Information disclosed in this section is relevant PRC laws, regulations and regulatory documents in effect which have a significant impact on our operations in the PRC as of the date of this Document (hereinafter referred to as "PRC Laws"), which are subject to change in the future, but it does not include a detailed analysis of PRC Laws related to our business activities and operations in the PRC, or serve as all PRC Laws applicable to our operations in the PRC.

REGULATIONS AND POLICIES ON INFORMATION INDUSTRY

Policies on Artificial Intelligence

In accordance with the Notice of the State Council on Promulgating "Made in China 2025" Plan (國務院關於印發《中國製造2025》的通知) which was promulgated by the State Council on May 8, 2015 and came into effect on the same date, to fully implement the intention of the 18th National Congress of CPC and the Second, Third and Fourth Plenary Sessions of the 18th Central Committee of the CPC and adhere to the path of new industrialization with Chinese characteristics, the promotion of integrated development of the next generation information technology and manufacturing technology and regard intelligent manufacturing are the main directions of comprehensive integration of informationization and industrialization. And efforts should be made to develop intelligent equipment and intelligent products, promote intelligent production process, cultivate new production methods, and comprehensively enhance the intelligent level of research and development, production, management and service of enterprises.

The Development Plan of New Generation Artificial Intelligence (新一代人工智能發展規劃) which was promulgated by the State Council on July 8, 2017 and came into effect on the same date, according to which, the State accelerates the cultivation of an artificial intelligence industry with a major leading role, promote the in-depth integration of artificial intelligence and various industrial fields, and form a data-driven, human-machine collaboration, cross-border integration, and co-creation and sharing of intelligent economic forms. Data and knowledge have become the first element of economic growth, human-machine collaboration has become the mainstream mode of production and service, cross-border integration has become an important economic model, co-creation and sharing has become a basic feature of economic ecology, personalized demand and customization have become a new trend in consumption. Develop key basic software such as artificial intelligence-oriented operating systems, databases, middleware, and development tools, break through core hardware such as graphics processors, and study image recognition, speech recognition, machine translation, intelligent interaction, knowledge processing, control decision-making and other intelligent system solutions and cultivate and expand the basic software and hardware industries for artificial intelligence applications.

The Guidelines for the Construction of the National New Generation of AI Open Innovation Platform (國家新一代人工智能開放創新平台建設工作指引), promulgated by Ministry of Science and Technology of the People's Republic of China on August 1, 2019 and came into effect on the same date, pointed out that "open and sharing" shall be the important philosophy in promoting artificial intelligence innovation and industry development in China, and encouraged to open innovation platforms for companies to do testing, and thus to form standard and modularized models, middleware and applications for providing services to the public in the form of open interfaces, model libraries, algorithm packages, etc.

The Guidelines for the Construction of the National New Generation Artificial Intelligence Innovation and Development Pilot Zone (國家新一代人工智能創新發展試驗區建設工作指引), promulgated by Ministry of Science and Technology of the People's Republic of China on August 29, 2019, amended on September 29, 2020 and came into effect on the same date, underlines that an environment conducive to the innovation and development of artificial intelligence shall be created, as well as to promote the construction of artificial intelligence infrastructure and strengthen the conditional support for the innovation and development of artificial intelligence.

Regulations on Computer Software

In accordance with the Regulations on the Protection of Computer Software (計算機軟件保護條例) promulgated by the State Council on June 4, 1991 and latest amended on January 30, 2013, with the latest revision effective on March 1, 2013, Chinese citizen, legal person or other organization is entitled under the copyright of the software he/it has developed, including the right of publication, right of acknowledgement, right of alteration, right of reproduction, right of distribution, right of leasing, right of dissemination, right of translation and other rights that software copyright owners shall have, regardless of whether such software has been published.

In accordance with the Measures for Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated by the National Copyright Administration on April 6, 1992 and latest amended on February 20, 2002, with the latest revision effective on the same date, software copyrights, exclusive software copyright licensing contracts and transfer contracts shall be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and has certified the China Copyright Protection Centre as the institution responsible for software registration. Applications that comply with the rules shall be granted registration, and a corresponding registration certificate shall be issued by the China Copyright Protection Centre.

National Catalogue for Guidance on Industrial Restructuring

In accordance with the National Catalogue for Guidance on Industrial Restructuring (2019 Version) (產業結構調整指導目錄(2019年本)) which was promulgated by the National Development and Reform Commission on October 30, 2019 amended on December 30, 2021 and came into effect on the same date, big data, cloud computing, software and information technology service and blockchain information services within the extent permitted by PRC are under the encouraged category.

Outline of the 14th Five-Year Plan for National Economic and Social Development

The Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and Outlines of Objectives in Perspective of the Year 2035 (中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要), promulgated by the Standing Committee of the National People's Congress on March 11, 2021 and came into effect on the same date, points out the focus of key areas include high-end chips, operating systems, key artificial intelligence algorithms, sensors, and PRC shall speed up technology R&D, and make breakthroughs in basic theories, basic algorithms, and equipment materials.

Policies on the Software Industry

The Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries (進一步鼓勵軟件產業和集成電路產業發展若干政策) which was promulgated by the State Council on January 28, 2011 and came into effect on the same date, specifies a series of policies on tax preference, promotion of investment and scientific research and talent support for the software industry.

