REGULATORY OVERVIEW

This section sets forth a summary of the most significant laws and regulations that affect our business activities in China.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT IN THE PRC

Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"), which was latest amended by the SCNPC on 26 October 2018 and became effective on the same day, provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in PRC. Furthermore, the Draft Amendment to the Company Law (《中華人民共和國公司法(修訂草案)》) was released to seek public comments on 24 December 2021 and proposed to improve the system for company registration and facilitates the establishment and exit channels of companies, to offer greater autonomy for companies in terms of corporate structure, improve the capital system for companies, boost the responsibility system of company shareholders and management personnel, and highlight social responsibility efforts of enterprises. As of the Latest Practicable Date, the Draft Amendment to the Company Law has not been formally adopted.

Pursuant to the Provisions on Guiding the Direction of Foreign Investment (《指導外商投資方向規定》), which was promulgated by the State Council on 11 February 2002 and took effect on 1 April 2002, industries in the PRC are classified into four categories: permitted, encouraged, restricted and prohibited. Encouraged, restricted and prohibited foreign investment projects are stipulated in the Guideline Catalogue of Foreign Investment Industries (《外商投資產業指導目錄》) (the "**Catalogue**"). Moreover, investments activities in China by foreign investors are principally governed by the Catalogue for the Encouragement of Foreign Investment Industries (2020 Edition) (《鼓勵外商投資產業目錄(2020年版)》) and the Special Administrative Measures (Negative List) for Access of Foreign Investment (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》 (the "**Negative List**"), which were both promulgated by the MOFCOM and the NDRC and each became effective on 27 January 2021 and 1 January 2022. The Catalogue for the Encouragement of Foreign Investment Industries (2020 Edition) and the Negative List replace the Catalogue and set forth the industries in which foreign investments are encouraged, restricted and prohibited. Industries that are not listed in any of these three categories are generally open to foreign investment unless otherwise specifically restricted by other PRC rules and regulations.

As advised by our PRC Legal Adviser, the current four types of services including (i) customised marketing solution; (ii) tasks and marketers matching service; (iii) marketers assignment service; and (iv) SaaS+ subscription operated by the Group during the Track Record Period do not constitute operational internet information services which refers to the provision with charge of payment of information through internet to web users and therefore does not require an ICP certificate, or fall within any other restricted or forbidden foreign-invested industries under the relevant PRC laws and regulations, based on the following:

(i) With regard to the Group's customised marketing solution, such business is mainly carried out offline and the Group does not charge for information provided to the customer and hence does not involve operational Internet information services.

(ii) With regard to the tasks and marketers matching service, the digitalised tools involved are operated through WeChat mini programme (微信小程序) and WeChat Official Account (微信公眾號). The Group does not charge the customers and the marketers for the information published in these digitalized tools and they could freely access the relevant information; thus, this business does not involve operational Internet information services. Meanwhile, upon our consultation with Shanghai Communications Administration, we were informed that such business operated by the Group through the WeChat mini programme and the WeChat Official Account does not require an ICP certificate.

(iii) Finally, with regard to the Group's marketers assignment service and SaaS+ subscription, the customers subscribe our digtialised tools to support their business and operations and such subscriptions do not involve any charges for information provided to the customer; therefore, it does not involve operational Internet information services. Moreover, after consulting the Shanghai Communications Administration (上海市通信管理局), it is confirmed that the digital sales and marketing services and SaaS business operated by the Group do not constitute the operation of Internet information services, and it is not necessary for the Group to obtain an ICP certificate.

On 15 March 2019, the NPC approved the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which became effective on 1 January 2020 and replaced the three old rules on foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-Owned Enterprise Law of the PRC (《中華人民共和國外資企業法》). The Foreign Investment Law establishes the basic framework for the access to, and the promotion, protection, and administration of foreign investments in view of investment protection and fair competition. Moreover, the Foreign Investment Law grants foreign invested entities the same treatment as PRC domestic entities, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the Negative List. And the state will take measures to prompt foreign investment such as ensuring fair competition for foreign-invested enterprises to participate in government procurement activities, and protection of intellectual property rights of foreign investment. Besides, the state shall protect foreign investors' investment, earnings and other legitimate rights and interests, such as free remittance of capital contribution, profits, capital gains, assets disposal income, intellectual property licence fees, legally-obtained damages or compensation, liquidation proceeds, etc.

Furthermore, on 26 December 2019, the State Council promulgated the Implementation Rules to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which came into effect on 1 January 2020, and replaced the Regulations on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法實施條例》), Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (《中外合資經營企業合營期限暫行規定》), the Regulations on Implementing the Wholly Foreign-Owned Enterprise Law of the PRC (《中華人民共和國外資企業法實施細則》), and the Regulations on Implementing the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法實施細則》). The implementation rules further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimise foreign investment environment, and advances a higher-level opening.

On 30 December 2019, the MOFCOM and the SAMR jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on 1 January 2020 and replaced the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Pursuant to the Measures for Information Reporting on Foreign Investment, since 1 January 2020, for carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce administrative authorities through the Enterprise Registration System (企業登記系統) and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) pursuant to these measures.

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

LAWS AND REGULATIONS RELATING TO MARKETING BUSINESS

The Advertising Law of the PRC (《中華人民共和國廣告法》) (the "**Advertising Law**") was promulgated by the SCNPC on 27 October 1994 and latest amended on 29 April 2021, which stipulates that within the territory of the PRC, commercial advertising activities in which commodity operators or service providers directly or indirectly introduce the commodities or services they promote through certain media and forms shall be governed by the Advertising Law. Furthermore, advertisers, advertising operators, and advertisement publishers shall abide by the Advertising Law and other laws and regulations, be honest and trustworthy, and compete in a fair manner in advertising business.

On 4 July 2016, the SAIC (since March 2018 known as the SAMR) promulgated the Interim Measures for the Administration of Internet Advertising (《互聯網廣告管理暫行辦法》) which became effective on 1 September 2016. The Interim Measures for the Administration of Internet Advertising regulates any advertisement published on the internet, including but not limited to, those on websites, webpage and APPs, those in the forms of word, picture, audio and video. Moreover, internet information service providers must stop any person from using their information services to publish illegal advertisements if they are aware of, or should reasonably be aware of, such illegal advertisements even though the internet information service provider merely provides information services and is not involved in the internet advertisement businesses. The following activities are prohibited under the Interim Measures for the Administration of Internet Advertising: (i) providing or using applications and hardware to block, filter, skip over, tamper with, or cover up lawful advertisements provided by others; (ii) using network access, network equipment and applications to disrupt the normal transmission of lawful advertisements provided by others or adding or uploading advertisements without permission; or (iii) harming the interests of others by using false statistics or traffic data.

On 25 February 2023, the SAMR promulgated the Measures for the Administration of Internet Advertisement (《互聯網廣告管理辦法》), which will take effect on 1 May 2023 and simultaneously repeal the Interim Measures for the Administration of Internet Advertising. Such measures explicitly include commercial advertisements and cross-border e-commerce advertisements that directly or indirectly promote goods or services through online live streaming; further strengthen the system provisions in areas such as "one-click closure" of pop-up advertisements and implanted advertisements, and strengthen the responsibility of relevant subjects, etc.

