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

Regulations Relating to Foreign Investment

Investment activities in the PRC by foreign investors are principally governed by the Catalog of Encouraged Industries for Foreign Investment (《鼓勵外商投資產業目錄》 (2022年版), the "**Encouraged Catalog**"), and the Special Administrative Measures for Access of Foreign Investment (Negative List) (2021) (《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 jointly promulgated by the National Development and Reform Commission (the "**NDRC**") and the Ministry of Commerce (the "**MOFCOM**") and each became effective on January 1, 2023 and on January 1, 2022, respectively. The Negative List sets out the industries in which foreign investments are prohibited or restricted. According to the Negative List, the operation of internet cultural business (except for provision of music) is a foreign investment prohibited industry, and the proportion of foreign investments in entities engaged in value-added telecommunications business (except for electronic commerce, domestic multi-party communication, store-and-forward, and call center) shall not exceed 50%.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**" or "**FIL**") was adopted by the National People's Congress on March 15, 2019, and came into effect on January 1, 2020 and replaced the Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法》), the Sino-foreign Equity Joint Ventures Enterprise Law (《中華人民共和國中外合資經營企業法》) and the Sino-foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法》) and their implementation regulations to become the legal foundation for foreign investment in the PRC. The Foreign Investment Law sets out the definition of foreign investment and the framework for promotion, protection and administration of foreign investment activities. Foreign-invested enterprises established before the implementation of the Foreign Investment Law may retain their original organization, amongst other matters, within five (5) years from the effectiveness of the Foreign Investment Law before such existing foreign-invested enterprises change their organization forms and organization structures in accordance with the PRC Company Law (《中華人民共和國公司法》), the Partnership Enterprise Law of the PRC (《中華人民共和國合夥企業法》) and other applicable laws.

According to the Foreign Investment Law, foreign investments are entitled to pre-entry national treatment and are subject to the negative list management system. The pre-entry national treatment means that the treatment given to foreign investors and their investments at the stage of investment access is not lower than that granted to domestic investors and their investments. The negative list management system means that the state implements special administrative measures for access of foreign investment in specific fields. Foreign investors shall not invest in any prohibited industries stipulated in the negative list and shall meet the conditions stipulated in the negative list before investing in any restricted industries. Foreign investors' investment, earnings and other legitimate rights and interests within the territory of China shall be protected in accordance with the law, and all national policies on supporting the development of enterprises shall equally apply to foreign-invested enterprises.

The Implementing Regulation for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "**Implementation Rules**"), which was adopted on December 12, 2019 and came into effect on January 1, 2020, provides implementing measures and detailed rules to ensure the effective implementation of the Foreign Investment Law.

The Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) which was jointly promulgated by the MOFCOM and the State Administration for Market Regulation (the "**SAMR**") on December 30, 2019 and came into effect on January 1, 2020, has replaced the Interim Measures for the Administration of Record-filling on the Establishment and Changes in Foreign-Invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). 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).

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

Regulations on Value-Added Telecommunication Services

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the "**Telecom Regulations**"), promulgated by the PRC State Council on September 25, 2000 and last amended on February 6, 2016, provides a regulatory framework for the telecommunications services and service providers in China. Under the Telecom Regulations, the telecommunications service providers are required to obtain an operating license in accordance with the classification of telecommunications businesses prior to the commencement of their operations. The Telecom Regulations categorize telecommunications businesses into basic telecommunications services and value-added telecommunications services (the "**VATS**"). According to the Classification

Catalog of Telecommunications Businesses (《電信業務分類目錄》) (the "**Telecom Catalog**") which was issued as an attachment to the Telecom Regulations to set out specific categories of telecommunications services, and last amended by the Ministry of Industry and Information Technology (the "**MIIT**") on June 6, 2019, information service provided via fixed network, mobile network and Internet fall within the scope of VATS.

In September 2000, the State Council issued the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the "**Internet Measures**"), which was amended in January 2011. Pursuant to the Internet Measures, "Internet information services" refers to the provision of information through the Internet to online users, and are divided into "commercial Internet information services" and "non-commercial Internet information services." A commercial Internet information services provider must obtain a VATS license for Internet information services, or the ICP license, from the relevant government authorities before engaging in any commercial Internet information services operations in China, while the ICP license is not required if the provider will only provide Internet information on a non-commercial basis.

The Administrative Measures for Telecommunications Business Operating Licenses (《電信業務經營許可管理辦法》) (the "**Licenses Measures**"), promulgated by the MIIT in March 2009 and most recently amended in July 2017, sets forth more specific provisions regarding the types of licenses required to operate VATS, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses. Under the Licenses Measures, a commercial operator of VATS must first obtain a VATS License from the MIIT or its provincial level counterparts. Furthermore, the commercial operator of VATS shall operate its telecommunications business in accordance with the type of telecommunications business that lies within the scope of business coverage as stated in its business permit, and pursuant to the provisions of the business permit. Otherwise, such operator might be subject to sanctions, including corrective orders from the competent administration authority, fines and confiscation of illegal gains and, in the case of significant infringements, such operator may be ordered to suspend operation and adopt rectifying measures, and be placed on the list of dishonest telecommunications business operators. According to the Licenses Measures, a VATS license has a term of five years.

Foreign investment in telecommunications companies in the PRC is governed by the Provisions for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the "**Foreign-Invested Telecommunications Enterprises Provisions**"), which was promulgated by the State Council on December 11, 2001, and amended on September 10, 2008 and February 6, 2016. The Foreign-Invested Telecommunications Enterprises Provisions require the foreign-invested VATS enterprises in China to be established as sino-foreign equity joint ventures, in which the percentage of foreign ownership shall not exceed 50%. In addition, the main foreign investor who invests in a foreign-invested VATS enterprises operating the VATS business in China must demonstrate a good track record and experience in operating a VATS business. On March 29, 2022, the Decision of the State Council on Revising and Repealing Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》), which took effect on May 1, 2022, was promulgated to amend certain provisions of regulations including the Foreign-Invested Telecommunications Enterprises Provisions. The

requirement for major foreign investors of a foreign-invested VATS enterprise to demonstrate a good track record and experience in operating VATS businesses was removed.

For the purpose of further strengthening relevant administration of foreign investment in the VATS business, the Ministry of Information Industry, the predecessor of the MIIT, issued the Circular on Strengthening the Administration of Foreign Investment in the Operation of Value-added Telecommunications Business(《關於加強外商投資經營增值電信業務管理的通知》) on July 13, 2006, which prohibits holders of these telecommunications business licenses from leasing, transferring or selling their licenses in any form, or providing any resource, sites or facilities, to any foreign investors intending to conduct any illegal telecommunications operation by any means in China.

Regulations on Mobile Internet Applications Information Services

In addition to the Telecom Regulations and other regulations mentioned above, mobile internet applications are especially regulated by the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) (the "**APP Provisions**"), which was promulgated by the Cyberspace Administration of China (the "**CAC**"), on June 14, 2022 and became effective on August 1, 2022. The APP Provisions regulate the APP information service providers and the APP Store distribution service providers, while the CAC and local offices of cyberspace administration shall be responsible for the supervision and administration of nationwide or local APP information respectively. The APP information service providers shall acquire relevant qualifications required by laws and regulations and implement the information security management responsibilities strictly and fulfill their obligations provided by the APP Provisions.