REGULATIONS RELATING TO INTERNET INFORMATION SECURITY AND PRIVACY PROTECTION

In accordance with the Law of the Cybersecurity Law of the People's Republic of China (中華人民共和國網絡安全法) which was promulgated by the Standing Committee of the National People's Congress on November 7, 2016 and came into effect on June 1, 2017, PRC adopts graded system for cybersecurity protection, under which network operators are required to perform the obligations of security protection to ensure that the network is free from interference, disruption or unauthorized access, and prevent network data from being disclosed, stolen or tampered. In the event that the network operator fails to fulfill obligation concerning graded system for cybersecurity protection, the competent authority shall warn such operator and order it to make rectifications. A fine ranging from RMB10,000 to RMB100,000 shall be imposed on such operator if it refuses to make rectifications or in case of consequential severe damage to the network, and a fine ranging from RMB5,000 to RMB50,000 shall be imposed on the supervisor directly in charge.

In accordance with the Administrative Measures for the Hierarchical Protection of Information Security (信息安全等級保護管理辦法) which was promulgated by the Ministry of Public Security, State Secrecy Administration State Cryptography Administration, and the Information Office of the State Council on June 22, 2007 and came into effect on the same date, and the Guide for the Grading of Information Security and Cybersecurity 信息安全技術網絡安全等級保護定級指南, which was promulgated by Standardization Administration of the PRC on April 28, 2020 and came into effect on November 1, 2020, the hierarchical protection of the information security at the national level shall follow the principle of "independent grading and independent protection". Accordingly, the security protection grade of the information system shall be determined by entities operating and using an information system in accordance with the applicable rules. And in the cloud computing environment, based on different service modes, the cloud computing platform/system is divided into different grading objects.

In accordance with the State Security Law of the People's Republic of China (中華人民共和國國家安全法) which was promulgated by Standing Committee of the National People's Congress on July 1, 2015 and came into effect on the same date, the PRC government shall develop network and information security assurance system, enhance network and information security assurance capabilities, strengthen innovative research and development and application of network and information technologies and realize the security and controllability of network and information core technologies, critical infrastructure and information systems and data in key areas; the PRC government shall also enhance network management, prevent, deter and punish network criminal acts such as cyber-attacks, network intrusion, network theft and illegal spread of harmful information in order to safeguard the sovereignty, security and development interests of the state cyberspace.

In accordance with the Criminal Law of the People's Republic of China (中華人民共和國刑法) which was promulgated by the National People's Congress on July 6, 1979 and latest amended on December 26, 2020, with the latest revision effective on March 1, 2021, a network service provider is subject to criminal liability if such network service provider fails to perform such obligation to manage information network security as specified by laws and administrative regulations, and refuses to make corrections when is ordered by a supervisory authority to do so, and involves any of the specified serious cases.

In accordance with the Data Security Law of the People's Republic of China (中華人民共和國數據安全法) which was promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and came into effect on September 1, 2021, PRC protects the rights and interests of individuals and organizations relating to data, encourages the lawful, reasonable and effective use of data, guarantees the orderly and free flow of data in accordance with the law, and promotes the development of the digital economy with data as a key element. And PRC establishes a data classification and hierarchical protection system and data security review system, under which data processing activities that affect or may affect national security shall be reviewed for national security. A decision on security review made in accordance with the law shall be final. Processors of important data shall establish a sound data security management system throughout the whole process, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure

data security, in accordance with the provisions of laws and regulations. To carry out data processing activities by making use of the Internet or any other information network, the aforesaid obligations for data security protection shall be performed on the basis of the graded protection system for cybersecurity. Provided that the national core data management system is violated, which endangers the sovereignty, security and development interests of PRC, the relevant competent authority will impose a fine of not less than RMB2 million but not more than RMB10 million, and may order suspension of the relevant business, stop the business for rectification, and revoke the relevant business permit or business license as the case may be; if a crime is constituted, criminal liability will be investigated in accordance with the law.

On November 14, 2021, the CAC released the Network Data Security Management Regulations (Draft for Comment) (the "Draft Regulations") (《網絡數據安全管理條例(徵求意見稿)》). The Draft Regulations, among other things, stipulates that (i) data processors possess personal information of more than one million users seeking a public listing in a foreign country, and (ii) data processors seeking a public listing in Hong Kong that influence or may influence national security, must apply for a cybersecurity review, in accordance with the relevant stipulations of the State. On 28 December 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), which came into effect on 15 February 2022, and the Measures for Cybersecurity Review(《網絡安全審查辦法》) which took effect on 1 June 2020 was abolished at the same time. The Cybersecurity Review Measures provides that, among others, (i) the purchase of cyber products and services by critical information infrastructure operators (the "CIIOs") and the network platform operators (the "Network Platform Operators") which engage in data processing activities that affects or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office (網絡安全審查辦公室), the department which is responsible for the implementation of cybersecurity review under the CAC; and (ii) the Network Platform Operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office.

However, the Draft Regulations provide no further explanation or interpretation of "influence or may influence national security." As advised by our PRC Legal Advisor, according to the National Security Law (國家安全法), national security refers to the condition in which the state power, sovereignty, unity and territorial integrity, people's welfare, sustainable economic and social development and other vital interests of the State shall relatively face no danger or encounter no internal and external threats, as well as the capability to safeguard sustainable safety condition. The specific scope of what situations would be considered "influence or may influence national security" will be subject to the identification and interpretation of the PRC government authorities. At present, the Draft Regulations had only been released for consultation purposes, and this requirement is newly included in the Draft Regulations, as such there still remain uncertainties as to its final content, anticipated adoption or effective date, final interpretation and implementation, and other aspects.

