circulars to substantially amend and simplify the current foreign exchange procedures. According to these circulars, the opening of foreign exchange accounts with various special purposes, the reinvestment with RMB proceeds by foreign investors in the PRC, and remittance of profits and dividends in foreign currency foreign investment to its foreign shareholders are no longer subject to the approval or verification of SAFE. In addition, domestic companies are allowed to provide cross-border loans not only to their offshore subsidiaries but also to their offshore parents and affiliates. SAFE also promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents (《國家外匯管理局關於印發<外國投資者境內直接投資外匯管理規定>及配套文件的通知》) in May 2013, as amended in October 2018, which specifies that the administration by SAFE or its local branches over foreign investors' direct investment in the PRC shall be conducted by way of registration, and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches. In February 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), or the SAFE Circular 13, which became effective on June 1, 2015. SAFE Circular 13 delegates

the power to enforce the foreign exchange registration in connection with inbound and outbound direct investments under relevant SAFE rules from local branches of SAFE to banks, thereby further simplifying the foreign exchange registration procedures for inbound and outbound direct investments. On January 26, 2017, SAFE issued the Circular on Further Advancing Foreign Exchange Administration Reform to Enhance Authenticity and Compliance Reviews (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), which stipulates several capital control measures concerning the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of the genuine transaction, banks shall checkboard resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall keep the income into the account for previous years' losses before remitting the profits. On October 23, 2019, the Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《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》), or the Circular 28, was promulgated and became effective. According to the Circular 28, non-investment foreign-funded enterprises are allowed to lawfully make domestic equity investments using their capital if the domestic investment projects are in compliance with the prevailing special administrative measures for access of foreign investments and the relevant regulations.

Regulations Relating to Foreign Exchange Registration of Overseas Investment by PRC Residents

On July 4, 2014, SAFE promulgated the Notice on Relevant Issues Relating to Domestic Residents' Investment and Financing and Round-Trip Investment through 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》) ("**Circular 37**") to simplify the approval process, and for the promotion of the cross-border investment. Circular 37 supersedes the Notice on Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicle and Investing Back in China by Domestic Residents (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) and revises and regulates the relevant matters involving foreign exchange registration for round-trip investment. Under Circular 37, (i) a resident in mainland China must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle, or an Oversea SPV, that is directly established or indirectly controlled by the PRC resident to conduct investment or financing; and (ii) following the initial registration, PRC resident must update his or her SAFE registration when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term, increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions).

Under the SAFE Circular Further Simplification and Improvement Foreign Exchange Administration on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which promulgated by SAFE on February 13, 2015, and effective on June 1, 2015, the aforementioned registration shall be directly reviewed and handled by qualified banks, and SAFE and its branches shall perform indirect regulation over the foreign exchange registration via qualified banks.

Failure to comply with the registration procedures outlined in Circular 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or Affiliate, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations. PRC residents who control the company from time to time are required to register with the SAFE in connection with their investments in the company. 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.

Regulations Relating to Stock Incentive Plans

On February 15, 2012, SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "Stock Option Rules"). According to the Stock Option Rules, individuals participating in any stock incentive plan of any overseas publicly listed company who are Chinese citizens or foreign citizens who reside in mainland China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE or its local branches and complete certain other procedures through a domestic qualified agent, which could be a Chinese subsidiary of such overseas listed company, and complete certain other procedures. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase, and sale of corresponding stocks or interests, and fund transfers. In addition, the agent in mainland China is required to further amend the SAFE registration concerning the stock incentive plan if there is any material change to the stock incentive plan, the mainland Chinese agent or the overseas entrusted institution, or other material changes. The mainland Chinese agents must, on behalf of the mainland Chinese residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the mainland Chinese residents' exercise of the employee share options. The foreign exchange proceeds received by the mainland Chinese residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas-listed companies must be remitted into the bank accounts in mainland China opened by the mainland Chinese agents before distribution to such mainland Chinese residents. Under the Circular of the State Administration of Taxation on Issues Concerning Individual Income Tax concerning Equity Incentives (《國家税務總局關於股權激勵有關個人所得税問題的通知》) promulgated

by the SAT and effective from August 24, 2009, listed companies and their domestic organizations shall, according to the individual income tax calculation methods for "wage and salary income" and stock option income, lawfully withhold and pay individual income tax on such income.