Regulations on Games Publishing and Operation

Regulatory Authorities

The Notice on Interpretation of the State Commission Office for Public Sector Reform on Several Provisions relating to Animation, Online Game and Comprehensive Law Enforcement in Culture Market in the "Three Provisions" jointly promulgated by the Ministry of Culture (the "**MOC**"), the State Administration of Radio Film and Television (the "**SARFT**") and the General Administration of Press and Publication (the "**GAPP**") (中央機構編制委員會辦公室關於印發《中央編辦對文化部、廣電總局、新聞出版總署< "三定"規定> 中有關動漫、網絡遊戲和文化市場綜合執法的部分條文的解釋》的通知), which was issued by the State Commission Office for Public Sector Reform (a division of the State Council) and became effective on September 7, 2009, provides that the State Administration of Press, Publications, Radio, Film and Television (the "**SAPPRFT**"), the successor of the SARFT and the GAPP will be responsible for the examination and approval of online games to be uploaded on the internet and that, after such upload, online games will be administered by the MOC.

Pursuant to the revised Interim Measures on the Administration of Internet Culture (《互聯網文化管理暫行規定》) (the "**Internet Culture Measures**") issued by the MOC on December 15,

2017, "internet culture products" are defined as including the online games specially produced for internet and games disseminated or distributed through internet, and provision of internet culture products and related services for commercial purpose is subject to the approval of the provincial counterparts of the MOC.

In accordance with the applicable PRC laws and regulations, the current pre-approval from the press and publication authorities includes a two-stage process, (i) approval from the press and publication authorities at the provincial level, followed by (ii) final approval from the press and publication authority at the national level. The Central Committee of the Communist Party of China issued the Plan for Deepening the Institutional Reform of the Party and State (深化黨和國家機構改革方案) and the National People's Congress adopted the Institutional Reform Plan of the State Council (國務院機構改革方案) in March, 2018 (collectively, the "**Institutional Reform Plans**"). According to the Institutional Reform Plans, the responsibility of administration of press and publication of the SAPPRFT was transferred to the National Administration of Press and Publication (國家新聞出版署) (the "**NPPA**") (also under the name of Propaganda Division of the Central Committee of the Communist Party of China as a department of the Communist Party of China), and the responsibility of administration of radio and television of the SAPPRFT was transferred to the National Radio and Television Administration (中華人民共和國國家廣播電視總局) (the "**NRTA**"), a newly-formed institution directly under the charge of the State Council. Furthermore, the MOC was reformed and now known as the Ministry of Culture and Tourism (文化和旅遊部) (the "**MOCT**").

In May 2019, the General Office of the MOCT released the Notice on Adjusting the Scope of Examination and Approval regarding the "Internet Culture Operation License" to Further Regulate the Approval Work (《關於調整<網絡文化經營許可證>審批範圍進一步規範審批工作的通知》) (the "**Notice of Adjusting Examination Scope**"), which further specifies that the MOCT no longer assumes the responsibility for the administration of online games industry. On July 10, 2019, the MOCT issued the Decision on the Abolition of the Interim Measures on Administration of Online Games and the Administrative Measures for Tourism Development Plan (關於廢止《網絡遊戲管理暫行辦法》和《旅遊發展規劃管理辦法》的決定) (the "**Abolition Decision**"). The Abolition Decision also cites the Regulations on the Function Configuration, Internal Institutions and Staffing of the Ministry of Culture and Tourism and further abolishes the Interim Measures on Administration of Online Games, which means that the MOCT will no longer regulate the industry of the online games. However, as of the Latest Practicable Date, it is still unclear as to whether the supervision responsibility of the MOCT will be transferred to another governmental department or whether such governmental department will raise similar or new supervision requirements for the operation of online games.

Restrictions on Foreign Investment

Both the internet publishing services (including the online game publishing) and internet culture operation (including the online game operation) fall within the prohibited categories in the Negative List. The Notice of the GAPP, the State Copyright Administration and National Anti-Pornography and Anti-Illegal Publications Working Group Office on Implementing the "Regulation on Three Provisions" of the State Council and the Interpretations Edited by the SCOPSR to Further Strengthen the Pre-Approval of Online Games and the Approval and

Management of Imported Online Games (《新聞出版總署、國家版權局、全國"掃黃打非"工作小組辦公室關於貫徹落實國務院<"三定"規定>和中央編辦有關解釋，進一步加強網絡遊戲前置審批和進口網絡遊戲審批管理的通知》) (the "**GAPP Notice**"), promulgated by the GAPP, together with the National Copyright Administration and the Office of the National Working Group for Crackdown on Pornographic and Illegal Publications, on September 28, 2009, provides, among other things, that foreign investors are not permitted to invest or engage in online game operations in China through wholly-owned subsidiaries, equity joint ventures or cooperative joint ventures, and expressly prohibits foreign investors from gaining control over or participating in domestic online game operations indirectly by establishing other joint venture companies, establishing contractual agreements or providing technical support. Serious violation of the GAPP Notice will result in suspension or revocation of relevant licenses and registrations.

Regulations on Games Publishing

The Regulations on the Administration of Internet Publishing Services (《網絡出版服務管理規定》) (the "**Internet Publishing Regulations**"), jointly issued by the SAPPRFT and MIIT on February 4, 2016 and which took effect on March 10, 2016, regulates a broad range of activities related to the "internet publishing services" providing "internet publications", including online games, to the public through information networks. The Internet Publishing Regulations provides that any entity that is engaged in internet publishing services must obtain an Internet Publishing Service License (網絡出版服務許可證) and requires that prior to internet publishing of online games, an entity shall apply with the publishing authority of the province, autonomous region or centrally-administered municipality where it is situated, which shall, after its examination and consent, forward the same to the SAPPRFT for examination and approval. According to the Internet Publishing Regulations, Sino-foreign equity joint ventures, Sino-foreign cooperative joint ventures and foreign entities shall not engage in internet publishing services.

On May 24, 2016, the General Office of the SAPPRFT issued the Notice on Administration of Mobile Game Publishing Services (《關於移動遊戲出版服務管理的通知》) (the "**Mobile Game Publishing Notice**"), which took effect on July 1, 2016. The Mobile Game Notice provides that game publishing services providers shall be responsible for examining the contents of their games and applying for game publication numbers (遊戲出版物號). An online game shall not be published without the prior approval of the SAPPRFT. Under the Mobile Game Publishing Notice, the "game publishing service entities" refers to online publishing service entities that have obtained the Internet Publishing Service License from the SAPPRFT within game publishing business included in the scope of business. Concerning those mobile games (including pre-installed mobile games) that have been published and operated online before the implementation of Mobile Game Notice, relevant approval procedures would have to be implemented by the game publishing service entities and enterprises in coordination with the provincial publication administrative departments before October 1, 2016 as required by Mobile Game Notice. Otherwise, these mobile games shall cease to be published or operated online. Given the considerable amount of games that fail to obtain the pre-approval before launching in the industry, the Notice on Extending the Time Limit under the Notice on the Administration over Mobile Game Publishing Services (《關於順延<關於移動遊戲出版服務管理的通知>有關

工作時限的通知》) promulgated by the SAPPRFT on September 19, 2016 further extended the above time limit for application of pre-approval from October 1, 2016 to December 31, 2016.

Regulations on Games Operation

According to the Internet Culture Measures, an internet cultural product includes the online games specially produced for internet and games disseminated or distributed through internet. To provide internet cultural products and related services for commercial purpose is subject to the approval of the provincial counterparts of the MOC.