LAWS AND REGULATIONS RELATING TO INFORMATION SECURITY AND PRIVACY PROTECTION

Information Security

Internet content in the PRC is also regulated and restricted from a state security point of view. The Decision Regarding the Safeguarding of Internet Security (《關於維護互聯網安全的決定》), enacted by the SCNPC on 28 December 2000 and amended with immediate effect on 27 August 2009, makes it unlawful to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights.

Pursuant to the Decisions on Strengthening the Protection of Online information (《關於加強網絡信息保護的決定》), issued by the SCNPC in 2012 and the Protection Provisions for the Personal Information of Telecommunications and Internet Users (《電信和互聯網用戶個人信息保護規定》) promulgated by the MIIT in 2013, telecommunication business operators and internet service providers are required to set up their own rules for collecting and use of internet users' information and are prohibited from collecting or using such information without consent from users. Moreover, telecommunication business operators and internet service providers shall strictly keep users' personal information confidential and shall not divulge, tamper with, damage, sell or illegally provide others with such information.

On 4 February 2015, the CAC promulgated the Provisions on the Administrative of Account Names of Internet Users (《互聯網用戶帳號名稱管理規定》), which became effective as of 1 March 2015, setting forth the authentication requirement for the real identity of internet users by requiring users to provide their real names during the registration process. In addition, these provisions specify that internet information service providers are required by these provisions to accept public supervision, and promptly remove illegal and malicious information in account names, photos, self-introductions and other registration-related information reported by the public in a timely manner.

On 1 July 2015, the SCNPC issued the National Security Law of the PRC(《中華人民共和國國家安全法》), which came into effect on the same day. The National Security Law of the PRC provides that the state shall safeguard the sovereignty, security and cyber security development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

Pursuant to the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) promulgated by the SCNPC on 7 November 2016 and became effective from 1 June 2017, those who build and operate the network or provide services through the network, should be in accordance with the provisions of laws, administrative regulations and mandatory requirements of national standards, to take technical measures and other necessary measures to ensure network security, stable operation, effective response to network security incidents, prevent network criminal activities, and maintain the integrity of network data, confidentiality and availability.

On 10 June 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》) to regulate data processing activities and security supervision in the PRC, which became effective on 1 September 2021. Pursuant to the PRC Data Security Law, data processing activities should be carried out in accordance with the laws and regulations, establish and improve the whole process of data security management system, the organisation of data security education and training, take appropriate technical measures and other necessary measures to protect data security. The use of the internet and other information networks to carry out data processing activities, should be based on the network security

multi-level protection scheme, to fulfil the above data security protection obligations. Important data processors should specify the person responsible for data security and management agencies, the implementation of data security protection responsibilities. Data processing activities should be carried out to strengthen risk monitoring and conducive to promoting economic and social development, enhance the well-being of the people, in line with social morality and ethics. Moreover, the PRC Data Security Law provides for a national data security review system, under which data processing activities that affect or may affect national security are subject to review. Any organisation or individual who conducts data processing activities in violation of the PRC Data Security Law shall bear the corresponding civil, administrative or criminal liability depending on the specific circumstances.

According to the Provisions on Technological Measures for Internet Security Protection (《互聯網安全保護技術措施規定》) promulgated on 13 December 2005 by the Ministry of Public Security, came into effect on 1 March 2006, internet service providers and networking entities should implement the following internet security protection technical measures: (a) the technical measures for preventing computer viruses, network intrusion and attack damage and other matters or acts that endanger network security; (b) important databases and systems of major equipment redundant backup measures; (c) technical measures for recording and retaining the users' login and exit time, caller ID, account number, internet address or domain name, log files of system maintenance; (d) any other technical measures for internet security protection to be implemented as prescribed by any law, regulation or rule. Furthermore, the technical measures for record retention implemented by internet service providers and networking entities in accordance with the Provisions on Technological Measures for Internet Security Protection shall have the function of keeping records as a backup for at least 60 days.

On 6 July 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly issued the Opinions on Strictly Combating 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》) (the "**Combating Illegal Securities Activities Measures**"), which stressed on improving the laws and regulations on data security, cross-border data flow and management of confidential information, speeding up the revisions to Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing (《關於加強在境外發行證券與上市相關保密和檔案管理工作的規定》) to increase the accountability of entities listed outside the mainland of the PRC to information security, enhancing standardised management of mechanism and procedure for cross-border data transfer, and enhancing the cooperation of cross-border audit supervision.

On 17 August 2021, the State Council promulgated the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the "**CII Regulation**"), which became effective on 1 September 2021. According to the CII Regulation, a critical information infrastructure, or CII, refers to an important network facility or information system in important industries and fields such as public communication and information services, energy, transportation, water conservancy, finance, public services, e-government, national defence technology industry, etc., and CII also refers to other important network facility and information system that may seriously endanger national security, national economy and the people's livelihood, and public interests in the event of damage, loss of function, or data leakage. The competent departments and supervision and management departments of the aforementioned important industries and fields are the departments responsible for the CII security protection work. They will be responsible for organising the identification of CIIs in this industry or field in accordance with the identification rules, promptly notify the critical information infrastructure operators (the "**CIIO(s)**") of the identification results, and notify the public security department of the State Council. As of the Latest Practicable Date, the responsible authorities have not promulgated any implementation provisions or identification rules of CII and we have not received any notification from relevant regulatory authorities regarding our identification as a CIIO.

On 31 December 2021, the CAC, the MIIT, the Ministry of Public Security, the SAMR jointly promulgated the Administrative Provisions on Internet Information Service Algorithm Recommendation (《互聯網信息服務算法推薦管理規定》), which became effect on 1 March 2022. The Administrative Provisions on Internet Information Service Algorithm Recommendation implements classification and hierarchical management for algorithm recommendation service providers based on various criteria, and stipulates that algorithm recommendation service providers with public opinion attributes or social mobilisation capabilities shall file with the CAC within ten business days from the date of providing such services.

On 27 June 2022, the CAC promulgated the Provisions on the Administrative of Account Information of Internet Users (《互聯網用戶帳號信息管理規定》), which will take effect on 1 August 2022. These provisions apply to the registration, use, and management of internet users' account information by internet information service providers. These provisions stipulate that internet information service providers must, among other things, equip themselves with professional and technical capabilities appropriate to the scale of services, establish, improve and strictly implement the authentication of real identity information, verification of account information, security of information content, ecological governance, emergency responses, protection of personal information and other management systems. These provisions also require that the internet information service providers should protect and handle internet users' account information in accordance with law, and take measures to prevent unauthorised access, as well as leakage, tampering, and loss of personal information. The internet information service providers shall set up a convenient portal for complaints and whistleblowing at an eye-catching position, release the ways of complaints and whistleblowing, improve the acceptance, screening, disposal and feedback mechanisms, specify the handling process and feedback time limit and timely handle the complaints and whistleblowing of users and the public.