Regulations Relating to Dividend Distribution

The principal regulations governing the distribution of dividends of foreign-invested enterprises include the PRC Company Law, the Foreign Investment Law, and the Implementation Rules of the Foreign Investment Law (《中華人民共和國外商投資法實施》) promulgated by the State Council and took into effect on January 1, 2020. Under these laws and regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated after-tax profits, if any, determined following PRC accounting standards and regulations. In addition, foreign-invested enterprises in China are required to allocate at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until these reserves have reached 50% of the registered capital of the enterprises. A PRC company shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year. Wholly foreign-owned companies may, at their discretion, allocate a portion of their after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserves are not distributable as cash dividends.

Regulations Relating to Tax

Enterprise Income Tax

Under the People's Republic of China Enterprise Income Tax Law (《中華人民共和國企業所得税法》) promulgated by NPC on March 16, 2007, which took into effect on January 1, 2008, and latest amended on December 28, 2018, and its implementing rules, enterprises are classified into resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25% while non-PRC resident enterprises without any branches in the PRC should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10%.

The Notice Regarding the Determination of Chinese-controlled Offshore Incorporated Enterprises as People's Republic of China Tax Resident Enterprises based on De Facto Management Bodies (《關於境外注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 the State Administration of Taxation on April 22, 2009, and amended on December 29, 2017, sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of mainland China and controlled by mainland Chinese enterprises or mainland Chinese enterprise groups is located within mainland China.

On July 27, 2011, SAT issued a trial version of the Administrative Measures for Enterprise Income Tax of Chinese-controlled Offshore Incorporated Resident Enterprises (for Trial Implementation) (《境外註冊中資控股居民企業所得稅管理辦法》(試行)), which came into effect on September 1, 2011, and latest amended on June 15, 2018, to clarify certain issues in the areas of resident status determination, post-determination administration, and competent tax authorities' procedures.

The PRC Enterprise Income Tax Law and its implementing rules provide that dividends paid by a PRC entity to a non-resident enterprise for income tax purposes are subject to PRC withholding tax at a rate of 10%, subject to reduction by an applicable tax treaty with China. According to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (《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 withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise.

Under the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), or the SAT Circular 81, a Hong Kong resident enterprise must meet the following conditions, among others, to apply the reduced withholding tax rate: (i) it must be a company; (ii) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (iii) it must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior receiving the dividends. In October 2019, the State Administration of Taxation promulgated the Administrative Measures for Nonresident Taxpayers to Enjoy Treatment under Tax Treaties, or the SAT Circular 35, which became effective on January 1, 2020. SAT Circular 35 provides that non-resident enterprises are not required to obtain preapproval from the relevant tax authority to enjoy the reduced withholding tax. Instead, nonresident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities. Accordingly, we may be able to benefit from the 5% withholding tax rate for the dividends received from PRC subsidiaries if it satisfies the conditions prescribed under SAT Circular 81and other relevant tax rules and regulations. However, according to SAT Circular 81 and SAT Circular 35, if the relevant tax authorities consider the transactions or arrangements we have are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future.

The SAT promulgated the Announcement of the SAT on Issues Regarding Beneficial Owner under Tax Treaties (《國家税務總局關於税收協定中"受益所有人"有關問題的公告》) on February 3, 2018, which addresses the methods to determine the "beneficial owners" under the double taxation avoidance arrangement between China and Hong Kong on dividends, interest and royalties.

Value-added Tax and Business Tax

According to the Provisional Regulations on Value-added Tax (《增值税暫行條例》) promulgated by the State Council on December 13, 1993, and amended on November 1, 2008, January 8, 2011, February 6, 2016, and November 19, 2017, and the Implementing Rules of the Provisional Regulations on Value-added Tax (《增值税暫行條例實施細則》) promulgated by the Ministry of Finance on December 25, 1993, and amended on December 15, 2008, and October 28, 2011, all taxpayers selling goods, providing processing, repairing or replacement services or importing goods within the PRC shall pay value-added tax.

Under the Provisional Regulations of the PRC on Business Tax (《中華人民共和國營業税暫行條例》), which took into effect on January 1, 1994, and were subsequently amended on November 10, 2008, 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 is prescribed in the List of Items and Rates of Business Tax (《營業税税目税率表》) attached to the regulation.