On June 3, 2010, the MOC promulgated the Interim Measures on Administration of Online Games (《網絡遊戲管理暫行辦法》) (the "**Online Game Measures**"), which was last amended on December 15, 2017, comprehensively regulate the activities related to online game business, including the development and production of online games, the operation of online games, the issuance of virtual currencies used for online games, and virtual currency trading services. The Online Game Measures provide that any entity that is engaged in online game operations must obtain Internet Culture Operation Licenses, and require the content of an imported online game to be examined and approved by the MOCT prior to the launch of the game and the content of a domestic online game must be filed within 30 days of its launch with the MOCT. The Online Game Measures also requires online game operators to protect the interests of the online game players and specified certain terms that must be included in the service agreements between online game operators and its online game players. On July 10, 2019, the MOCT issued the Decision of the Ministry of Culture and Tourism of the PRC on Abolishing the Interim Measures for the Administration of Online Games and the Measures for Planning and Administration of Tourism Development (《文化和旅遊部關於廢止<網絡遊戲管理暫行辦法>和<旅遊發展規劃管理辦法>的決定》), which specifies that the Online Game Measures was abolished by the MOCT on July 10, 2019.

The Notice on Regulating Online Game Operation and Strengthening Interim and Ex Post Supervision (《文化部關於規範網絡遊戲運營加強事中事後監管工作的通知》) (the "**Game Regulation Notice**"), which took effect on May 1, 2017 and abolished on August 19, 2019, sets the requirements in relation to online games and further clarifies the business scope of online games. The principle of punishment on the penalizing illegal behavior of online game co-operating enterprises is also regulated in the Game Regulation Notice. On August 19, 2019, the MOCT issued the Announcement on the Results of Clearing Administrative Normative Documents (《文化和旅遊部關於行政規範性文件清理結果的公告》), which specifies that the Game Regulation Notice was abolished by the MOCT.

Regulations on Virtual Currency and Virtual Items

On January 25, 2007, the Ministry of Public Security (the "**MPS**"), the MOC, the MIIT and the GAPP jointly issued the Notice on Regulating Operation Order of Online Games and Inspection of Gambling via Online Games (《關於規範網絡遊戲經營秩序查禁利用網絡遊戲賭博的通知》) (the "**Anti-gambling Notice**"). To curtail online games that involve online gambling, the notice (a) prohibits online game operators from charging commissions in the form of virtual

currency in connection with winning or losing of games; (b) requires online game operators to impose limits on use of virtual currency in guessing and betting games; (c) bans the conversion of virtual currency into real currency or property; and (d) prohibits services that enable game players to transfer virtual currency to other players.

The Notice on the Reinforcement of the Administration of Internet Cafés and Online Games (《關於進一步加強網吧及網絡遊戲管理工作的通知》) (the "**Internet Cafés Notice**") jointly issued by the MOC, the People's Bank of China (the "**PBOC**") and other governmental authorities in February 2007 with the goal of strengthening the administration of virtual currency in online games and to avoid any adverse impact on the PRC economy and financial system, places strict limits on the total amount of virtual currency issued by online game operators and the amount purchased by individual players and requires a clear division between virtual transactions and real transactions carried out by way of electronic commerce. The Internet Cafés Notice further provides that virtual currency should only be used to purchase virtual items and prohibits any resale of virtual currency.

The Notice on Strengthening the Administration of Online Game Virtual Currency (《關於加強網絡遊戲虛擬貨幣管理工作的通知》) (the "**Virtual Currency Notice**") jointly issued by the MOC and the MOFCOM in June 2009, defines the meaning of the term "virtual currency" and places a set of restrictions on the trading and issuance of virtual currency. The Virtual Currency Notice also states that online game operators are not allowed to give out virtual items or virtual currency through lottery-base activities, such as lucky draws, betting or random computer sampling, in exchange for players' cash or virtual money.

Regulations on Real-Name Registration and Anti-Addiction

On April 15, 2007, in order to curb addictive online game-playing by minors, eight PRC government authorities, jointly enacted the Notice Regarding the Implementation of Anti-addiction System on Online Games in Protecting the Physical and Mental Health of Minors (《關於保護未成年人身心健康實施網絡遊戲防沉迷系統的通知》) (the "**Anti-addiction Notice**"), which requires the implementation of an anti-addiction compliance system by all PRC online game operators in an effort to curb addiction to online games by minors. Under the anti-addiction compliance system, three hours or less of continuous playing by minors, defined as game players under 18 years of age, is considered to be "healthy", three to five hours is deemed "fatiguing", and five hours or more is deemed "unhealthy". Game operators are required to reduce the value of in-game benefits to a game player by half if it discovers that the amount of time a game player spends online has reached the "fatiguing" level, and to zero in the case of the "unhealthy" level.

Pursuant to Notice Regarding Commencement of Authentication of Real Names for Anti-addiction System on Online Games (《關於啟動網絡遊戲防沉迷實名驗證工作的通知》) (the "**Commencement of Real-name Authentication Notice**") issued by the relevant eight government authorities on July 1, 2011, online game (excluding mobile game) operators must submit the identity information of game players to the National Citizen Identity Information Center, for verification since October 1, 2011, in an effort to prevent minors from using an adult's ID to play online games. On July 25, 2014, the SAPPRFT issued the Notice Regarding

Deepening Implementation of Authentication of Real Names for Anti-addiction System on Online Games (《關於深入開展網絡遊戲防沉迷實名驗證工作的通知》) (the "**Implementation of Real-name Authentication Notice**") and effected on October 1, 2014, which specify that subject to the hardware, technology and other factors, the anti-addiction compliance system applies to all online games excluding mobile games temporarily. Additionally, according to the Mobile Game Notice, which became effective in July 2016, mobile games are subject to the Commencement of Real-name Authentication Notice unless the mobile game to be published, among other things, does not concern themes such as politics, military, nations and religions, belongs to the class of casual puzzle domestic mobile games without plots or with simple plots and is not authorized by overseas copyright owners.

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

On October 25, 2019, the NPPA issued the Notice on Preventing Minors from Indulging in Online Games (《關於防止未成年人沉迷網絡遊戲的通知》), which took effect on November 1, 2019. The Notice stipulates several requirements on the online game operation, including but not limited to: (i) all online game users shall register their game accounts with valid identity information; (ii) the time slot and duration for playing online games by minors shall be strictly controlled; (iii) the provision of paid services to minors shall be regulated; (iv) the regulation of the industry shall be enhanced and the requirements above shall be requisite for launching, publishing and operating online games; and (v) the development and implementation of an age-appropriate reminding system shall be explored. Online game companies shall analyze the cause of minors' addiction to games, and alter the content and features of games or game rules resulting in such addiction. The online game companies shall not provide paid services to minors under 8 years old. For minors between 8 and 16, the top-up amount shall not exceed RMB50 per time and the accumulative amount shall not exceed RMB200 per month; for players over 16 but below 18, the top-up amount shall not exceed RMB100 per time and the accumulative amount shall not exceed RMB400 per month.

On October 17, 2020, the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) (the "**SCNPC**") revised and promulgated the Law of the PRC on the Protection of Minors (2020 Revision) (《中華人民共和國未成年人保護法 (2020修訂)》), which took effect on June 1, 2021. Law of the PRC on the Protection of Minors (2020 Revision) added a new section entitled "Online Protections" which stipulates a series of provisions to further protect minors' interests on the internet, among others, (i) online product and service providers are prohibited from providing minors with products and services that would induce minors to indulge, (ii) online service providers for products and services such as online games, live broadcasting, audio-video, and social networking are required to establish special management systems of user duration, access authority and consumption for minors, (iii) online games service providers must request minors to register and log into online games with their valid identity

information, (iv) online games service providers must categorize games according to relevant rules and standards, notify users about the appropriate ages for the players of the games, and take technical measures to keep minors from accessing inappropriate online games functions, and (v) online games service providers may not provide online games services to minors from 10:00 p.m. to 8:00 a.m. the next day.