INFORMATION SECURITY IN RELATION TO NETWORK DATA SECURITY MANAGEMENT REGULATIONS (DRAFT FOR PUBLIC COMMENTS), MEASURES FOR CYBERSECURITY REVIEW AND MEASURES ON SECURITY ASSESSMENT OF CROSS-BORDER DATA TRANSFER

On 14 November 2021, the CAC promulgated the Network Data Security Management Regulations (Draft for Public Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Regulations on Network Data Security Management**"). According to Article 2 of the Draft Regulations on Network Data Security Management, the Draft Regulation on Network Data Security Management applies to the activities relating to the use of networks to carry out data processing activities within the territory of the PRC. Tian Yuan Law Firm is of the view that once the Draft Regulation on Network Data Security Management become effective in the current form, it will be applicable to certain PRC domestic entities of the Company. With respect to the requirements of the Draft Regulation on Network Data Security Management, the regulation stipulates that data processors shall, in accordance with relevant state provisions, apply for cybersecurity review when carrying out the following activities: (i) the merger, reorganisation or separation of internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affects or may affect national security; (ii) data processors that handle the personal information of more than one million people intend to be listed abroad; (iii) data processors seeking to be listed in Hong Kong that affects or may affect national security; and (iv) other data processing activities that affect or may affect national security. Scenario (i) and (ii) do not apply to the Group. As to scenarios (iii) and (iv), given the criteria for the determination of "affect or may affect national security" as stipulated in Article 13 of the Draft Regulation on Network Data Security Management are still uncertain and subject to further elaboration by the CAC, the government authorities may have discretion in the interpretation for "affect or may affect national security". If the regulatory authorities determine that the Company's proposed [REDACTED] in Hong Kong or its data processing activities affect or may affect national security, it may be subject to cybersecurity review. As advised by

Tian Yuan Law Firm, the likelihood of the Company's proposed [REDACTED] in Hong Kong and its business operations being classified as one that affects or may affect national security is relatively low, nevertheless, it is ultimately subject to the review by regulatory authorities on a case-by-case basis. Please see the paragraph below for detailed analysis.

On 28 December 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), which came into effect on 15 February 2022. According to Article 2 of the Cybersecurity Review Measures, CIIO purchasing network products and services, and network platform operators carrying out data processing activities which affect or may affect national security, are subject to cybersecurity review. Specifically, the obligations of voluntary filing for cyber security review must be fulfilled under two circumstances: (i) if a CIIO anticipates that its procurement of network products and services affect or may affect national security after the network products and services are put into use, it should apply for cyber security review to the Cybersecurity Review Office; and (ii) network platform operators possessing personal information of more than one million users that seek for listing in a foreign country must apply for cybersecurity review to the Cybersecurity Review Office.

Based on Tian Yuan Law Firm' s opinion, the Group is of the view that the obligations of voluntary filings for cybersecurity review are not applicable to the Group on the basis that:

(i) according to the Regulations of Security Protection for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》 (the "**CII Protection Regulations**"), which became effective on 1 September 2021, CII refers to important industries and sectors such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government, and defence technology industries, as well as other major network facilities and information systems that once are damaged or lose their functions or data, may seriously endanger national security, national economy, the people's livelihood, and public interests. Moreover, the competent departments and supervision and management departments of important industries and sectors ("**CII Protection Work Departments**") are responsible for the formulation of CII identification rules, identifying the CII in their respective industries and notifying the operators who are identified as CIIO on timely basis. As the Group is engaged in the provision of sales and marketing services and its business does not involve the relevant industries and sectors specified in the above regulations, it is not likely to be identified as a CIIO. As of the Latest Practicable Date, the Group has not received any notification from relevant regulatory authorities regarding its identification as a CIIO; and

(ii) certain PRC domestic entities of the Group are network platform operators, however, the Group possesses personal information of less than one million users, and as advised by Tian Yuan Law Firm, "[REDACTED] in Hong Kong" does not fall into the scope of "[REDACTED] in a foreign country". Furthermore, Tian Yuan Law Firm, was authorised by the Company to consult with the China Cybersecurity Review Technology and Certification Centre (the "**Centre**") on 1 June 2022, which is delegated by the Cybersecurity Review Office of CAC and is competent to provide public consultation and accept submissions in relation to cybersecurity review. The consultation was made on a no-name basis but detailed description of the Group's business model and the Company's proposed [REDACTED] in Hong Kong was communicated to the CAC officer during the consultation. During the consultation, the Centre informed Tian Yuan Law Firm that the Company is not required to apply for cybersecurity review for its proposed [REDACTED] in Hong Kong since "[REDACTED] in a foreign country" does not include "[REDACTED] in Hong Kong".

However, the regulatory authorities can initiate cybersecurity review if they determine that the Group's data processing activities affect or may affect national security. Due to the fact that uncertainty remains as to the interpretation and applicability of the Cybersecurity Review Measures, especially the criteria for determining the risks that "affect or may affect national security", Tian Yuan Law Firm, cannot preclude the possibility that the risk factors may apply to the Group as network platform operator, however, the likelihood of its operations being classified as one that affects or may affect national security is relatively low, nevertheless, it is ultimately subject to the review by regulatory authorities on a case-by-case basis. Detailed analysis as to whether the Group's business operations or the Company's proposed [REDACTED] may give rise to national security risks based on the factors set out in Article 10 of the Cybersecurity Review Measures is set forth below.

Article 10 of the Cybersecurity Review Measures focuses on the following factors in the assessment of national security risks:

(i) the risk that the use of products and services could bring about the illegal control of, interference with, or destruction of CII;

(ii) the harm to CII business continuity of product and service supply disruptions;

(iii) the security, openness, transparency, and diversity of sources of products and services, the reliability of supply channels, as well as the risk of supply disruptions due to political, diplomatic, and trade factors;

(iv) product and service providers' compliance with Chinese laws, regulations, and department rules;

(v) the risk that core data, important data or large amount of personal information being stolen, leaked, damaged, illegally used and illegally exported;

(vi) the risk of CII, core data, important data, or large amount of personal information being affected, controlled, or maliciously used by foreign governments, as well as the risk of network information security, if a company goes public; and

(vii) other factors that could harm CII security, cybersecurity and data security.

Scenarios (i)-(iv) mainly focus on supply chain security risks associated with CIIOs purchasing specific network products and services. As of the Latest Practicable Date, the Group has not received any notification from CII Protection Work Departments regarding its identification as CIIO and therefore, scenarios (i)-(iv) are not applicable to the Group.

As advised by Tian Yuan Law Firm, in terms of scenario (v), the Group is of the view that it is not likely to trigger scenario (v) on the basis that: (i) As confirmed by our Directors, as of the Latest Practicable Date, it has not experienced any material cybersecurity and data privacy incident including without limitation, data or personal information theft, leakage, damage, tampering, loss, and illegal use, or any claim from any infringement upon any third parties' right to data privacy; (ii) as the compliance status of the Group disclosed in the section headed "Business — DATA PRIVACY AND SECURITY" of this Document, it has implemented a comprehensive set of internal policies, procedures, and measures to protect data from unauthorised access, disclosure, theft, leakage, damage, tampering, loss, illegal use, illegal export or other serious incidents and breaches; (iii) As confirmed by our Directors, as of the Latest Practicable Date, the user data collected by the Group within the territory of mainland China during its business operations has been stored within the territory of mainland China. Moreover, considering the

definitions of "core data" and "important data" and the nature of the data the Group collected and generated during our business operations, such data is unlikely to be regarded as "core data" or "important data"; and (iv) during the Track Record Period and up to the Latest Practicable Date, the Group has not received any investigation, notice, warning, or sanctions from applicable government authorities with regard to its business operations concerning any issues related to cybersecurity and data security. Also, the Group is not likely to trigger scenario (vi) with respect to the proposed [REDACTED] in Hong Kong, on the basis that, in addition to the fore-mentioned factors: (i) as of the Latest Practicable Date, the Group has not been identified as a CIIO by relevant regulatory authorities; and (ii) pursuant to the consultation with the Centre as mentioned above, [REDACTED] in Hong Kong is not considered as [REDACTED] aboard.