Based on the literal interpretation of the Draft Regulations, our PRC Legal Advisers are of the view that, given that (i) we are a provider of AI solutions, including our AI-empowered precision marketing services, for corporate users and our primary business is to provide privatization deployment solutions, in which we will not access any data owned or held by corporate users; (ii) for cloud-based subscriptions, we offer Sage Platform and other ready-to-use applications through public cloud services offered by third party vendors and we are only provided with the administration access which allows us to help users with coding and system integration upon users' request for the sole purpose of assisting the users to utilize our solutions, and not in any way participating or assisting the corporate users with data processing activities, and we do not access or process any data of our users; (iii) our core technologies are sub-categories of machine learning and are embedded as operating modules ("operators") in our AI developer suites, and we do not own, collect or process data of our users on our servers during the machine learning process, (iv) we mainly obtain personal information of our employees, business contacts, candidates who applied for our open positions and visitors with due legal basis; (v) we do not purchase or acquire in any other way any personal information, or carry out any other form of cooperation in respect of exchange, cleaning and processing of personal information, and neither do we process any important data based on the definition under the Draft Regulations, our business operations do not have a bearing on national security and would not likely to render the vital interests of the State with danger or encounter internal or external threats, and hence, if the Draft Regulations remains in its current form after its promulgation, it may be unlikely that we would be required to undergo a cybersecurity review for the proposed [**REDACTED**].

Up to the Latest Practicable Date, we had not been notified by any authorities of being classified as a data processor carrying out data processing activities that influence or may influence national security, neither had we been subject to any cybersecurity review, enquiry, investigation or notice by the CAC or any other authorities in connection with the proposed [**REDACTED**]. We and our PRC Legal Advisor are of the view that, assuming the Draft Regulations become effective in their current forms, they will not have a material adverse impact on our business, results of operations, or the proposed [**REDACTED**] on the basis that (i) as disclosed in "Business – Data Privacy and Security", we have implemented comprehensive internal policies on protecting data privacy and security under the supervision of our Chief Architect, with the purpose to ensure data and information security and ensure compliance with all applicable laws and regulations; (ii) as of the Latest Practicable Date, we had not been subject to material fines, mandatory rectifications or other sanctions imposed by any government authorities in relation to data and cybersecurity; (iii) during the Track Record Period and as of the Latest Practicable Date, there had been no material incident of data or personal information leakage, infringement of data protection and privacy laws and regulations, and there had been no investigation or other legal proceeding, to the best knowledge of the Company, pending or threatened against our Group initiated by competent government authorities or third parties, that will materially and adversely affect our business operations; and (iv) we will continue to pay close attention to the legislative and regulatory developments in data security and comply with the latest regulatory requirements. We believe that we are compliant with the regulations and policies in effect issued by the CAC to date. Nevertheless, there remain uncertainties with respect to any future development of the relevant regulatory regime. There can be no assurance that the relevant authorities will not take a view

that is contrary to or otherwise different from that of our PRC Legal Advisor above, and it is also possible that the PRC government authorities may require us to apply for the cybersecurity review for other reasons. In light of the above uncertainties, as of the Latest Practicable Date, we had not applied for such cybersecurity review. We will closely monitor the rule-making process and will assess and determine whether we are required to apply for the cybersecurity review when and once the Draft Regulations is formally promulgated.

On July 10, 2023, the CAC, consented by NDRC Ministry of Education, Ministry of Science and Technology, MIIT, Ministry of Public Security, National Radio and Television Administration, promulgated the Provisional Administrative Measures for Generative Artificial Intelligence Services (生成式人工智能服務管理暫行辦法) ("Generative Artificial Intelligence Services Measures"), effective on August 15, 2023. The Generative Artificial Intelligence Services Measures impose compliance requirements for providers of generative AI services to the general public within the territory of PRC. The Generative Artificial Intelligence Services Measures provide, among other things, that the provider of generative AI services of text, image, audio or video to the general public shall (i) assume the responsibilities as the producers of the AI-generated content thereon, and (ii) any provider of generative artificial intelligence services with attribute of public opinions or capable of social mobilization shall conduct security assessment in accordance with the relevant regulations, and complete the formalities for algorithm filing, change or deregistration in accordance with Provisions on the Administration of Algorithm-generated Recommendations for Internet Information Services (互聯網信息服務算法推薦管理規定). On the basis that our SageGPT is only provided to enterprises but not to the general public, our PRC Legal Advisor is of the view that, based on the textual interpretation of the Generative Artificial Intelligence Services Measures, it may be unlikely that we would be required to apply for security assessment or complete the formalities of algorithms filing, change or deregistration procedure. With our PRC Legal Advisor's view as mentioned above, we are of the view that the Generative Artificial Intelligence Services Measures will not have a material adverse impact on our current and future business operations and financial performance. Nevertheless, there can be no assurance that the relevant authorities will not take a view that is contrary to or otherwise different from that of our PRC Legal Advisor, and it is also possible that the PRC government authorities may require us to apply for security assessment or complete the filing, change or deregistration formalities of algorithms for other reasons.

REGULATIONS ON OVERSEAS LISTING

Certain PRC regulatory authorities issued Opinion on Severely Punishing Illegal Activities in Securities Market (《關於依法從嚴打擊證券違法活動的意見》), which were available to the public on July 6, 2021, further emphasized to strengthen cross-border regulatory collaboration, to improve relevant laws and regulations on data security, cross-border data transmission, and confidential information management, and provided that efforts will be made to revise the regulations on strengthening the confidentiality and archive management relating to the offering and listing of securities abroad, to implement the responsibility on information security of companies listed in foreign countries, and to strengthen the standardized management of cross-border information provision mechanisms and procedures.