Since January 1, 2012, the Ministry of Finance and the SAT have implemented the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (《營業税改徵增值税試點方案》), which imposes VAT instead 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 Ministry of Finance and the SAT on the VAT Pilot Program, the "modern service industries" include research, development and technology services, information technology services, cultural innovation services, logistics support, lease of corporeal properties, attestation and consulting services. According to the Notice of the Ministry of Finance and the State Administration of Taxation 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》) promulgated by the Ministry of Finance and SAT and took into effect on May 1, 2016, and was latest amended on March 20, 2019, provides that the pilot program of replacing business tax with value-added tax shall be implemented nationwide. Entities and individuals engaging in the sale of services, intangible assets, or fixed assets, all business taxpayers in the construction industry, real estate industry, finance industry, consumer service industry, etc. within the territory of the PRC shall be included in the scope of the pilot program and pay a value-added tax instead of the business tax. The business tax was then officially replaced by the value-added tax.

Pursuant to the Provisional Regulations on Value-added Tax, the Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) promulgated on April 4, 2018 and became effective on May 1, 2018, and the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and became effective on April 1, 2019, with respect to VAT taxable sales of a VAT general taxpayer, the applicable VAT rates are 13% and 9% respectively.

Regulations Relating to Cybersecurity and Data Protection

On June 10, 2021, the Standing Committee of NPC promulgated the Data Security Law (《數據安全法》) of the PRC, which came into effect on September 1, 2021. The Data Security Law sets forth the regulatory framework and the responsibilities of the relevant governmental authorities in regulating data security. It provides that the central government shall establish a central data security work liaison system, which shall coordinate the relevant authorities covering different industries to formulate the catalogs of important data, and the special measures that shall be taken to protect the security of the important data. In addition, the Data Security Law provides that whoever carries out data processing activities shall establish a sound data security management system throughout the whole process, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security, in accordance with the provisions of laws and regulations. To carry out data processing activities by making use of the Internet or any other information network, the aforesaid obligations for data security protection shall be performed on the basis of the graded protection system for cybersecurity. Processors of important data shall specify the person(s) responsible for data security and the management body, and implement the responsibility of data security protection.

On November 7, 2016, the Standing Committee of NPC promulgated the Cybersecurity Law (《中華人民共和國網絡安全法》) of the PRC, which became effective on June 1, 2017, under which, network operators shall fulfill their obligations to safeguard the security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures under 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. 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 concluded with its users. The purchase of network products and services that may affect national security shall be subject to national cybersecurity review which prohibits individuals or entities from obtaining personal information through stealing or other illegal ways, selling, or otherwise illegally disclosing personal information.

The PRC Cybersecurity Law requires network operators, including internet information services providers among others, to adopt technical measures and other necessary measures following applicable laws, regulations as well as compulsory national and industrial standards to safeguard the safety and stability of network operations, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality, and availability of network data. Any violation of the provisions and requirements under the PRC Cybersecurity Law may subject internet service providers to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closedown of websites, or even criminal liabilities.

The Cybersecurity Review Measures (《網絡安全審查辦法》) was promulgated by Cyberspace Administration of China, State Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Public Security, Ministry of State Security, Ministry of Finance, Ministry of Commerce, People's Bank of China, SAMR, National Radio and Television Administration, CSRC, National Administration of State Secrets Protection and State Cryptography Administration in December 2021 and came into effect in February 2022. According to the Cybersecurity Review Measures, which superseded and replaced the current Cybersecurity Review Measures previously promulgated on April 13, 2020:

(i) the purchase of network products and services by a "critical information infrastructure operator" and the data processing activities of a "network platform operator" that affect or may affect national security shall be subject to the cybersecurity review;

(ii) if a network platform operator who possesses personal information of more than one million users intends to go public in a foreign country, it must apply for a cybersecurity review with the Cybersecurity Review Office; and

(iii) the relevant PRC governmental authorities may initiate cybersecurity review if they determine certain network products, services, or data processing activities affect or may affect national security.