As advised by Tian Yuan Law Firm, based on the above, the likelihood of our operations being classified as one that "affects or may affect national security" is relatively low, nevertheless, it is ultimately subject to the review by regulatory authorities on a case-by-case basis.

However, as advised by Tian Yuan Law Firm, the interpretation and applicability of "important data", "core data" and "network information security" and other factors considered in scenario (vii) remains uncertain and subject to further clarification by the CAC or relevant regulatory authorities, the Group cannot preclude the possibility that these scenarios may apply. The Group will also keep abreast and conform to the legislative and regulatory requirement to prevent the related risks that may trigger scenario (v), (vi) and (vii).

Since the criteria for the determination of "affect or may affect national security" as stipulated in Cybersecurity Review Measures are still uncertain and subject to further elaboration by the CAC, further elaboration and guidance is expected to be forthcoming for us to evaluate the implications. If the Group is subject to cybersecurity review, it will apply for the cybersecurity review in due course.

On 7 July 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 on Security Assessment of Cross-border Data Transfer**"), which became effective on 1 September 2022. These Measures specify that any of the circumstances below will require security assessment before any cross-border data transfer out of mainland China can occur: (i) the data transferred out of mainland China is important data; (ii) cross-border data transfer of personal information by CIIO and data processor that processes personal information of more than 1 million individuals; (iii) cross-border data transfer of personal information by a data processor who has made cross-border data transfers of personal information of more than 100,000 individuals, or sensitive personal information of more than 10,000 individuals, in each case as calculated cumulatively, since January 1 of the previous year; or (iv) under other circumstances as stipulated by the CAC.

As advised by Tian Yuan Law Firm, scenarios (ii) and (iii) are not applicable to the Group given the fact confirmed by our Directors that, (a) as of the Latest Practicable Date, the Group has not received any notification from relevant regulatory authorities regarding its identification as CIIO; (b) the Group processes personal information of less than 1 million individuals; (c) the Group has not met the threshold as stipulated under scenario (iii). Nonetheless, as advised by Tian Yuan Law Firm, since the identification of important data as stipulated under scenario (i) remains uncertain and subject to further clarification by the CAC or relevant regulatory authorities as analysed above, and the implementation under scenario (iv) is still subject to elaboration by relevant government authorities, there remains uncertainty as to how the new regulation will be applied and implemented. The Group will closely monitor the application and implementation of these measures.

According to the Centre officer consulted with during the aforesaid consultation by Tian Yuan Law Firm with the Centre on 1 June 2022:

(i) the Company is not required to apply for cybersecurity review for its proposed [REDACTED] in Hong Kong since "[REDACTED] in a foreign country" does not include "[REDACTED] in Hong Kong".

(ii) as of the date of the consultation, there had been no detailed rules on determining "affect or may affect national security".

In addition, the Group and Tian Yuan Law Firm are of the view that, under the currently effective Cybersecurity Review Measures and the Measures on Security Assessment of Cross-border Data Transfer, and assuming that if the Draft Regulation on Network Data Security Management become effective in the current form, they do not foresee any material impediments for the Group to comply with the Cybersecurity Review Measures, the Draft Regulation on Network Data Security Management and the Measures on Security Assessment of Cross-border Data Transfer ("**Relevant Regulations**") in all material respects and these Relevant Regulations would not have a material adverse impact on the Group's business operations, the Company's proposed [REDACTED] in Hong Kong or its potential overseas expansion thereafter, on the basis that:

(i) as the compliance status of the Group disclosed in section headed "Business — DATA PRIVACY AND SECURITY" of this Document as of the Latest Practicable Date, the Group has implemented a comprehensive set of internal policies, procedures, and measures to ensure its cybersecurity and data protection compliance practice;

(ii) although we expect to expand our operations internationally, as at the Latest Practicable Date, the Group had not yet commenced implementation of our overseas expansion plan. If the Group expands its international presence, the directors confirm that the data collected and generated by the Group within the territory of mainland China during its business operations will still be stored and processed within the territory of mainland China in the future, and the Group will not transfer such data outside mainland China. In addition, the Group adheres to the internal policies, including the Data Security Management Procedures《(數據安全管理程序》), the User Personal Information Protection Management Procedures《(用戶個人信息保護管理程序》), and the Personal Information Security Impact Assessment Procedures《(個人信息安全影響評估程序》), which stipulates that: (i) users' personal information the Group collect within the territory of mainland China shall not be provided outside of mainland China, except as otherwise provided by laws and regulations; (ii) for the cross-border data transfer, an assessment should be made to ensure that the cross-border data transfer meets the requirements of relevant applicable laws and regulations;

(iii) as of the Latest Practicable Date, the Group has not received any inquiry, notice, warning, investigation, sanctions or objection regarding the proposed [REDACTED] plan or requesting any cybersecurity review regarding Relevant Regulations from relevant regulatory authorities;

(iv) as of the Latest Practicable Date, the Group has not been subject to any material administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities in relation to cybersecurity and data protection, nor had there been any material cybersecurity and data protection incidents or infringement upon any third parties, or other legal proceedings, administrative or governmental proceedings, pending or, to the best of the knowledge of the Group, threatened against or relating to the Group; and

(v) the Group confirms that it will closely monitor the legislative and regulatory development in cybersecurity and data protection, including the Relevant Regulations, and will adjust its cybersecurity and data protection practices in a timely manner to ensure compliance with the currently effective Cybersecurity Review Measures, the Measures on Security Assessment of Cross-border Data Transfer and the Draft Regulation on Network Data Security Management when it comes into effect.

The Joint Sponsors have conducted, among other things, the following independent due diligence work in respect of the implications of the Relevant Regulations on the Group's business operations and proposed [REDACTED] in Hong Kong:

(i) reviewed the Relevant Regulations published by the CAC and relevant regulatory authorities with the assistance of Tian Yuan Law Firm;

(ii) discussed with the management of the Company to understand, among others, the Group's business and the type of data collected and processed by the Group and the cybersecurity and data privacy control of the Company;

(iii) discussed with the management of the Company and Tian Yuan Law Firm in relation to the scope of and the requirements imposed by the Relevant Regulations, and the potential impact and applicability of the Relevant Regulations and aforementioned regulatory developments on the Group's business operations and [REDACTED] plan from PRC legal perspective;

(iv) obtained and reviewed advanced draft of the PRC data compliance report prepared by the Tian Yuan Law Firm in relation to compliance of the Company with the applicable laws and regulations of cybersecurity and data compliance; and

(v) conducted desktop search and engaged independent search agent to conduct background search on the Group, and nothing has come to the attention of the Joint Sponsors regarding any outstanding investigations on cybersecurity review, administrative penalties, mandatory rectifications or other sanctions imposed, or any litigation or proceedings pending or threatened against the Group.