The CSRC promulgated the Overseas Listing Trial Measures and five related guidelines on February 17, 2023, which came into effect on March 31, 2023. The Overseas Listing Trial Measures introduce a new filing regime which requires PRC domestic companies to file with the CSRC within three business days after the submission of application for initial public offering to competent overseas regulators or overseas stock exchanges. The Overseas Listing Trial Measures also provide that overseas listing and offering are explicitly prohibited, if any of the following applies: (i) such securities offering and listing are explicitly prohibited by specific laws and regulations; (ii) the proposed securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council; (iii) the domestic company or its controlling shareholder(s) and the actual controller, have committed crimes including corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy in the past three years; (iv) the domestic company is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations which have not definitive conclusion; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

The CSRC and other three relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《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**") on February 24, 2023, and came into effect on March 31, 2023. Pursuant to the Provision on Confidentiality, when a domestic company or its overseas listing entity provides or publicly discloses the documents and materials involving state secrets and working secrets of state organs to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval, and file with the same level secrecy administration department. A domestic company that plans to, either directly or through its overseas listed entity, publicly disclose or provide to relevant individuals and entities including securities companies, securities service providers and overseas regulators, any other documents and materials that, if leaked, will be detrimental to national security or public interest, shall strictly fulfill relevant procedures stipulated by applicable national regulations. Domestic companies providing accounting archives or copies thereof to entities and individuals such as securities companies, securities service institutions and overseas regulatory authorities shall perform the relevant procedures according to relevant regulations. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide related services for the overseas offering and listing of domestic enterprises shall be kept within the territory of the PRC. Cross-border transferring of such working papers shall go through the examination and approval formalities in accordance with the relevant regulations.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patent

In accordance with the Patent Law of the People's Republic of China (中華人民共和國專利法) which was promulgated by the Standing Committee of the National People's Congress on March 12, 1984 and latest amended on October 17, 2020, with the latest revision effective on June 1, 2021, the Implementation Regulations for the Patent Law of the People's Republic of China (中華人民共和國專利法實施細則) which was promulgated by the State Council on June 15, 2001 and latest amended on January 9, 2010, with the latest revision effective on February 1, 2010, and the Public Announcement on Measures on Filing of Patent Licensing Contracts (專利實施許可合同備案辦法) which was promulgated by the State Intellectual Property Office on June 27, 2011 and came into effect on August 1, 2011, patent in PRC shall be categorized as invention, utility model and design. The duration of patent rights for an invention shall be 20 years, the duration of patent rights for a utility model shall be 10 years and the duration of patent rights for a design shall be 15 years, commencing from the filing date. Any organization or individual proposing to implement the patent of others shall enter into a licensing contract with the patentee for implementation and pay royalties to the patentee. And the State Intellectual Property Office shall be responsible for filing of patent licensing contracts nationwide. The parties concerned shall complete filing formalities within three months from the effective date of a patent licensing contract.

Trademark

In accordance with the Trademark Law of the People's Republic of China (中華人民共和國商標法) which was promulgated by Standing Committee of the National People's Congress on August 23, 1982, and was latest amended on April 23, 2019, with the latest revision effective on November 1, 2019, and the Implementation Regulations for the Trademark Law of the People's Republic of China (中華人民共和國商標法實施條例) which was promulgated by the State Council on August 3, 2002 and was latest amended on April 29, 2014, with the latest revision effective on May 1, 2014, trademarks approved and registered by the trademark bureau are registered trademarks, including commodity trademarks, service marks and collective trademarks, certification marks; trademark registrants are entitled to exclusive rights to use trademark and are protected by the law. A registered trademark shall be valid for 10 years, commencing from the date of registration. Use of a trademark identical or similar to a registered trademark on the same type of commodities without licensing by the trademark registrant shall be deemed as infringement of exclusive rights to use registered trademarks.

Domain Name

In accordance with the Administrative Measures on Internet Domain Names (互聯網域名管理辦法) which was promulgated by the Ministry of Industry and Information Technology of the People's Republic of China on August 24, 2017 and came into effect on November 1, 2017, the Implementing Rules for the Registration of National Top-level Domain Names (國家頂級域名註冊實施細則) and Procedural Rules for Resolution of Disputes over National Top-level

Domain Names (國家頂級域名爭議解決程序規則) which were promulgated by China Internet Network Information Center on June 18, 2019 and came into effect on the same date, the domain name registration services shall in principle implement "first apply first register"; where the corresponding detailed rules for domain name registration stipulate otherwise, such provisions shall prevail. The applicant shall be deemed as domain name holder via registration. The domain name disputes shall be accepted and solved by a domain name dispute resolution body as recognized by the China Internet Network Information Center.

In accordance with the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services (工業和信息化部關於規範互聯網信息服務使用域名的通知) (hereinafter referred to as "Notice"), which was promulgated by the Ministry of Industry and Information Technology of the People's Republic of China on November 27, 2017 and came into effect on January 1, 2018, the Internet access service provider concerned shall check the real identity information of the domain name registrant via the Record-filing System, and shall not provide access services if the Internet-based information service provider fails to provide real identity information or the identity information provided is inaccurate or incomplete, with the exception of domain names that have been filed for record with the Record-filing System prior to the effectiveness of this Notice.