Furthermore, on October 29, 2021, the CAC published the Measures on Security Assessment of Cross-border Transfer of Data (Draft for Comments) (《數據出境安全評估辦法(徵求意見稿)》), or the draft security assessment measures, which provide that data processors shall make self-assessment of the risks before transferring data cross-border, and shall apply for security assessment for cross-border transfer of data in any of the following circumstances:

(i) transferring the personal information and important data collected and produced by CIIO operators;

(ii) important data is included in the data transferred cross-border;

(iii) transferring personal information cross-border by personal information processors which process more than one million individuals' personal information;

(iv) transferring more than one hundred thousand individuals' personal information or more than ten thousand individuals' sensitive personal information cumulatively; or

(v) other circumstances which require the application for cross-border data transfer security assessment as determined by the CAC.

On November 14, 2021, the CAC published the Regulations for the Administration of Cyber Data Security (Draft for Comment) (《網絡數據安全管理條例(徵求意見稿)》), or the draft data security regulations, for public comment by December 13, 2021. The draft data security regulations reiterate that a data processor who processes personal information of more than one million individuals must complete the cybersecurity review if it intends to be listed in a foreign country, and further stipulate that a data processor shall also apply for the cybersecurity review if it carries out data processing activities that affect or may affect national security. The draft data security regulations provide a broad definition of "data processing activities", including collection, storage, usage, processing, transfer, provision, publication, deletion, and other activities, which covers the entire life cycle of data processing. The draft data security regulations also provide a broad definition of "data processors" as individuals and entities that may autonomously determine the purpose and method of data processing activities. In addition, the draft data security regulations require data processors which process important data or whose securities are listed outside of China to carry out data security assessment annually either by themselves or through a third-party data security service provider and submit the assessment report to a local agency of the CAC. The draft data security regulations remain silent on what constitutes a situation that "affects or may affect national security" and are subject to public comments and further changes before being formally adopted and entering into effect.

According to the CAC's statement in a press conference on January 4, 2022 about the promulgation of the Cybersecurity Review Measures, which statement has been published on the official website of the CAC, the China Cybersecurity Review Technology and Certification Center (中國網絡安全審查技術與認證中心) (the "**CCRTCC**") has been duly delegated by the CAC to accept applications for cybersecurity review and review applications materials. In March 2022, our PRC Legal Advisor and the Sole Sponsor's PRC Legal Advisor conducted a telephone consultation with the CCRTCC (the "**CCRTCC Consultations**"), pursuant to which the attendant officer of the CCRTCC confirmed that (i) our proposed [**REDACTED**] in Hong Kong does not fall under the scope of "listing in a foreign country" as prescribed in the Article 7 of the Cybersecurity Review Measures, and thus we do not need to voluntarily initiate application for cybersecurity review for our proposed [**REDACTED**] in Hong Kong; (ii) the competent regulatory authorities would notify the Company if the Company was deemed to be associated with any national security risks; similarly, if the Company had not been notified to that effect, the Company would not be required to self-assess its national security risks; (iii) apart from the cybersecurity review application and self-assessment of national security risks as mentioned above, our PRC subsidiaries are also not subject to other notification, reporting or filing obligations to the CAC for our proposed [**REDACTED**]. In addition, as the Draft Data Security Regulations have not come into effect, the Company is not required to self-assess its national security risks according to such draft.

Our PRC Legal Advisor is of the view that, the CCRTCC officers who attended the CCRTCC Consultations are the competent authority to give the assurances above, on the basis that: (i) the CCRTCC is duly authorized by the CAC to respond to inquiries in relation to Cybersecurity Review Measures and the acceptance of cybersecurity review applications; (ii) the CCRTCC Consultations were made through the official consultation hotline as published by the CAC.

On July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the "Measures") which came into effect on September 1, 2022. According to the Measures, a data processor shall declare security assessment for its outbound data transfer to the CAC through the local cyberspace administration at the provincial level to provide data abroad under any of the following circumstances: (i) where a data processor provides important data outside the territory of the PRC; (ii) where a critical information infrastructure operator or a data processor processing the personal information of more than one million individuals provides personal information outside the territory of the PRC; (iii) where a data processor has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total outside the territory of the PRC since January 1 of the previous year; and (iv) other circumstances prescribed by the CAC for which declaration for security assessment for cross-border data transfers is required.

Regulations Relating to Internet Security

Internet content in China is regulated and restricted from a state security standpoint. The Standing Committee of the National People's Congress enacted the Decisions on the Maintenance of Internet Security (《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.