On August 30, 2021, the NPPA issued the Notice on Further Preventing Minors from Indulging in Online Games (《國家新聞出版署關於進一步嚴格管理切實防止未成年人沉迷網絡遊戲的通知》), which became effective on September 1, 2021, imposing stricter time limits for playing online games by minors, and providing that online game operators may only provide online game services to minors on every Friday, Saturday, Sunday or PRC statutory holiday for one hour per day from 8:00 p.m. to 9:00 p.m. In addition, this notice requires that all the online games must be connected to the real-name registration and game addiction prevention system of the GAPP, all the online game players must register or login in using authentic and valid identity information, and online game operators may not provide game services, in any manner (including in visitor experience mode), to any users who have not registered using their real names.

On October 20, 2021, six PRC government authorities jointly issued the Notice on Strengthening the Management of Preventing Primary and Middle School Students from Indulging in Online Games (《關於進一步加強預防中小學生沉迷網絡遊戲管理工作的通知》), which further stipulates that online game companies shall fulfill the requirements for real-name registration. Real-name registration information submitted by online game users must be verified by the real-name verification system of the NPPA. Online game operators may only provide online game services to primary and middle school students on every Friday, Saturday, Sunday or PRC statutory holiday for one hour per day from 8:00 p.m. to 9:00 p.m.

Regulations on Online Advertising Services

On October 27, 1994, the Standing Committee of the National People's Congress enacted the Advertising Law of the PRC (《中華人民共和國廣告法》) (the "**Advertising Law**"), which became effective on February 1, 1995 and was amended in April 2015, October 2018 and April 2021. According to the Advertising Law, an advertiser shall be responsible for the veracity of the contents of advertisements, while advertising operators and advertisement publishers shall examine the relevant certification documents pursuant to applicable laws and regulations, and check advertisement contents. The Advertising Law require an advertiser or advertising agency which uses the name or image of others in an advertisement shall obtain their written consent beforehand. On February 25, 2023, the SAMR issued the Measures for the Administration of Internet Advertising (《互聯網廣告管理辦法》), effective on May 1, 2023, which requires Internet advertisers to be responsible for the authenticity of the contents of advertisements.

Laws and Regulations in Relation to Sales of Food

According to the Food Safety Law of the PRC (中華人民共和國食品安全法) (the "**Food Safety Law**"), which was promulgated on February 28, 2009 by the SCNPC and last amended on

April 29, 2021, and the Regulation on the Implementation of the Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》) (the "**Implementation Rules of the Food Safety Law**"), which was promulgated by the State Council on July 20, 2009 and last amended on March 26, 2019, the state adopts a licensing system for food production and trade, those intending to engage in the production, sale of food or the catering services shall legally obtain a permit. The PRC has established a food recall system under the Food Safety Law and its Implementation Rules. Where a food producer or trader finds that food it has produced or sold does not comply with relevant food safety standards, it shall immediately cease the production or trade thereof and notify the relevant producers, traders and consumers.

The Administrative Measures on Food Distribution Licensing (《食品經營許可管理辦法》), which was promulgated on August 31, 2015 and latest amended on November 17, 2017, provides that engaging in food sales and provide catering services in the PRC shall obtain food distribution license. The food and drug administrations shall conduct categorized licensing of food distribution activities according to the business types of food distributors and the risk degrees of business items.

Pursuant to the Administrative Provisions on Food Labeling (《食品標識管理規定》), which was promulgated on August 27, 2007 and latest amended on October 22, 2009, food identification labels should state the name, place and date of production, expiry date, net quantity, list of ingredients, name and addresses and contact information of producers, and standardization numbers of national standards, industry standards, local standards or enterprise standards for those who have filed these to the authorities. Food which is under the production licensing management scheme is required to show its food production license number.

According to the Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》) promulgated by the State Administration for Industry and Commerce on March 15, 2021 and effective on May 1, 2021 (the "**Trading Measures**"), these Trading Measures shall apply to the business activities of selling goods or providing services in information network activities such as online social networking and online live streaming.

Regulations on Internet Security and Censorship

Internet information in China is also regulated and restricted from a national security standpoint. The SCNPC has enacted the Decisions on Maintaining Internet Security (《維護互聯網安全的決定》) on December 28, 2000 and further amended on August 27, 2009. In accordance with this decision, violators may be subject to criminal punishment in China for any effort 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. In 1997, the Ministry of Public Security issued the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》), which was amended in January 2011, prohibits use of the Internet in ways which, among other things, results in a leakage of state secrets or a spread of socially destabilizing content. If an Internet information service provider violates these measures, the Ministry of Public Security and the local security bureaus may revoke its operating license and shut down its website(s).

The Regulations on Technological Measures for Internet Security Protection (《互聯網安全保護技術措施規定》) (the "**Internet Protection Measures**"), which was promulgated by the MPS on December 13, 2005 and took effect on March 1, 2006, requires internet service providers to take proper measures including anti-virus, data back-up and other related measures, and to keep records of certain information about their users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, and to detect illegal information, stop transmission of such information, and keep relevant records. If the Internet services providers violates these measures, the MPS and the local security bureaus may revoke its operating license and shut down its website. Pursuant to Circular of the MPS, the State Secrecy Bureau, the State Cipher Code Administration and the Information Office of the State Council on Printing and Distributing the Administrative Measures for the Graded Protection of Information Security (《公安部、國家保密局、國家密碼管理局、國務院信息工作辦公室關於印發<信息安全等級保護管理辦法>的通知》) promulgated on June 22, 2007, the security protection grade of an information system may be classified into the five grades. To newly build an information system of Grade II or above, its operator or user shall, within 30 days after it is put into operation, complete the record-filing procedures at the local public security organ at the level of municipality divided into districts or above of its locality.

The National Security Law of the PRC (《中華人民共和國國家安全法》), which was issued by the SCNPC on July 1, 2015 and came into effect on the same day, provides that the state shall safeguard the sovereignty, national security and cybersecurity and 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 China.

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

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council promulgated Opinions on Rigorously Cracking Down on Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》) (the "**Opinions on Illegal Securities Activities**"), which set forth seven aspects of opinions to promote high-quality development of capital markets and combat illegal securities activities.

Pursuant to the Opinions on Illegal Securities Activities, the enforcement and judiciary cooperation on cross-border supervision shall be strengthened, which includes: (i) strengthening cross-border supervision cooperation, improving laws and regulations in relation to data security, cross-border data flow, and confidential information management, and confirming the responsibility for data security of companies listed overseas; (ii) strengthening the supervision on overseas-listed China-based companies (中概股公司), clarifying the responsibilities of domestic industry authorities and regulators, and strengthening cross-sectoral supervision cooperation; and (iii) establishing a sound system for the extraterritorial application of capital market laws, formulating judicial interpretations and relevant rules for the extraterritorial application of securities laws, and promoting the mutual recognition and enforcement of judicial decisions between foreign countries and regions and the PRC. The Opinions on Illegal Securities Activities will be generally applicable to us as well as other overseas-listed China-based companies (中概股公司). However, as these opinions are recently issued, the implementation and enforcement of the Opinions on Illegal Securities Activities, especially with regard to cross-border supervision of data security and supervision of Chinese companies listed overseas, are still subject to the promulgation of specific implementation rules. It is still unclear whether and how such opinions will further evolve into supervisory measures of the CSRC and how such opinions or measures will be implemented.