Copyright

In accordance with the Copyright Law of the People's Republic China (中華人民共和國著作權法) which was promulgated by Standing Committee of the National People's Congress on September 7, 1990 and latest amended on November 11, 2020, with latest revision effective on June 1, 2021, Chinese citizens, legal persons or organizations without legal personality enjoy copyright over their works, whether published or not, including written works; oral works; musical, dramatic, opera, dance, acrobatic artistic works; fine arts, architectural works; photographic works; audio-visual works; graphic works and model works, such as engineering design plan, product design plan, map, schematic diagram, etc.; computer software and any other intellectual achievements which comply with the characteristics of the works. Copyright shall include the following personal rights and property rights: publication right, right of authorship, right of revision, right to preserve the integrity of work, reproduction right, distribution right, rental right, exhibition right, performance right, screening right, broadcasting right, information network transmission right, filming right, adaptation right, translation right, compilation right, and any other rights enjoyed by a copyright holder.

REGULATIONS IN RELATION TO TAX

Enterprise Income Tax

In accordance with the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得税法) which was promulgated by the Standing Committee of the National People's Congress on March 16, 2007, and was latest amended on December 29, 2018, with the latest revision effective on the same date and the Implementation Regulations

for the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得税法實施條例) which was promulgated by the State Council on December 6, 2007, and was latest amended on April 23, 2019, with the latest revision effective on the same date, a uniform income tax rate of 25% will be applied to resident enterprises and non-resident enterprises that have established institutions and premises in China. Besides enterprises established within the PRC, enterprises established in accordance with the laws of other judicial districts whose "de facto management bodies" are within the PRC are considered "resident enterprises" and subject to the uniform 25% enterprise income tax rate for their income derived from both inside and outside the PRC. Corporate income tax for key advanced and new technology enterprises supported by PRC shall be at a reduced tax rate of 15%.

In accordance with the Administrative Measures on Accreditation of High-tech Enterprises (高新技術企業認定管理辦法) which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on April 14, 2008 and amended on January 29, 2016 and came into effect on January 1, 2016, high-tech enterprises referred to in these Measures shall mean resident enterprises registered in China (excluding Hong Kong, Macau and Taiwan) which are continuously engaging in research and development and technology commercialization within the realm of the Regions of Advanced Technologies Strongly Supported by PRC, forming the core independent intellectual property of the enterprise, and carrying out business activities on such basis, which accredited pursuant to these Measures may declare and claim tax incentives pursuant to the Enterprise Income Tax Law (中華人民共和國企業所得税法) and its Implementation Regulations, the Administrative Law of the People's Republic of China on the Levying and Collection of Taxes, the Implementation Regulations for the Law of the People's Republic of China on Administration of Tax Collection (中華人民共和國税收徵收管理法實施細則) etc. Upon obtaining the qualification as a high-tech enterprise, the enterprise shall complete tax reduction and exemption formalities with the tax authorities in charge and the qualifications of an accredited high-tech enterprise shall be valid for three years from the date of issuance of the certificate.

Value-added Tax

In accordance with the Provisional Regulations of the People's Republic of China on Value-added Tax (中華人民共和國增值税暫行條例) which was promulgated by the State Council on December 13, 1993, and was latest amended on November 19, 2017, with the latest revision effective on the same date, the Detailed Rules for the Implementation Rules for the Provisional Regulations the People's Republic of China on Value-added Tax (中華人民共和國增值税暫行條例實施細則) which was promulgated by the Ministry of Finance on December 25, 1993, and was latest effective on November 1, 2011, In accordance with the Decisions on Abolishing the PRC Provisional Regulations on Business Tax and Amending the PRC Provisional Regulations on Value-Added Tax (《國務院關於廢止<中華人民共和國營業税暫行條例>和修改<中華人民共和國增值税暫行條例>的決定》) which was promulgated by the State Council and effective on November 19, 2017 and the Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (財政部、國家税務總局關於調整增值税税率的通知) which was promulgated by the Ministry of Finance and the State Administration of Taxation on April 4, 2018 and came into effect on May 1, 2018, entities

and individuals selling goods, services and intangible assets in the People's Republic of China are VAT taxpayers and shall pay value-added tax. Taxpayers selling services and intangible assets are subject to a tax rate of 6%, except in particular circumstances. If a taxpayer is engaged in sale subject to VAT at the previously applicable rate of 17%, the tax rate is reduced to 16%. In accordance with the Announcement on Policies for Deepening the VAT Reform which was issued by the Ministry of Finance, State Taxation Administration and General Administration of Customs (《關於深化增值税改革有關政策的公告》) on March 20, 2019 and came into effect on April 1, 2019. If a general VAT taxpayer is engaged in a VAT taxable sale or imports goods at the previously applicable rate of 16%, the tax rate is reduced to 13%.

In accordance with the Notice of Ministry of Finance and State Administration of Taxation on Value-added Tax Policies for Software Products (財政部、國家税務總局關於軟件產品增值税政策的通知) which was promulgated by the Ministry of Finance and the State Administration of Taxation on October 13, 2011 and came into effect on January 1, 2011, a value-added tax general taxpayer selling software products developed and produced by itself shall be subject to levying and collection of value-added tax at the tax rate of 17%, and the policy of forthwith levy and forthwith refund shall be implemented for the portion of value-added tax actually paid which exceeds 3%.

Urban Maintenance and Construction Tax

In accordance with Urban Maintenance and Construction Tax Law of People's Republic of China (中華人民共和國城市維護建設税法) which was promulgated by Standing Committee of National Peoples Congress on August 11, 2020 and came effect on September 1, 2021 and the Notice of the State Council on Harmonizing the Urban Maintenance and Construction Tax and Educational Surcharges for Chinese and Foreign-funded Enterprises and Individuals (國務院關於統一內外資企業和個人城市維護建設税和教育費附加制度的通知) which was promulgated by the State Council on October 18, 2010 and latest effective on December 1, 2010, entities and individuals which are subject to consumption tax, VAT and business tax shall pay urban maintenance and construction tax. The tax rate is 7% for a taxpayer who is domiciled in a downtown area, and 5% for a taxpayer who is domiciled in a county or town, and 1% for a taxpayer who is domiciled outside a downtown area, county or town.