Based on the view of Tian Yuan Law Firm, the independent due diligence work conducted as described above and the information currently available to the Joint Sponsors, nothing has come to the attention of the Joint Sponsors as of the date of this document that would cause them to disagree with the Company's views that these Relevant Regulations would not have a material adverse impact on the Group's business operations, the Company's proposed [REDACTED] in Hong Kong or its potential overseas expansion thereafter.

Privacy Protection

The Civil Code of the PRC (《中華人民共和國民法典》) was issued on 28 May 2020 and took effect on 1 January 2021, which provides that personal information of natural persons is protected by law. Any organisation or individual who needs to obtain the personal information of others, shall obtain and ensure information security in accordance with the law, shall not illegally collect, use, process, transmit personal information of others, shall not illegally trade, provide or disclose the personal information of others.

Pursuant to the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》) promulgated by the Ministry of Industry and Information Technology (the "**MIIT**") on 29 December 2011, effective as of 15 March 2012, without the consent of the user, the internet information service providers shall not collect information related to the user, alone or in combination with other information to identify the user, shall not provide personal information of the user to others, except as otherwise provided by laws and administrative regulations. Meanwhile, the internet information service providers should properly store user personal information; where users' personal information is leaked or may be leaked, remedial measures shall be adopted immediately; where the personal information leakage causes or may cause serious consequences, the internet information service providers shall immediately report to the telecommunications management authorities which issue the internet information service permit or filing, and investigation and handling shall be conducted in cooperation with the relevant department.

Pursuant to the ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》) issued by the SCNPC on 29 August 2015 and became effective on 1 November 2015, any internet service provider that fails to fulfil the obligations related to the internet information security administration as required by the applicable laws and refuses to rectify upon orders, shall be subject to criminal penalty. Pursuant to the Notice of the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知》), issued on 23 April 2013, Article 253 of the Criminal Law of the PRC (《中華人民共和國刑法》), and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), which was issued on 8 May 2017 and took effect on 1 June 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information to specified persons or releasing a citizen's personal information online or through other methods in violation of relevant national provisions; (ii) providing legitimately collected information relating to a citizen to others without such citizen's consent, unless the information is processed, not identifiable to a specific person and not recoverable; (iii) collecting a citizen's personal information in violation of applicable rules and regulations when performing a duty or providing services; or (iv) collecting a citizen's personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations.

On 27 July 2021, the Supreme People's Court of the PRC issued the Provisions on Several Issues concerning the Application of Law in the Trial of Civil Cases Involving the Use of Face Recognition Technologies to Process Personal Information (《關於審理使用人臉識別技術處理個人信息相關民事案件適用法律若干問題的規定》) (the "**Face Recognition Provisions**"). The Face Recognition Provisions apply to civil disputes arising from the use of face recognition technology to deal with facial information between equal civil subjects. The Face Recognition Provisions clarify the nature and responsibilities of the abuse of utilising face recognition technologies to process facial information. To process the facial information of a natural person, the separate consent of such natural person or his/her guardian must be obtained. Any violation of individual consent, or forcing or de facto forcing of a natural person to consent to the processing of facial information constitutes an infringement of the personal rights and interests of natural persons. The Face Recognition Provisions further stipulate that if the information processor enters into a contract with a natural person using boilerplate terms that would require such natural person to grant the processer an indefinite right to process his/her human facial information, or that such terms are irrevocable or would permit the information processor to assign the right to process such facial information, and if the natural person claims to confirm that the boilerplate terms are invalid, the people's court shall support such claim pursuant to the law.

Pursuant to the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) (the "**PIPL**") promulgated by the SCNPC on 20 August 2021, effective as of 1 November 2021, personal information is all kinds of information related to identified or identifiable natural persons recorded by electronic or other means, excluding information after anonymisation processing. The handling of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, and deletion of personal information. The activities of handling personal information of natural persons in the PRC shall be governed by the PIPL. Furthermore, a processor of personal information may process personal information only under any of the following circumstances: (a) where the consent of the individual concerned is obtained; (b) where it is necessary for the conclusion or performance of a contract to which the individual is a party, or for the implementation of human resources management in accordance with the labour rules and regulations established by law and the collective contract signed in accordance with the law; (c) where it is necessary for the performance of legal duties or legal obligations; (d) where it is necessary for the response to public health emergencies, or for the protection of the life, health and property of natural persons in an emergency; (e) where such acts as news reporting, public opinion monitoring and others are implemented for the public interest, and the processing of personal information is within a reasonable range; (f) where the personal information disclosed by the individual concerned or other personal information that has been legally disclosed is processed within a reasonable scope in accordance with the provisions of PIPL; and (g) other circumstances specified in laws and administrative regulations. The processing of personal information shall obtain the consent of the individual concerned in accordance with other relevant provisions of the PIPL, however, the consent of the individual concerned is not required under the circumstances set forth in items (b) to (g) of the preceding paragraph.

The laws and regulations of cybersecurity and data protection are relatively new and evolving and their interpretation and enforcement involve significant uncertainty. Tian Yuan Law Firm is of the view that there is no material impediment for us to comply with relevant laws and regulations in all material respect.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on 23 August 1982 and latest amended on 23 April 2019 and became effective from 1 November 2019 and the Implementation Rules of the PRC Trademark Law (《中華人民共和國商標法實施條例》) promulgated by the State Council on 3 August 2002 and latest amended on 29 April 2014 and subsequently enforced on 1 May 2014, the period of validity for a registered trademark is ten years, commencing from the date of registration. The trademark registrant shall complete the renewal formalities twelve months prior to the expiry date if continued using is intended. Where the registrant fails to do so, a grace period of six months may be granted. The validity period for each renewal of registration is ten years commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be cancelled. Industrial and commercial administrative authorities have the right to investigate any behaviour in infringement of the exclusive right under a registered trademark pursuant to the law. In case of a suspected criminal offences, the case shall be promptly referred to a judicial authority for handling according to the law.

Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on 12 March 1984, and most recently amended on 17 October 2020 and became effective on 1 June 2021, the patents are divided into three types. According to the Patent Law of the PRC and the Interim Measures on the Handling of Examination Operations in relation to the Implementation of the Amended Patent Law (《關於施行修改後專利法的相關審查業務處理暫行辦法》) issued by the China National Intellectual Property Administration on 24 May 2021, invention patents are valid for twenty years, utility model patents are valid for 10 years and design patents filed no later than 31 May 2021 are valid for 10 years while design patents filed on or after 1 June 2021 are valid for 15 years, from the date of application.