On December 28, 2021, the CAC published the Measures for Cybersecurity Review (2021) (《網絡安全審查辦法(2021)》) (the "**Cybersecurity Measures 2021**"), which became effective on February 15, 2022. Pursuant to the Cybersecurity Measures 2021, an online platform operator who possesses the personal information of more than 1 million users shall declare to the Office of Cybersecurity Review for cybersecurity review when going public abroad.

On August 20, 2021, the Standing Committee of the National Peoples' Congress ("SCNPC") passed the Personal Data Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) (the "**Personal Data Protection Law**") which came into effect on November 1, 2021, the Personal Data Protection Law stipulates the rules for cross-border transfer of personal information. Any cross-border transfer of personal information is subject to the condition that it is necessary to provide the personal information to a recipient outside China due to any business need or any other need, as well as the satisfaction of at least one of the following conditions: (i) where a security assessment organized by the national cyberspace authority has been passed; (ii) where a certification of personal information protection has been passed from a professional institution; (iii) where a standard contract formulated by the national cyberspace authority has been entered into with the overseas recipient; or (iv) any other condition prescribed by laws, administrative regulations or any other requirements by the national cyberspace authority.

On November 14, 2021, the CAC published the Regulations on Cyber Data Security Management (Draft fort Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Regulations on Cyber Data Security Management**"), which specified that data processor who seeks to go public in Hong Kong, which affects or may affect national security, shall apply for cybersecurity review. In addition, the Draft Regulations on Cyber Data Security Management also regulate other specific requirements in respect of the data processing activities conducted by data processors through the internet in view of personal data protection, important data

safety, cross-broader data safety management and obligations of network platform operators. Data processors processing personal information of more than one million people shall also comply with the provisions for processing of important data stipulated in Draft Regulations on Cyber Data Security Management for important data processors. Data processors dealing with important data or listing overseas (including Hong Kong) should carry out an annual data security assessment by themselves or by entrusting data security service agencies, and each year before January 31, data security assessment report for the previous year shall be submitted to the districted city level cyberspace administration department. When data collected and generated within the PRC are provided to the data processors overseas, if such data includes important data, or if the relevant data processor is a critical information infrastructure operator or processes personal information of more than one million people, the data processor shall go through the security assessment of cross-border data transfer organized by the national Cyberspace Administration. As of the Latest Practicable Date, the Regulations on Cyber Data Security Management (Draft for Comments) has not been formally adopted.

The Notice on APP Security Certification (《關於開展APP安全認證工作的公告》) and the Implementation Rules on Security Certification of Mobile Internet Application (《移動互聯網應用程序(App)安全認證實施細則》), which was jointly issued by the Office of the Central Cyberspace Affairs Commission (the "**OCCAC**") and the SAMR on March 13, 2019, encourages mobile application operators to voluntarily obtain APP security certification, and search engines and APP stores to recommend certified applications to users.

Pursuant to the Regulations for the Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the "**CII Regulations**") , which was issued by the State Council and came into effect on September 1, 2021, "critical information infrastructures" refers to important network facilities and information systems in public telecommunications, information services, energy sources, transport, water conservation, finance, public services, as well as other critical industries and domains, in which any destruction or data leakage will have severe impact on national security, national economy and citizen's livelihood and public interests, and competent authorities as well as the supervision and administrative authorities of the above-mentioned important industries and sectors are responsible for the security protection of critical information infrastructures (the "**Protection Authorities**"). The Protection Authorities will establish the rules for the identification of critical information infrastructures based on the particular situations of the industry and report such rules to the public security department of the State Council for record. The following factors must be considered when establishing identification rules: (i) the importance of network facilities and information systems to the core businesses of the industry and the sector; (ii) the harm that may be brought by the damage, malfunction or data leakage of, the network facilities and information systems; and (iii) the associated impact on other industries and sectors. The Protection Authorities are responsible for organizing the identification of critical information infrastructures in their own industries and sectors in accordance with the identification rules, promptly notifying the operators of the identification results and reporting to the public security department of the State Council. These provisions were newly issued, and detailed rules or explanations may be further enacted with respect to the interpretation and implementation of such provisions, including rules on identifying critical information infrastructures in different industries and sectors.

On December 13, 2022, the MIIT issued the Measures for Data Security Administration in the Industry and Information Technology Field (Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》), which became effective on January 1, 2023. In accordance with the measures, the industrial and telecommunication data processors shall classify data firstly based on the data's category and then based on its security level on a regular basis, to classify and identify data based on the industry requirements, business needs, data sources and purposes and other factors, and to make a data classification list. In addition, the industrial and telecommunication data processors shall establish and improve a sound data classification management system, take measures to protect data based on the levels, carryout key protection of critical data, implement stricter management and protection of core data on the basis of critical data protection, and implement the protection with the highest level of requirement if different levels of data are processed at the same time. The measures also impose certain obligations on industrial and telecommunication data processors in relation to, among others, implementation of data security work system, administration of key management, data collection, data storage, data usage, data transmission, provision of data, publicity of data, data destruction, safety audit and emergency plans, etc.

The Administrative Provisions on Security Vulnerability of Network Products (《網絡產品安全漏洞管理規定》) (the "**Provisions**") was jointly promulgated by the MIIT, the CAC and the MPS on July 12, 2021 and took effect on September 1, 2021. Network product providers, network operators as well as organizations or individuals engaging in the discovery, collection, release and other activities of network product security vulnerability are subject to the Provisions and shall establish channels to receive information of security vulnerability of their respective network products and shall examine and fix such security vulnerability in a timely manner. Network product providers are required to report relevant information of security vulnerability of network products with the MIIT within two days and to provide technical support for network product users. Network operators shall take measures to examine and fix security vulnerability after discovering or acknowledging that their networks, information systems or equipment have security loopholes. According to the Provisions, the breaching parties may be subject to administrative penalty as regulated in accordance with the Cybersecurity Law.

On July 7, 2022, the CAC officially issued the Measures for the Security Assessment of Data Cross-border Transfer (《數據出境安全評估辦法》), which became effective and implemented on September 1, 2022. The Measures applies to the security assessment conducted by data processors where they provide overseas parties with important data and personal information collected and generated during the operation in the PRC. Based on the Measures, data processors shall apply for the security assessment of data cross-border transfer to the CAC through the provincial cyberspace administration in the place where they operate if they provide data outside China and fall into one of the following conditions: (1) data processors provide important data outside China; (2) operators of critical information infrastructure and data processors who process personal information of over 1 million users provide personal information outside China; (3) data processors who provide accumulative personal information of over 100,000 users or accumulative sensitive personal information of over 10,000 users outside China from January 1 of previous year; (4) other situation as required to declare the security assessment for data cross-border transfer as requested by the cyberspace administration.

Regulations on Data and Privacy Protection

On December 29, 2011, the MIIT promulgated the Several Provisions on Regulation of the Order of Internet Information Service Market (《規範互聯網信息服務市場秩序若干規定》) (the "**Market Order Provisions**"), which became effective on March 15, 2012. The Provisions stipulate that without the consent of users, internet information service providers, are prohibited from a wide range of activities that would infringe upon the rights and interests of users of other internet information service providers, including but not limited to, collecting information relevant to the users that can lead to the recognition of the identity of the users independently or in combination with other information (hereinafter referred to as "**personal information of users**" or "**users' personal information**"), providing personal information of users to others, unless otherwise provided by laws and administrative regulations. The Provisions also requires that internet information service providers shall properly keep the personal information of users; if the preserved personal information of users is divulged or may possibly be divulged, internet information service providers shall immediately take remedial measures.