REGULATIONS ON LABOR

Labor Relations

The Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) which was promulgated by Standing Committee of the National People's Congress on June 29, 2007, and was latest amended on December 28, 2012, with the latest revision effective on July 1, 2013, governs the establishment of labor relationships between enterprises, individual economic organizations, private non-enterprise entities etc., in the PRC and their workers and

the conclusion, performance, variation, rescission or termination of labor contracts, specifies relevant detailed requirements on terms and contents of labor contracts signed between the parties, and stipulates the maximum working hours per day and week and the monthly minimum wage.

Social Insurance and Housing Provident Fund

In accordance with the Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法) which was promulgated by Standing Committee of the National People's Congress on October 28, 2010 and was latest amended on December 29, 2018, with the latest revision effective on the same date, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, and maternity insurance. Employers failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency 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; 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.

In accordance with the Regulations on the Administration of Housing Provident Fund (住房公積金管理條例) which was promulgated by the State Council on April 3, 1999, and was latest amended on March 24, 2019, with the latest revision effective on the same date, an employer shall make registration of contribution to the housing provident fund with the housing provident fund management center, and go through the formalities of opening housing provident fund accounts on behalf of its employees. And an employer fails to undertake contribution registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. An employer is overdue in the contribution of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the contribution within a prescribed time limit; where the contribution has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

REGULATIONS ON FOREIGN EXCHANGE ADMINISTRATION

General Foreign Exchange Administration

The Foreign Exchange Control Regulations of the People's Republic of China (中華人民共和國外匯管理條例), promulgated by the State Council on January 29, 1996, and latest amended on August 5, 2008, with the latest revision effective on the same date, is a fundamental legal basis for foreign exchange supervision and regulation by relevant authorities in PRC, according to which, RMB may be freely converted into other currencies for current

account items (such as foreign exchange transactions in relation to commodity, trade and service, and dividend distribution), based on real and lawful transactions; but capital account items (such as share capital transfer, direct investment, securities investment, derivatives or loan) unless it is approved by the relevant foreign exchange administration department and it has completed the pre registration with the relevant foreign exchange administration department.

In accordance with the Circular of SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (hereinafter referred to as "Circular 59") was promulgated by SAFE on November 19, 2012, became effective on December 17, 2012, and was further amended on May 4, 2015, approval is not required for the opening of an account entry in foreign exchange accounts under direct investment. Circular 59 also simplifies the capital verification and confirmation formalities for foreign invested enterprises ("FIEs"); the foreign capital and foreign exchange registration formalities required for the foreign investors to acquire equities from Chinese party and further improve the administration on exchange settlement of FIEs.

The Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (hereinafter referred to as "Circular 19") was promulgated by SAFE on March 30, 2015, came into effect on June 1, 2015 partially repealed on December 30, 2019 and partially amended by the Notice of the State Administration of Foreign Exchange of Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) promulgated by SAFE on June 9, 2016 and superseded the Notice from the State Administration of Foreign Exchange on Reforming the Administration Method of Settlement of Foreign Exchange Capitals of Foreign-invested Enterprises (hereinafter referred to as "Circular 142") from the effective date. Circular 19 specifies that foreign exchange settlement by foreign-invested enterprise is subject to supervision under foreign exchange settlement policies, and cancels certain foreign exchange restrictions under Circular 142. However, Circular 19 restates that the use of capital of foreign invested enterprises should follow the principle of truthfulness and self-use within the business scope of a enterprise.

In accordance with the Notice from the State Administration of Foreign Exchange on Reforming and Regulating the Policies of Administration of Foreign Exchange Settlement for Capital Items (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (hereinafter referred to as "Circular 16") which was promulgated by the State Administration of Foreign Exchange on June 9, 2016 and came into effect on the same date, an enterprise registered in China may, at its sole discretion, convert its foreign debts in a foreign currency to RMB. Circular 16 provides a unified standard for foreign exchange under capital items (including but not limited to foreign currency capital and foreign debt) which may be convertible at the sole discretion of the enterprise. Such standard is applicable to all enterprises registered in the PRC. In addition, Circular 16 restates that, unless otherwise specified, an enterprise shall not directly or indirectly use RMB funds obtained as a result of conversion of foreign currency funds, for purposes outside the business scope, or for investments wealth management other than

securities investment or capital protected products of banks in China. Moreover, except within the business scope, RMB funds obtained as a result of conversion shall not be used as loans to non-related companies; save for investment in a real estate enterprise, RMB funds obtained as a result of conversion shall not be used for construction or purchase of real estate which will not be used by the enterprise.

On October 23, 2019, the State Administration of Foreign Exchange released the Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知), according to which, besides foreign-invested enterprises engaged in investment business, non-investment foreign-invested enterprises are also permitted to make domestic equity investments with their capital funds in accordance with the laws provided that such investments do not violate the Special Administrative Measures (Negative List) for Foreign Investment Access (外商投資准入特別管理措施(負面清單)) (hereinafter referred to as "Negative List") and the target investment projects are genuine and in compliance with laws. According to the Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知), issued by the State Administration of Foreign Exchange on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without submitting the evidentiary materials concerning authenticity of such capital for banks in advance; provided that their capital use is authentic and in compliance with administrative regulations on the use of income under capital accounts. The bank in charge shall follow the principle of prudential business development to manage and control relevant business risks, and conduct post spot checking on the facilitation of payment for the income under capital accounts in accordance with relevant requirements.