On 15 June 2001, the State Council promulgated the Implementation Rules for the Patent Law of the PRC (《中華人民共和國專利法實施細則》), which was amended on 9 January 2010 and became effective on 1 February 2010. According to the Patent Law of the PRC and its implementing regulations, the patent administrative department under the State Council is primarily responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third-party player must obtain consent or a proper licence from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

Copyright

The Copyright Law of the PRC (《中華人民共和國著作權法》), which was issued by the SCNPC on 7 September 1990, came into effect on 1 June 1991 and latest amended on 11 November 2020 and became effective from the 1 June 2021, provides that the copyright includes but not limited to computer software, authors and other copyright owners may complete work registration formalities with the registration agency recognised by the competent copyright authority of the State. According to the Regulation on Computer Software Protection (《計算機軟件保護條例》), which took effect on 1 October 1991 and latest amended on 30 January 2013 and subsequently enforced on 1 March 2013, the software copyright shall exist from the date on which its development has been completed, and software copyright owner may register with the software registration institution recognised by the copyright administration department of the State Council. On 20 February 2002, the National Copyright Administration of the PRC issued the Measures on Computer Software Copyright Registration (《計算機軟件著作權登記辦法》), which outlines the operational procedures for registration of software copyright, as well as registration of the licence for the software copyright and software copyright transfer contracts. The National Copyright Administration of the PRC is mainly responsible for the registration and management of national software copyright and recognises the China Copyright Protection Centre as the software registration organisation.

Domain names

On January 1,2018, the Circular of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) issued by the MIIT became effective, which stipulated that an internet access service provider shall, pursuant to requirements stated in the Anti-Terrorism Law of the PRC (《中華人民共和國反恐怖主義法》) and the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), verify the identities of internet-based information service providers, and the internet access service providers shall not provide access services for those who fail to provide their real identity information.

Domain names are regulated under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) issued by the MIIT on 24 August 2017 and effective from 1 November 2017. The MIIT is the main regulatory authority responsible for the administration of PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

LAWS AND REGULATIONS RELATING TO EMPLOYMENT, SOCIAL SECURITY AND HOUSING PROVIDENT FUNDS

Labour Law, Labour Contract Law, and its Implementation Regulations

The major PRC laws and regulations that govern employment relationship are the PRC Labour Law (《中華人民共和國勞動法》) promulgated by the SCNPC on 5 July 1994 and latest amended on 29 December 2018 and became effective on the same day, the PRC Labour Contract Law (《中華人民共和國勞動合同法》) promulgated by the SCNPC on 29 June 2007, came into effect from 1 January 2008 and latest amended on 28 December 2012 and became effective on 1 July 2013, and the Implementation Rules of the PRC Labour Contract Law (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on 18 September 2008 and came into effect on the same day. Pursuant to the aforementioned laws and regulations, employers shall execute written labour contracts with full-time employees. Employers shall establish a comprehensive management system to protect the rights of their employees, including a system governing occupational health and safety to provide employees with occupational training to prevent occupational injury. The employers shall establish a system for labour safety and sanitation, strictly abide by corresponding rules and standards, provide education regarding labour safety and sanitation to its employees, provide employees with labour safety and sanitation conditions and necessary protection materials in compliance with corresponding rules, and carry out regular health examinations for employees engaged in work involving occupational hazards. In addition, employers are required to truthfully inform prospective employees of the job description, working conditions, working location, occupational hazards, and status of safe production as well as remuneration and other conditions. Violations of the PRC Labour Contract Law, the PRC Labour Law and the Implementation Rules of the PRC Labour Contract Law may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

Regulations on Social Insurance and Housing Provident Funds

According to the PRC Social Insurance Law (《中華人民共和國社會保險法》) promulgated on 28 October 2010 by the SCNPC, came into effect on 1 July 2011 and newly revised on 29 December 2018, the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》) promulgated by the State Council on 22 January 1999, came into effect on the same day and latest amended on 24 March 2019, the employer shall register with the social insurance authorities and contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, work injury insurance and unemployment insurance. If the employer fails to file the registration for social insurance, the administrative department of social insurance shall order rectification within a certain period of time; if it fails to do so, the employer shall be fined more than twice or three times the amount of social insurance payable, and its directly responsible supervisors and other directly responsible persons shall be fined more than five hundred yuan and less than three thousand yuan. If the employer does not pay the full amount of the social insurance as scheduled, the social insurance collection institution shall order the employer to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; and where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

On 3 April 1999, the State Council promulgated the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), latest amended on 24 March 2019 and came into effect on the same day, the employer shall apply to the housing provident fund management centre for registration of housing provident fund contributions, and for the enterprises of workers for the establishment of housing provident fund account procedures. Employers should be on time, full payment of housing provident funds, not late or underpayment. If the employer fails to register the housing provident fund deposit or does not go through the formalities for the establishment of the housing provident fund account for the employees, the housing provident fund management centre shall order the employer to handle it within a time limit. If the employer fails to do so within the time limit, it shall be subject to a penalty of more than 10,000 yuan and less than 50,000 yuan fine. Moreover, if the employer fails to pay or underpays the housing provident fund within the time limit, the housing provident fund management centre shall order the employer to make the payment within a time limit. If the employer fails to pay the housing fund within the time limit, the employee can apply to the court for compulsory execution.

LAWS AND REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION

On 2 September 1993, the SCNPC promulgated the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the "**Anti-unfair Competition Law**"), which became effective as of 1 December 1993 and last amended on 23 April 2019. According to the Anti-unfair Competition Law, unfair competition refers to that the operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the Anti-unfair Competition Law in the production and operating activities. Operators shall abide by the principle of voluntariness, equality, impartiality, integrity and adhere to laws and business ethics during market transactions. Operators in violation of the Anti-unfair Competition Law shall bear corresponding civil, administrative or criminal liabilities depending on the specific circumstances. Furthermore, the Supreme People's Court promulgated the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of the Anti-unfair Competition Law of the PRC (《最高人民法院關於適用〈中華人民共和國反不正當競爭法〉若幹問題的解釋》), which further clarify the conduct of anti-unfair competition and the application of Anti-unfair Competition Law.

On 17 August 2021, the SAMR issued the Provisions on the Prohibition of Unfair Competition on the Internet (Draft for Public Comments) (《禁止網絡不正當競爭行為規定(公開徵求意見稿)》), under which business operators should not use data or algorithms to hijack traffic or influence users' choices, or use technical means to illegally capture or use other business operators' data. Furthermore, business operators are not allowed to (i) fabricate or spread misleading information to damage the reputation of competitors, or (ii) employ marketing practices such as fake reviews or use coupons or "red envelopes" to entice positive ratings. As of the Latest Practicable Date, the Provisions on the Prohibition of Unfair Competition on the Internet (Draft for Public Comments) has not been formally adopted.

LAWS AND REGULATIONS RELATING TO TAXATION

Regulations on Enterprise Income Tax

Pursuant to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) promulgated by the NPC on 16 March 2007, effective as of 1 January 2008 and latest amended by the SCNPC on 29 December 2018, the income tax rate for both domestic and foreign-invested enterprises is 25% with certain exceptions. To clarify certain provisions in the PRC Enterprise Income Tax Law, the State Council promulgated the Implementation Rules of the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》) on 6 December 2007, it was later amended and the amendment became effective on 23 April 2019. Under the PRC Enterprise Income Tax Law and the Implementation Rules of the PRC Enterprise Income Tax Law, enterprises are classified as either "resident enterprises" or "non-resident

enterprises." Aside from enterprises established within the PRC, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and are subject to the uniform 25% enterprise income tax rate for their global income. In addition, the PRC Enterprise Income Tax Law provides that a non-resident enterprise refers to an entity established under foreign law whose "de facto management bodies" are not within the PRC, but has an establishment or place of business in the PRC, or does not have an establishment or place of business in the PRC but has income sourced within the PRC. A non-resident enterprise without a permanent establishment in the PRC or a non-resident enterprise which has set up a permanent establishment in the PRC whose earning income is not connected with the above mentioned permanent establishment will only be subject to tax on its PRC-sourced income.