On December 28, 2012, the SCNPC promulgated the Decision on Strengthening Information Protection on Networks (《關於加強網絡信息保護的決定》) (the "**Information Protection Decision**"), which became effective on the same day, to enhance the legal protection of information security and privacy on the Internet. The Information Protection Decision provides that Internet service providers must expressly inform their users of the purpose, manner and scope of the Internet service providers' collection and use of users' personal information, publish the Internet service providers' standards for such information collection and use of users' personal information, and collect and use personal information only with the user consent and to only operate within the scope of such consent. The Information Protection Decision also mandates that Internet service providers and their employees must keep strictly confidential personal information they collect, and that Internet service providers must take such technical and other measures as are necessary to safeguard the information against unauthorized disclosure.

On July 16, 2013, the MIIT promulgated the Provisions on Protecting the Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) (the "**Telecommunication and Internet Users Provisions**"), which became effective on September 1, 2013, to regulate the collection and use of users' personal information in the provision of telecommunication services and Internet information services in China. Personal information includes a user's name, birth date, identification card number, address, phone number, account name, password and other information that can be used for identifying a user. According to the Telecommunication and Internet Users Provisions, telecommunication business operators and Internet service providers are required to constitute their own rules for the collection and use of users' personal information, and may not collect or use user's personal information without user consent. Telecommunication business operators and Internet service providers must specify the purposes, manners and scope(s) of information collection and usage, obtain consent of the relevant users, and keep the collected personal information confidential. Telecommunication business operators and Internet service providers are prohibited from disclosing, tampering with, damaging, selling or illegally providing other people with, collected personal information. Telecommunication business operators and Internet service providers are

required to take technical and other measures to prevent collected personal information from any unauthorized disclosure, damage or loss.

The Cybersecurity Law further addresses the issue on the protection of personal information.

Pursuant to the Ninth Amendment to the Criminal Law (《中華人民共和國刑法修正案(九)》) issued by the SCNPC, in August 2015 and became effective on November 1, 2015, any internet service provider that fails to fulfill its obligations towards internet information security administration as required by applicable laws, and refuses to rectify when ordered, shall be subject to criminal sanctions.

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues concerning the Application of Law in the Handling of Criminal Cases of Infringing on Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) (the "**Interpretations**"), which became effective on June 1, 2017. The Interpretations provide more practical conviction and sentencing criteria for the infringement of citizens' personal information and serves as a milestone for the protection of citizens' personal information with criminal liability.

On November 28, 2019, the CAC, MIIT, the MPS and SAMR jointly issued the Measures to Identify Illegal Collection and Usage of Personal Information by Apps (《APP違法違規收集使用個人信息行為認定方法》). This regulation illustrates certain commonly seen illegal practices of APP operators in terms of the protection of personal information, including "failure to publish rules on the collection and usage of personal information," "failure to expressly state the purpose, manner and scope of the collection and usage of personal information," "collecting and using personal information without obtaining consents from users," "collecting personal information irrelevant to the services provided," "providing personal information to other parties without obtaining consent" and "failure to provide the function of deleting or correcting personal information as required by law or failure to publish the methods for complaints and reports or other information".

On August 22, 2019, the CAC issued the Regulation on Cyber Protection of Children's Personal Information (《兒童個人信息網絡保護規定》), effective on October 1, 2019. No organization or individual is allowed to produce, release or disseminate information that infringes upon the personal information security of children under 14. Network operators are required to establish special policies and user agreements to protect children's personal information, and to appoint special personnel in charge of protecting children's personal information. Network operators who collect, use, transfer or disclose personal information of children are required to, in a noticeable and clear way, notify and obtain consent from children's guardians.

Pursuant to the National People's Congress of the PRC approved the PRC Civil Code (《中華人民共和國民法典》), which took effect on January 1, 2021, the personal information of a

natural person shall be protected by the law. Any organization or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

The Data Security Law of the PRC (《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, provides that processors of 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.

The CAC, the MIIT, the MPS and the SAMR jointly promulgated the Provisions on the Scope of Essential Personal Information for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》) effective from May 1, 2021, which clarifies the scope of Essential Personal Information for Common Types of Applications. In addition, internet application (App) operators shall not refuse users to use the basic functions of Apps on the ground that users do not agree to collect unnecessary personal information.

According to the Law of the PRC on the Protection of Minors (2020 Revision), information processors must follow the principles of legality, legitimacy and necessity when processing personal information of minors via internet, and must obtain consent from minors' parents or other guardians when processing personal information of minors under age of 14. In addition, internet service providers must promptly alert upon the discovery of publishing private information by minors via the internet and take necessary protective measures.

The Personal Data Protection Law integrates the scattered rules with respect to personal information rights and privacy protection. Personal information, as defined in the Personal Data Protection Law, refers to information related to identified or identifiable natural persons and recorded by electronic or other means, but excluding the anonymized information. The Personal Data Protection Law provides the circumstances under which a personal information processor could process personal information, which includes: (i) where the consent of the individual concerned is obtained; (ii) where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party, or where it is necessary for carrying out human resource management pursuant to employment rules legally adopted or a collective contract legally concluded; (iii) where it is necessary for performing a statutory responsibility or statutory obligation; (iv) where it is necessary in response to a public health emergency, or for protecting the life, health or property safety of a natural person in the case of an emergency; (v) where the personal information is processed within a reasonable scope to carry out any news reporting, supervision by public opinions or any other activity for public interest purposes; (vi) where the personal information, which has already been disclosed by an individual or otherwise legally disclosed, is processed within a reasonable scope; or (vii) any other circumstance as provided by laws or administrative regulations. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose and method of processing to the individuals, and the obligation of the third party who has access to the personal information by way of co-processing or delegation.

On December 31, 2021, the CAC, the MIIT, the Ministry of Public Security, the Ministry of State Security 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 effective and implemented on March 1, 2022. The Administrative Provisions on Internet Information Service Algorithm Recommendation implements classification and hierarchical management for algorithm recommendation service providers based on various criteria, stipulates that algorithm recommendation service providers shall inform users of their provision of algorithm recommendation services in a conspicuous manner, and publish the basic principles, purpose intentions, and main operating mechanisms of algorithm recommendation services in an appropriate manner, and that algorithm recommendation service providers selling goods or providing services to consumers shall protect consumers' rights of fair trade, and are prohibited from carrying out illegal conducts such as unreasonable differential treatment on transaction conditions based on consumers' preferences, purchasing habits, and other such characteristics.

Pursuant to the APP Provisions, application providers shall process personal information by following the principles of legitimacy, rightfulness, necessity and good faith, have clear and reasonable purposes, disclose processing rules, comply with the relevant provisions on the scope of necessary personal information, regulate personal information processing activities, and take necessary measures to ensure the security of personal information. An internet application program provider shall not compel users to agree to non-essential personal information collection out of any reason, and shall be prohibited from banning users from their basic functional services due to the users' refusal of providing non-essential personal information.