On December 16, 1997, the Ministry of Public Security 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 took effect on December 30, 1997, and were amended by the State Council on January 8, 2011, and prohibit using the internet in ways which, among others, resulting in a leakage of state secrets or a spread of socially destabilizing content. The Ministry of Public Security has supervision and

inspection powers in this regard, and relevant local security bureaus may also have jurisdiction. If an ICP License holder violates these measures, the PRC government may revoke its ICP License and shut down its websites.

On December 13, 2005, the Ministry of Public Security issued the Regulations on Technological Measures for Internet Security Protection (《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 require 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, discover 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.

Personal Information Protection

Under the Civil Code of the PRC, the personal information of an individual shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or publish personal information of others. In addition, the processing of personal information shall follow the principles of lawfulness, legitimacy and necessity. The personal information of a natural person shall be protected.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law (《中華人民共和國個人信息保護法》), which came into effect on November 1, 2021. The Personal Information Protection Law lays down the principles for personal information protection, including without limitation, stipulating an expanded definition of personal information, enhancing the notification and consent obligations, setting forth a series of personal information rights and imposing stringent requirements on data processors' internal personal information governing systems. Moreover, the Personal Information Protection Law significantly increases the punishment for violations of personal information protection and any personal information processor violating the law may be subject to rectification order, suspension or termination of business, confiscation of illegal gains, revocation of license and monetary fines in large amount.Furthermore, MIIT's Rules on Protection of Personal Information of Telecommunications and Internet Users contains detailed requirements on the use and collection of personal information as well as security measures required to be taken by telecommunications business operators and internet information service providers.

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幹問題的解釋》), was promulgated on May 8, 2017, and became effective on June 1, 2017. The Interpretations clarified several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the PRC, including "citizens' personal information", "violation of relevant national provisions", "provision of citizens' personal information" and "illegally obtaining any citizen's personal information by other methods". In addition, the Interpretations specify the standards for determining the "serious circumstances" and "extraordinary serious circumstances" of this crime.

Any internet service provider that fails to fulfill the obligations related to internet information security administration as required by applicable laws and refuses to rectify upon orders, shall be subject to criminal penalty for the result of (i) any dissemination of illegal information on a large scale; (ii) any severe effect due to the leakage of the client's information;(iii) any serious loss of criminal evidence; or (iv) other severe situations. In addition, the Interpretations clarified certain standards for the conviction and sentencing of criminals concerning personal information infringement.

An internet information service provider is also required to properly maintain the users' personal information, and in case of any leak or likely leak of the users' personal information, it must take immediate remedial measures and, in severe circumstances, immediately report to the telecommunications authorities. Moreover, according to the PRC Criminal Law (《中華人民共和國刑法》), as latest amended in December 2020, any individual or entity that (i) sells or discloses any citizen's personal information to others in a way violating the applicable law, or (ii) steals or illegally obtains any citizen's personal information in a severe situation, shall be subject to criminal penalty.

On December 28, 2012, the SCNPC promulgated the Decision on Strengthening Network Information Protection (《關於加強網絡信息保護的決定》), which took into effect on the same date, to enhance the legal protection of information security and privacy on the internet. On July 16, 2013, the MIIT promulgated the Provisions 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 independently or in combination with other information for identifying a user.

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 took into effect on March 15, 2012. The Provisions stipulate 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.

Regulations Relating to Mobile Internet Applications Information Services

In addition to the Telecommunications Regulations and other regulations above, mobile internet applications and the internet application store are specifically regulated by the Administrative Provisions on Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》) (the "**Mobile Application Administrative Provisions**"), which were promulgated by the Cyberspace Administration of China (the "**CAC**") on June 28, 2016, and took effect on August 1, 2016. Under the Mobile Application Administrative Provisions, application information service providers shall obtain the relevant qualifications prescribed by laws and regulations, strictly implement their information security management responsibilities and carry out certain duties, including establishing and completing user information security protection mechanism and information content inspection and management mechanisms, protect users' right to know and right to choose in the process of the usage and to record users' daily information and preserve it for 60 days. Application store services providers shall, within 30 days of the business going online and starting operations, conduct filing procedures with the local cybersecurity and information department. Furthermore, internet application store service providers and internet application information service providers shall sign service agreements to determine both sides' rights and obligations.