The Implementation Rules of the PRC Enterprise Income Tax Law provides that since 1 January 2008, an income tax rate of 10% shall normally be applicable to dividends declared to non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC. The income tax on the dividends may be reduced pursuant to a tax treaty between China and the jurisdictions in which the non-PRC shareholders reside.

On 22 April 2009, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) promulgated by the STA and last amended on 29 December 2017 sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside the PRC and controlled by PRC enterprises or PRC enterprise group located within the PRC.

Regulations on Dividend Tax

According to the PRC Enterprise Income Tax Law, the income from equity investment between qualified PRC resident enterprises such as dividends and bonuses, which refers to investment income derived by a resident enterprise from direct investment in another resident enterprise, is tax-exempt.

Moreover, pursuant to the Notice of the State Administration of Taxation on Delivering the Table of Negotiated Dividends and Interest Rates to Lower Levels (《關於下發協定股息税率情況一覽表的通知》) issued by the STA on 29 January 2008, latest revised on 29 February 2008, and the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (the "**Double Tax Avoidance Arrangement**") issued by the STA and the government of the Hong Kong Special Administrative Region on 21 August 2006, the withholding tax rate in respect of 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 and certain other conditions are met, including: (i) the Hong Kong enterprise must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (ii) the Hong Kong enterprise must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行税收協定股息條款有關問題的通知》) issued on 20 February 2009 by the STA and became effective on the same day, all of the following requirements should be satisfied where a tax resident of the counterparty to the tax treaty needs to be entitled to such tax treatment specified: (i) such tax resident who obtains dividends should be a company as provided in the tax treaty; (ii) the all equity interests and voting shares of the Chinese resident company directly owned by such a tax resident reach a specified percentage; and (iii) the

capital ratio of the Chinese resident company directly owned by such a tax resident reaches the percentage specified in the tax treaty at any time within 12 months prior to acquiring the dividends; and based on the Announcement on Certain Issues Concerning the Beneficial Owners in a Tax Agreement (《關於税收協定中"受益所有人"有關問題的公告》) issued by the STA on 3 February 2018 and effective as of 1 April 2018, if an applicant's business activities do not constitute substantive business activities, it could result in the negative determination of the applicant's status as a "beneficial owner", and consequently, the applicant could be precluded from enjoying the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

Pursuant to Notice on the Applicable Scope of the Policy of Temporary Exemption of Withholding Taxes on the Direct Investment Made by Overseas Investors with Distributed Profits (《關於擴大境外投資者以分配利潤直接投資暫不徵收預提所得税政策適用範圍的通知》), promulgated by the STA and took effect on 1 January 2018, where the profits distributed by a resident enterprise within the territory of China to an overseas investor are directly invested in an investment project which does not fall under the prohibited category and meets the specified conditions, the project shall be governed by the deferred tax payment policy and be temporarily exempt from withholding income tax.

Regulations on Value-Added Tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例》), promulgated by the State Council on 13 December 1993 and newly amended on 19 November 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例實施細則》), promulgated by the MOF and the STA on 25 December 1993 and latest amended on 28 October 2011 and came into effect on 1 November 2011 (collectively, the "**VAT Law**"), all enterprises and individuals engaged in the sale of goods, the provision of processing, repairing and replacement of services, and the importation of goods within the territory of the PRC must pay value-added tax (the "**VAT**"). On 19 November 2017, the State Council promulgated the Decisions on Abolition of the Provisional Regulations of the PRC on Business Tax and Revision of the Provisional Regulations of the PRC on Value-added Tax (《關於廢止〈中華人民共和國營業税暫行條例〉和修改〈中華人民共和國增值税暫行條例〉的決定》) (the "**Order 691**"). According to the VAT Law and Order 691, all enterprises and individuals engaged in the sale of goods, the provision of processing, repairing and replacement of services, sales of services, intangible assets, real property, and the importation of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The VAT tax rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%. The Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、國家税務總局關於調整增值税税率的通知》), was promulgated on 4 April 2018 and came into effect on 1 May 2018. The VAT tax rates of 17% and 11% are changed to 16% and 10%, respectively. On 20 March 2019, the MOF, STA and General Administration of Customs jointly promulgated the Announcement on Policies for Deeping the VAT Reform (《關於深化增值税改革有關政策的公告》), or Notice 39, which came into effect on 1 April 2019. Pursuant to Notice 39, the tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

Regulations on Urban Maintenance and Construction Tax as well as Education Surcharges

On 11 August 2020, the SCNPC promulgated the Urban Maintenance and Construction Tax Law of the PRC (《中華人民共和國城市維護建設税法》), which became effective on 1 September 2021. Pursuant to the Urban Maintenance and Construction Tax Law of the PRC, the urban maintenance and construction tax is based on the actual amount of VAT and consumption tax paid by the taxpayer according to the law and the tax basis of which shall be based on the deduction of the VAT refunded by the tax credit refund at

the end of the period. Furthermore, the urban maintenance and construction tax rate is: (a) seven percent if the taxpayer is located in the urban area; (b) five percent if the taxpayer is located in the county or town; (c) one percent if the taxpayer is not located in the urban area, county or town.

In accordance with the Interim Provisions on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》) promulgated by the State Council on 28 April 1986 and last amended on 8 January 2011 and became effective from the same day, the educational surcharges are based on the actual amount of VAT, business tax and consumption tax paid by each entities and individuals, and the rate of educational surcharges is 3%, which is paid at the same time with VAT, business tax and consumption tax respectively.

LAWS AND REGULATIONS RELATING TO DIVIDEND DISTRIBUTIONS

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

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

The PRC Foreign Exchange Administration Regulations (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Regulations**") promulgated by the State Council on 29 January 1996, which was latest amended on 5 August 2008, are the principal regulations governing foreign currency exchange in China. Under the foreign exchange regulations, domestic institutions, domestic personal foreign exchange earnings can be transferred back to the territory or deposited abroad; the foreign exchange administration department under the State Council in accordance with the balance of payments and foreign exchange management needs to make the conditions and period of transfer back to the territory or deposited abroad.

On 30 March 2015, the SAFE promulgated the Notice on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular 19**"), which came into effect on 1 June 2015 and replaced the Notice of the General Affairs Department of the SAFE on the Relevant Operating Issues concerning the Improvement of the Administration of 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》) promulgated by the SAFE on 29 August 2008. Under SAFE Circular 19, a foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account, i.e., a bank account opened by a foreign-invested enterprise where the foreign shareholder(s) are required to remit and deposit the amount of respective capital contributions, for which the relevant foreign exchange bureau has confirmed monetary contribution rights and interests (or for which the bank has registered the account-crediting of monetary contribution). Meanwhile, the use of such RMB should still comply with the restrictions set in the SAFE Circular 19 that it cannot be directly or indirectly used for making payments beyond the business scope of the enterprise or payments prohibited by national laws and regulations, investing in securities unless otherwise provided by laws and regulations, granting the entrust loans in RMB (unless permitted by the

scope of business), repaying the inter-enterprise borrowings (including advances by the third party) repaying the bank loans in RMB that have been lent to a third party, and paying the expenses related to the purchase of real estate not for self-use, except for the foreign-invested real estate enterprises.