Regulations Relating to Foreign Exchange

Regulations on Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) (the "**PRC Foreign Exchange Regulations**"), most recently amended in August 2008. Under the PRC Foreign Exchange Regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**SAFE Notice 59**") in November 2012, and was amended in May 2015, October 2018 and December 2019. The SAFE Notice 59 substantially amends and simplifies the current foreign exchange procedure. Pursuant to SAFE Notice 59, the opening of various special purpose foreign exchange accounts under direct investment, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits

and dividends by a domestic enterprise reinvested by a foreign-funded investment holding company to such foreign-funded investment holding company no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously. In addition, SAFE promulgated the Provisions on Foreign Exchange Control on Direct Investments in China by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) in May 2013 and most recently amended it on December 30, 2019, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

On February 13, 2015, the SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment (《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 Notice 13**") and amended it on December 30, 2019. After SAFE Notice 13 became effective on June 1, 2015, instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals will be required to apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of the SAFE, will directly examine the applications and conduct the registration.

On March 30, 2015, the SAFE promulgated The Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《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**") and amended it in December 2019 and March 23, 2023. SAFE Circular 19 allows foreign-invested enterprises to make equity investments by using RMB funds converted from foreign exchange capital. Under SAFE Circular 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operation needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is currently 100%. SAFE can adjust such proportion in due time based on the circumstances of international balance of payments. However, SAFE Circular 19 and another circular promulgated by SAFE in June 2016, The Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"), continues to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from foreign exchange capital for expenditure on activities beyond its business scope, or prohibited by laws and regulations of PRC, investment in securities or other investment with the exception of bank financial products that can guarantee the principal within China unless otherwise specifically provided, and providing loans to non-affiliated enterprises, or constructing or purchasing real estate that are not for self-use with the exception for the real estate enterprise.

In January 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (the "**SAFE Circular 3**"), which stipulates several capital control measures with respect to the outbound remittance of profit from

domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to SAFE Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on PRC Residents' Offshore Investment and Financing and Round-trip Investment through Special Purpose Vehicles (《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**") on July 4, 2014, which replaced the former circular commonly known as "SAFE Circular 75". SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, the special purpose vehicles, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, for the purpose of overseas investment and financing. SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to special purpose vehicles, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle itself may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

Pursuant to SAFE Notice 13, local banks will examine and handle foreign exchange registration for overseas direct investments, including the initial foreign exchange registration and amendment registration.

Regulations on Employee Stock Incentive Plans of Overseas Publicly-Listed Company

Pursuant to the Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company (《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》), issued by SAFE in February 2012, individuals participating in any stock incentive plan of any overseas publicly listed company who are PRC citizens or non-PRC citizens who reside in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and to complete the relevant procedures. We and our executive officers and other employees who are PRC citizens, or non-PRC citizens who reside in China for a continuous period of not less than one year, and have been granted options will be subject to

these regulations upon the completion of this **[REDACTED]**. Failure by these individuals to complete their SAFE registrations may subject us and them to fines and other legal sanctions.

The SAT has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options with the relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC governmental authorities.

Regulations Relating to Overseas Direct Investment

The Administrative Measures for Overseas Investment Management (《境外投資管理辦法》) was promulgated by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014. As defined by the Measures for Overseas Investment Management, overseas investment means that the enterprises legally incorporated in the PRC own the non-financial enterprises or obtain the ownership, control and operation management rights of the existing non-financial enterprises in foreign countries through incorporation, merger and acquisition and other means. If the overseas investments involve sensitive countries and regions or sensitive industries, they shall be subject to the approval of competent authorities. For other overseas investments, they shall be subject to filing administration. Local enterprises shall be filed with the provincial commercial administration authorities where they are located. The qualified enterprises will be put into record and granted with Overseas Investment Certificate for Enterprise by the relevant provincial commercial administration authorities.

On December 26, 2017, NDRC issued the Administrative Measures for the Overseas Investment of Enterprises (《企業境外投資管理辦法》) (the "**Measures**"), which took effect on March 1, 2018. Under the Measures, sensitive overseas investment projects carried out by PRC enterprises either directly or through overseas enterprises under their control shall be approved by NDRC, and non-sensitive overseas investment projects directly carried out by PRC enterprises shall be filed with NDRC or its local branch at provincial level. In the case of PRC enterprises carrying out non-sensitive overseas investment projects through overseas enterprises under their control, with an investment amount of USD300 million or above, such PRC enterprises shall, before the implementation of the projects, submit a report describing the details about such non-sensitive projects to NDRC. Where the PRC resident, acting in the capacity of a natural person, makes overseas investments through overseas enterprises under their control, the Measures shall apply mutatis mutandis. Subsequently on January 31, 2018, NDRC issued the Catalog of Sensitive Overseas Investment Industry (2018 Version) (《境外投資敏感行業目錄(2018年版)》) effective from March 1, 2018, under which enterprises shall be restricted from making overseas investments in certain industries including without limitation, real estate and hotel industries.

Regulations on Intellectual Property Rights

The PRC has adopted comprehensive legislation governing intellectual property rights, including copyrights, patents, trademarks and domain names.

Copyright

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

Copyright in the PRC, including copyrighted software, is principally protected under the Copyright Law of the PRC (Revised in 2020) (《中華人民共和國著作權法》(2020年修訂)) (the "**Copyright Law**") and related rules and regulations. The Copyright Law provides that works of Chinese citizens, legal persons, or organizations without legal personality, whether published or not, shall enjoy copyright protection under Copyright Law, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. According to the Copyright Law, copyright infringement will give rise to various civil liabilities, which include claims to cease the infringement activities, apologizing to the copyright owners, and compensating the loss suffered by the copyright owner. In severe cases, copyright infringements may also result in fines and/or administrative or criminal liabilities.

The Regulation on Protection of the Right to Network Dissemination of Information (《信息網絡傳播權保護條例》) took effect on July 1, 2006 and was amended on January 30, 2013, further provides that an Internet information service provider may be held liable under various situations, including if it knows or should reasonably have known that a copyright infringement through the Internet took place, and failed to take measures to remove, block or disconnect links to the relevant content, or, where the service provider was previously unaware of the infringement, failed to take appropriate measures upon receipt of the copyright holder's notice of infringement.

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》) (the "**Software Copyright Measures**"), promulgated by the NCA on April 6, 1992 and amended on May 26, 2000 and February 20, 2002, regulates registrations of software copyrights, exclusive licensing contracts for software copyright, and transfer contracts. The NCA shall be the competent authority for the nationwide administration of software copyright registration, and the Copyright Protection Center of China (the "**CPCC**") is designated as the software registration authority. The CPCC shall grant registration certificates to the Computer Software Copyrights applicants which conforms to the provisions of both the Software Copyright Measures and the Computer Software Protection Regulations (Revised in 2013) (《計算機軟件保護條例》(2013年修訂)).

Measures on Administrative Protection of Internet Copyright (《互聯網著作權行政保護辦法》) was promulgated by the Ministry of Information Industry, the predecessor of the MIIT, and NCA and took effect on May 30, 2005, provided that an Internet information service provider shall take measures to remove the relevant contents, record relevant information after receiving the notice from the copyright owner that some content distributed through internet infringes upon his/its copyright and preserve the copyright owner's notice for 6 months. Where an Internet information service provider clearly knows an Internet content provider's tortious act of infringing upon

another's copyright through Internet, or fails to take measures to remove infringing content after receipt of the copyright owner's notice, to the detriment of public interests, the infringer and the information service provider shall be ordered to stop the tortious act, and may be subject to confiscation of the illegal proceeds and a fine of not more than 3 times the illegal proceeds; if such figure is difficult to be calculated, a fine of not more than RMB 100,000 may be imposed.