Equity Incentive Plan

In accordance with the Notice of the State Administration of Foreign Exchange on the Relevant Issues Concerning the Administration of Foreign Exchange for Domestic Individuals' Participation in Equity Incentive Programs 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) which was promulgated by the State Administration of Foreign Exchange on February 15, 2012 and came into effect on the same date, a PRC citizen who participates in the equity incentive plan of an overseas listed company or an individual who participates in such plan and has resided in China for a consecutive period of not less than one year, shall go through relevant procedures with the State Administration of Foreign Exchange or its local counterpart, through a qualified PRC agent (which could be a PRC subsidiary of the overseas listed company), save for a few exceptions. A signing participant shall appoint an overseas trustee to handle matters in relation to their exercise of share options, purchase and sale of corresponding shares or interests, and transfer of funds. In addition, in case of any major change of the equity incentive plan, the PRC agent or overseas trustee or other major changes, the PRC agent shall register the change with the State Administration of Foreign Exchange in respect of the equity incentive plan. The PRC agent shall, on behalf of a PRC resident who has the right to exercise the employee share option, apply to the State Administration of Foreign Exchange or its local counterpart for an annual quota for foreign exchange payment with respect to foreign currency payment in relation to exercise by the PRC resident of the employee share option. Foreign

exchange earnings obtained by a PRC resident from sale of shares according to the equity incentive plan and the dividend distributed by an overseas listed company shall be remitted to a bank account opened by the PRC agent in China prior to distribution to the PRC resident.

DIVIDEND DISTRIBUTION

In accordance with the Company Law of the People's Republic of China (中華人民共和國公司法), which was promulgated by the Standing Committee of the National People's Congress on December 29, 1993, and was amended on October 26, 2018, and the Foreign Investment Law of the People's Republic of China (中華人民共和國外商投資法) (hereinafter referred to as "Foreign Investment Law"), which was promulgated by the National People's Congress of the People's Republic of China on March 15, 2019 and came into effect on January 1, 2020, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profit, if any, determined in accordance with PRC accounting standards and regulations. A PRC company, including foreign-invested enterprise, is required to set aside as general reserves at least 10% of its after-tax profit, until the cumulative amount of such reserves reaches 50% of its registered capital unless the provisions of laws regarding foreign investment otherwise provided, and shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

REGULATIONS ON ESTABLISHMENT OF COMPANIES AND FOREIGN INVESTMENT

In accordance with the Foreign Investment Law and the Implementation Regulations for the Foreign Investment Law of the People's Republic of China (中華人民共和國外商投資法實施條例) (hereinafter referred to as "Regulations"), which was promulgated by the State Council on December 26, 2019 and came into effect on January 1, 2020, any discrepancy between the Foreign Investment Law and these Regulations and the provisions on foreign investments formulated before January 1, 2020, the provisions of the Foreign Investment Law and these Regulations shall prevail. Investments by foreign investors in fields for which investment is restricted by the Negative List shall comply with the restrictive admission special administrative measures such as equity requirements, senior management personnel requirements stipulated by the Negative List.

In accordance with the Measures on Reporting of Foreign Investment Information (外商投資信息報告辦法), which was promulgated by the Ministry of Commerce and State Administration for Market Regulation on December 30, 2019 and came into effect on January 1, 2020, foreign investors or foreign investment enterprises shall submit investment information to the commerce administrative authorities through the Enterprise Registration System and the National Enterprise Credit Information Publicity System. In accordance with the Measures for the Security Review of Foreign Investments (外商投資安全審查辦法), which was promulgated by the National Development and Reform Commission and Ministry of Commerce on December 19, 2020 and came into effect on January 18, 2021, the office of the

working mechanism for the security review of foreign investments is set up under the National Development and Reform Commission, which is led by the National Development and Reform Commission and the Ministry of Commerce to undertake he routine work of the security review of foreign investments.

LAWS AND REGULATIONS RELATING TO FULL CIRCULATION OF H SHARES

According to the Overseas Listing Trial Measures and related guidelines, "Full circulation" represents the shareholders of domestic unlisted shares of domestic companies, which directly offer and list securities in overseas markets, converting its domestic unlisted shares into foreign listed shares circulating in overseas markets. "Full circulation" shall comply with relevant regulations of the CSRC and the shareholders of domestic unlisted shares shall entrust the domestic company to report the "Full circulation" with CSRC by filing materials on key compliance issues, including whether the "Full circulation" has fulfilled adequate internal decision-making procedures, necessary internal approvals and authorizations, and whether the "Full circulation" involves approval or filing procedures set out in the laws, regulations and policies for state-owned asset administration, industry supervision and foreign investment, and if so, whether such approval or filing procedures have been performed.

U.S. EXPORT CONTROL LAWS AND REGULATIONS

The U.S. government imposes export controls for national security, foreign policy, and other various policy reasons. One of the primary U.S. export control regimes is governed by the Export Administration Regulations, 15 C.F.R. Parts 730-774 ("EAR"), which are administered and enforced by the U.S. Department of Commerce's Bureau of Industry and Security ("BIS"). BIS is responsible for regulating the export, reexport, or transfer (in-country) of a diverse range of goods, software, and technology (collectively, "items") including most commercial items, "dual-use" items (i.e., those items having both commercial and military or proliferation applications), and less-sensitive military items.