Furthermore, on December 16, 2016, the MIIT promulgated the Interim Measures on the Administration of Pre-Installation and Distribution of Applications for Mobile Smart Terminals (《移動智能終端應用軟件預置和分發管理暫行規定》) (the "**Mobile Application Interim Measures**"), which took effect on July 1, 2017. The Mobile Application Interim Measures requires, among others, that internet information service 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 function software, which refers to software that supports the normal functioning of hardware and operating system of a mobile smart device.

Potential CSRC Report and Filing Required for This [REDACTED]

On July 6, 2021, the General Office of the CPC Central Committee ("**Central Committee**") and the General Office of the State Council jointly published the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions indicate that the PRC government will take measures to strengthen regulation over illegal securities activities and supervision on overseas securities offerings and listings of China-based companies.

On December 24, 2021, the CSRC published the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》), and Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments), (the "**Draft Overseas Listing Regulations**") (《境內企業境外發行上市備案管理辦法(徵求意見稿)》), which set out the new regulatory requirements and filing procedures for Chinese companies seeking direct or indirect listing in overseas markets. The Draft Overseas Listing Regulations, among others, stipulate that Chinese companies that seek to offer and list securities in overseas markets shall fulfill the filing procedures with and report relevant information to the CSRC, and that an initial filing shall be submitted within three (3) working days after the application for an initial public offering is submitted. Moreover, an overseas offering and listing is prohibited under circumstances if (i) it is prohibited by PRC laws, (ii) it may constitute a threat to or endanger national security as reviewed and determined by competent PRC authorities, (iii) it has material ownership disputes over equity, major assets, and core technology, (iv) in recent three years, the Chinese operating entities and their controlling shareholders and actual controllers have committed relevant prescribed criminal offenses or are currently under investigations for suspicion of criminal offenses or major violations, (v) the directors, supervisors, or senior executives have been subject to administrative punishment for severe violations, or are currently under investigations for suspicion of criminal offenses or major violations, or (vi) it has other circumstances as prescribed by the State Council.

The Draft Overseas Listing Regulations, among others, stipulate that when determining whether an offering and listing shall be deemed as "an indirect overseas offering and listing by a Chinese company", the principle of "substance over form" shall be followed, and if the issuer meets the following conditions, its offering and listing shall be determined as an "indirect overseas offering and listing by a Chinese company" and is therefore subject to the filing requirement: (1) the revenues, profits, total assets or net assets of the Chinese operating entities in the most recent financial year accounts for more than 50% of the corresponding data in the issuer's audited consolidated financial statements for the same period; (2) the majority of senior management in charge of business operation are Chinese citizens or have domicile in PRC, and its principal place of business is located in PRC or main business activities are conducted in PRC.

As advised by our PRC legal counsel, the Draft Overseas Listing Regulations were released only for public comment at this stage and their provisions and anticipated adoption or effective date remain subject to change. There is therefore substantial uncertainty as to what the content of the final version and interpretation thereof will be. In their current form, the Draft Overseas Listing Regulations are not clear on the exact criteria of qualified issuers who must complete the CSRC filing procedures after submitting the application for an initial public offering overseas, and are not clear on whether qualified issuers which have submitted the application for initial public offering overseas but have not yet completed the whole listing process shall be subject to the said CSRC filing procedures. Although we cannot definitively predict the impact that the Draft Overseas Listing Regulations will have on this [**REDACTED**], assuming that the Draft Overseas Listing Regulations came into effect in its

current form, as advised by our PRC Legal Advisor based on its understanding of legislative developments and the measures we have taken thus far, we may be required to complete the filing procedures with the CSRC for our proposed [**REDACTED**]. However, there is no foreseeable material impediment for the Company to complete such filing procedures because (i) as advised by our PRC Legal Advisor, we do not fall under any of the circumstances specified in the Draft Overseas Listing Regulations under which overseas issuance and listing are prohibited; (ii) we have taken comprehensive measures to ensure our compliance with the relevant laws and regulations and will continue to pay close attention to the legislative and regulatory developments in respect of overseas listing of domestic enterprises, comply with the specific regulatory requirements and perform the filing procedures or information reporting procedures in accordance with the requirements of the Draft Overseas Listing Regulations where applicable to our Company, with the assistance of our Company's onshore and offshore counsel teams; and (iii) we have begun to prepare the relevant documents for the filing procedures in accordance with the Draft Overseas Listing Regulations in its current requested form, and we do not foresee any substantial obstacles in connection therewith.