On 23 October 2019, SAFE promulgated Notice 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》) (the "**SAFE Circular 28**"), which cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. If a non-investing foreign-funded enterprise makes domestic equity investment with capital funds obtained from foreign exchange settlement, the investee shall undergo registration formalities for accepting domestic reinvestment and open the "capital account — account for settled foreign exchange to be paid" to receive the corresponding funds according to relevant provisions. Moreover, according to the Circular on Optimising Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》), issued by the SAFE on 10 April 2020, on the premise of ensuring that the use of funds is truly compliant and in compliance with the current capital project revenue use management regulations, eligible enterprises are allowed to capital funds, foreign debt and foreign listings and other capital project income for domestic payments, without the need to provide proof of authenticity to the bank in advance. The bank should follow the principle of prudent business to control the relevant business risks, and according to the relevant requirements of the capital project income payment facilitation business for post-check. The local foreign exchange bureau should strengthen the monitoring and analysis and post-event supervision.

SAFE Circular 37, SAFE Circular 13 and SAFE Circular 7

On 4 July 2014, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-tripping Investment Made by Domestic Residents through Special-Purpose Companies (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 37**"), which replaces the Notice of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investment via Overseas Special Purpose Companies (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》). The SAFE Circular 37 provides that a "special purpose vehicle" means an overseas enterprise directly established or indirectly controlled by a domestic resident (including domestic institutions and domestic individual residents) for the purpose of engaging in investment and financing with the domestic enterprise assets or interests he legally holds, or with the overseas assets or interests he legally holds. Domestic residents establishing or taking control of a special purpose vehicle abroad which makes round-trip investments in PRC are required to file foreign exchange registration with the local foreign exchange bureau.

On 13 February 2015, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**"), which took effect as of 1 June 2015. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound direct investments, including those required under SAFE Circular 37, shall be filed with qualified banks instead of SAFE. Foreign exchange regulatory authorities will perform indirect regulation over the direct investment-related foreign exchange registration via the banks. Qualified banks should examine the applications and accept registrations under the supervision of SAFE.

On 15 February 2012, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Domestic Individuals' Participation in Equity Incentive Plans of Overseas 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 "**SAFE Circular 7**"). In accordance with the SAFE Circular 7 and relevant rules and regulations, PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year (except for foreign diplomatic personnel in China and representatives of international organisations in China) who participate in any stock incentive plan of an overseas publicly listed company shall, through the domestic company to which the said company is affiliated, collectively entrust a domestic agency (may be the Chinese affiliate of the overseas publicly listed company which participates in stock incentive plan, or other domestic institutions qualified for asset trust business lawfully designated by such company) to handle foreign exchange registration, and entrust an overseas institution to handle issues like exercise of options, purchase and sale of corresponding stocks or equity and transfer of corresponding funds. In addition, the domestic agency is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan.

LAWS AND REGULATIONS RELATING TO M&A AND OVERSEAS LISTINGS

The Provisions on the Merger or Acquisition 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**") was jointly promulgated by six PRC governmental authorities including the MOFCOM, the STA, the SAFE, the SAIC, the State-owned Assets Supervision and Administration Commission of the State Council and the CSRC on 8 August 2006, and amended on 22 June 2009. Foreign investors must comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing of the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in China, purchase the assets of a domestic company and operate the asset; or when the foreign investors purchase the assets of a domestic company by agreement, establish a foreign-invested enterprise by injecting such assets, and operate the assets. According to Article 11 of the M&A Rules, where a domestic enterprise, or a domestic natural person, through an overseas company established or controlled by it/him/her, acquires a domestic enterprise which is related to or connected with it/him/her, approval from the MOFCOM is required. The M&A Rules, among other things, further purport to require that an offshore special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle which acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

On 17 February 2023, with the approval of the State Council, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") and five supporting guidelines, which came into effect on 31 March 2023. According to the Trial Measures, (1) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfil the filing procedure and report relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (2) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (i) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; (ii) its major operational activities are carried out in China or its main places of business are located in China, or the

senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in China; and (3) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the CSRC, and where an issuer makes an application for listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted.

As advised by our PRC Legal Adviser, our proposed [REDACTED] and [REDACTED] falls within the scope of indirect overseas [REDACTED] and [REDACTED] of a domestic company because we meet both of the conditions stated above, and therefore we will be subject to the filing procedures with the CSRC.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》) (the "**Notice**"). According to the Notice from the CSRC, domestic companies that have obtained approval from overseas regulatory authorities or securities exchanges (for example, a contemplated offering and/or listing in Hong Kong has passed the hearing for the listing application of its shares on the Stock Exchange) for their indirect overseas offering and listing prior to the effective date of the Overseas Listing Trial Measures (i.e. 31 March 2023) but have not yet completed their indirect overseas issuance and listing, are granted a six-month transition period from 31 March 2023. Those who complete their overseas offering and listing within such six-month period, before 30 September 2023, are deemed as Existing Issuers and are not required to file with the CSRC for their overseas offering and listing. Within such six-month transition period, however, if such domestic companies need to reapply for offering and listing procedures to the overseas regulatory authority or securities exchanges (such as requiring a new hearing for the listing application of it shares on the Stock Exchange), or if they fail to complete their indirect overseas issuance and listing, such domestic companies shall complete the filling procedures with the CSRC. As advised by our PRC Legal Adviser, we are not required to complete the overseas [REDACTED] filing provided that (i) we pass the [REDACTED] for the [REDACTED] in relation to the [REDACTED] on the Stock Exchange prior to 31 March 2023, (ii) we complete our [REDACTED] and [REDACTED] on the Stock Exchange on or prior to 30 September 2023, and (iii) we are not required to go through a new [REDACTED] with the Stock Exchange during the period between 31 March 2023 and 30 September 2023. Based on the above advice of our PRC Legal Adviser, our Directors are of the view that, and the Joint Sponsors concur that, we are not required to complete the overseas [REDACTED] filing provided that the aforementioned requirements are satisfied.

Our Directors believe that there is no foreseeable material impediment for our Company to complete such filing procedures, if required, because (i) as advised by our PRC Legal Adviser, we do not fall under any of the circumstances specified in the Trial Measures under which overseas [REDACTED] and [REDACTED] are prohibited; (ii) in addition, we had not received any inquiry, notice, warning, or order prohibiting us from getting [REDACTED] on the Stock Exchange from the CSRC or any other PRC government authorities; and (iii) we will continue to monitor our compliance with the Trial Measures and we will perform the filing procedures or information reporting procedures according to the timing requirements applicable to us. As confirmed by the Company, if the above requirements of the Existing Issuers cannot be met, the Company will schedule the submission of the filing [REDACTED] in a reasonable manner after submitting the [REDACTED] documents for [REDACTED] and [REDACTED], and undertake not to implement the [REDACTED] before completion of filing procedures with the CSRC.

REGULATORY OVERVIEW

On 24 February 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provision on Confidentiality**"), which became effective on 31 March 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the State.