BIS regulates the export, reexport, and in-country transfer of items that are "subject to the EAR," a term of art that includes: (i) all U.S.-origin items wherever they are located in the world; (ii) any item physically in, or moving in transit through, the United States or U.S. Foreign Trade Zone (including items of foreign origin); (iii) any foreign-made item containing more than a *de minimis* amount of certain controlled U.S.-origin content; and (iv) certain foreign-made items that are the "direct products" of certain controlled U.S.-origin software or technology (or are the direct product of a plant or major plant component that is itself the direct product of such controlled U.S.-origin software or technology). Generally, foreign-made items that incorporate controlled U.S.-origin content accounting for 25% or less of the value of such items are not subject to the EAR when exported, reexported, or transferred (in-country) to any country except for Cuba, Iran, North Korea, or Syria (for which the *de minimis* threshold is 10%), unless the controlled content is of a certain type for which there is no *de minimis* threshold. For purposes of the *de minimis* analysis, a "controlled" item is any item that would require a destination-based export license from BIS to be exported to, reexported to, or transferred (in-country) within the country at issue.

Items that are subject to the EAR may require a license from BIS prior to the export, reexport, or transfer (in-country) of the item. Whether an export license is required depends on the Export Control Classification Number ("ECCN") of the item at issue, the destination to which the item is being exported, reexported, or transferred, and the intended end use or end user of the item.

In particular, BIS maintains several restricted party lists of companies, organizations, and individuals that may be subject to additional license requirements, regardless of the classification of the item. For example, parties on the "Entity List," Supplement No. 4 to 15 C.F.R. Part 744, are generally prohibited from receiving some or all items subject to the EAR, absent an export license from BIS. License requirements for persons on the Entity List may be limited to only specific ECCNs of concern, or generally apply to all items subject to the EAR.

A party that exports, reexports, or transfers an item that is subject to the EAR is strictly liable for violations related to such activity. The EAR also provides a basis for liability for other parties to a given transaction (i.e., in addition to the exporter). Specifically, parties are prohibited from (i) causing, aiding, or abetting a violation of the EAR; (ii) soliciting or attempting a violation of the EAR; (iii) conspiring to bring about or engage in a violation of the EAR; (iv) misrepresenting or concealing facts to the U.S. government in connection with activities subject to the EAR; (v) acting with the intent to evade the EAR; (vi) failing to comply with recordkeeping requirements of the EAR; and (vii) acting with "knowledge" that a violation of the EAR has occurred or is about to occur. The EAR defines "knowledge" as including "positive knowledge that the circumstance exists or is substantially certain to occur," as well as "an awareness of a high probability of its existence or future occurrence," which is "inferred from evidence of the conscious disregard of facts known to a person and is also inferred from a person's willful avoidance of facts."

Effective March 2, 2023, BIS added certain entities to the Entity List, including "4Paradigm Technology Co., Ltd." with aliases "4Paradigm," "4th Paradigm," and "Fourth Paradigm". The address of such entity was provided as "Building 1, No. 66 Qinghe Middle Street, Haidian District, Beijing, China."

Out of an abundance of caution and unless or until 4Paradigm receives further clarification from BIS, we will assume that all entities located at the address provided in the Entity List are subject to the Entity List restrictions in order to comply with the relevant restrictions. These entities specifically include: Beijing Fourth Paradigm Technology Co., Ltd., Fourth Paradigm (Beijing) Data & Technology Co., Ltd., Beijing Paradigm Empowerment Enterprise Management Co., Ltd., Beijing Xuexian Intelligent Technology Co., Ltd., Beijing Yuntian Xinrui Technology Co., Ltd., Beijing Future Paradigm Technology Co., Ltd., Zhongyuan Putai (Beijing) Intelligent Technology Co., Ltd., and Zhimei Xinchuang (Beijing) Technology Co., Ltd. (the "Listed Entities"). For more details of these entities, see "History, Development and Corporate Structure – Our Principal Subsidiaries" and Note 1 to the Accountant's Report in Appendix I to this Document. However, it is possible that not all Listed Entities are subject to the restrictions.

The Entity List restrictions do not apply to non-listed entities in our Group that are legally distinct from the Listed Entities (the "Non-listed Entities"). That is, BIS has explicitly advised that "the licensing and other obligations imposed on an entity by virtue of being listed [on the Entity List] do not per se apply to its subsidiaries, parent companies, sister companies, or other legally distinct affiliates that are not listed on the Entity List." However, a Non-listed Entity (or any other person) may not act as an agent, a front, or a shell company for a Listed Entity in order to facilitate transactions that would not otherwise be permissible with the Listed Entity.

The addition of the Listed Entities to the Entity List restricts those entities' ability to purchase, acquire, or otherwise access any items subject to the EAR without a license from BIS. Specifically, absent a license from BIS, it is prohibited to export, reexport, or transfer any items subject to the EAR when any Listed Entity is a party to the transaction, including as purchaser, intermediate consignee, ultimate consignee, or end-user. That is, even if the Listed Entity is not the intended end user of the item(s) involved, the restrictions would still apply to the extent the Listed Entity is the purchaser or otherwise involved in a given transaction. License applications to the Listed Entities will be reviewed with a presumption of denial for all items subject to the EAR.

The Entity List restrictions applicable to the Listed Entities apply to items subject to the EAR only where such items would be imported, procured, or obtained by the Listed Entities post-designation to the Entity List. For example, if the Listed Entities obtained an item subject to the EAR prior to March 2, 2023, the Listed Entities would not be prohibited from continue access to and use of such item post-Entity List designation. However, the Listed Entities would be prohibited from obtaining additional quantities of, or updated versions of, such item as of March 2, 2023.