The Provisions of the Supreme People's Court on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes on Infringement of the Information Network Dissemination Rights (《最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定》) took effective on January 1, 2013 and was amended on December 29, 2020, specifies that disseminating works, performances or audio-video products by Internet users or Internet services providers via the Internet without authorization of the copyright owners, shall be deemed to have infringed the right of dissemination of the copyright owner.

The Notice on Regulating Copyright Order of Internet Reproduction (《關於規範網絡轉載版權秩序的通知》) issued by the NCA on April 17, 2015 provides that when reprinting content of others, the Internet media shall (1) ask for permission from the copyright owner, pay remuneration and clarify the name of the author, as well as title and source of the content, except otherwise provided by law; (2) not make material alternation to the content, when making literal modification and deletion to the title and the content, the original meaning of the title and the content shall not be distorted; (3) establish and further improve the internal copyright management system.

Trademark

The Trademark Law of the PRC (Revised in 2019) (《中華人民共和國商標法》(2019年修訂)) (the "**Trademark Law**"), which came into effect on November 1, 2019, and the Implementation Regulations of the PRC Trademark Law (《中華人民共和國商標法實施條例》) adopted by the State Council in 2002 and as most recently amended on April 29, 2014, protect registered trademarks. In China, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks. The Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. The Trademark Office of National Intellectual Property Administration (the "**Trademark Office**") is responsible for the registration and administration of trademarks throughout the PRC, and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the initial or extended term. Trademark license agreements must be filed with the Trademark Office for record. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

Patent

The patents are protected under the Patent Law of the PRC (《中華人民共和國專利法》) (the "**Patent Law**"), which was promulgated on March 12, 1984, last amended on October 17, 2020 and became effective on June 1, 2021, and under the Implementing Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the PRC Patent Bureau Council on January 19, 1985, last amended on January 9, 2010, and became effective on February 1, 2010.

Domain Name

Domain names are protected under the Administrative Measures on the Internet Domain Names of the PRC (《互聯網域名管理辦法》), promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017. The MIIT is the major regulatory authority responsible for the administration of the PRC Internet domain names. The registration of domain names in PRC is on a "first-apply-first-registration" basis. Applicants for registration of domain names shall provide the true, accurate and complete information of their identities to domain name registration service institutions. The applicant will become the domain name holder upon the completion of the application procedure.

On July 21, 2023, the MIIT promulgated Notice of the Ministry of Industry and Information Technology on Carrying out the Filing Work of Mobile Internet Applications (《工業和信息化部關於開展移動互聯網應用程序備案工作的通知》), which requires app operators to complete the filing procedures, and the domain name, IP address, and other network resources used by such app operator should comply with the Administrative Measures on the Internet Domain Names of the PRC (《互聯網域名管理辦法》) and relevant measures.

Regulations on Dividend Distribution

Under our current corporate structure, our Cayman Islands holding company may rely on dividend payments from the WFOE, which is wholly foreign-owned enterprises incorporated in China, to fund any cash and financing requirements we may have. According to the Company Law, the Foreign Investment Law, and other relevant laws and regulations, companies in China including foreign invested enterprises, may pay dividends only out of their accumulated after-tax profits (if any), to be determined in accordance with PRC accounting standards and regulations. In addition, wholly foreign-owned enterprises in China are required to allocate at least 10% of their respective accumulated profits each year (if any), to fund certain reserve funds until these reserves have reached 50% of the registered capital of the enterprises. These reserves are not distributable as cash dividends.

Regulations on M&A and Overseas Listings

Pursuant to the Provisions on Mergers and 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**") promulgated by the MOFCOM, the CSRC, the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), the SAT, the SAIC and the SAFE on

August 8, 2006, which came into force on September 8, 2006 and was amended on June 22, 2009, if a domestic company or individual in China intends to acquire its related domestic company through an offshore company which it lawfully established or controls, such acquisition shall be subject to the examination and approval of MOFCOM. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle (the "**SPV**"), formed for listing purposes and controlled directly or indirectly by domestic companies or individuals in China, shall obtain the approval of the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange, especially in the event that the SPV acquires shares of or equity interests in the domestic companies in China in exchange for the shares of offshore companies.

On February 17, 2023, the CSRC promulgated 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 "Overseas Listing Trial Measures") and five relevant guidelines, which will become effective on March 31, 2023. The Overseas Listing Trial Measures regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime.

According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect form, are required to complete the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provide that no overseas offering and listing shall be made under any of the following circumstances: (i) where such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) where the domestic company intending to make the securities offering and listing, or its controlling shareholder and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; or (v) where there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholder that are controlled by the controlling shareholder and/or actual controller.

The Overseas Listing Trial Measures also provide that if the issuer meets both the following conditions, the overseas securities offering and listing conducted by such issuer will be determined as indirect overseas offering, which shall subject to the filing procedure set forth under the Overseas Listing Trial Measures: (i) 50% or more of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent accounting year is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in mainland China, or its main places of business are located in mainland China, or the senior managers in charge of its business operations and management are mostly Chinese citizens or domiciled in Mainland China. Where an abovementioned issuer submits an application for an initial public offering to

competent overseas regulators, such issuer shall file with the CSRC within three business days after such application is submitted. Where a domestic company fails to fulfill filing procedure or in violation of the provisions as stipulated above, in respect of its overseas offering and listing, the CSRC shall order rectification, issue warnings to such domestic company, and impose a fine ranging from RMB1,000,000 to RMB10,000,000. Also the directly liable persons and actual controllers of the domestic company that organize or instruct the aforementioned violations shall be warned and/or imposed fines.

On the same day, the CSRC also held a press conference for the release of the Overseas Listing 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), which, among others, clarifies that (1) the domestic companies that have already been listed overseas on or before the effective date of the Overseas Listing Trial Measures (i.e. March 31, 2023) shall be deemed as "legacy enterprises" (存量企業). Legacy enterprises are not required to complete the filling procedures immediately, and they shall be required to file with the CSRC when subsequent matters such as refinancing are involved; (2) on or prior to the effective date of the Overseas Listing Trial Measures, domestic companies that have already submitted valid applications for overseas offering and listing but have not obtained an approval from overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing before the completion of their overseas offering and listing; (3) a six-month transition period will be granted to domestic companies which, prior to the effective date of the Overseas Listing Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as pass of hearing for listing in Hong Kong or the effectiveness of registration statement for listing in the U.S.), but have not completed the indirect overseas listing; if such domestic companies complete their overseas offering and listing within such six-month period (i.e., on or prior to September 30, 2023), they will be deemed as legacy enterprises. 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 being required to go through a new hearing procedure with 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 before completion of the overseas offering and listing; and (4) the CSRC will consult with relevant regulatory authorities and complete the filing of the overseas listing of companies with contractual arrangements which duly meet the compliance requirements, and support the development and growth of these companies by enabling them to utilize two markets and two kinds of resources.

On February 24, 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 will be effective on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses documents and materials involving state secrets and working secrets of state organs ("relevant documents and materials") to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses relevant documents and materials through its overseas listing

subjects, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit 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 complete 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 out-of-country transfers shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

Regulations Relating to Employment and Social Welfare

The Labor Law of the PRC (Reversion 2018) (《中華人民共和國勞動法》(2018修正)) and The Labor Contract Law of the PRC (Reversion 2012) (《中華人民共和國勞動合同法》(2012修正)) (the "**Labor Contract Law**") require that employers must execute written employment contracts with employees. All employers must compensate their employees with wages equal to at least the local minimum wage standards. Violations of the PRC Labor Law and the Labor Contract Law may result in the imposition of fines and other administrative sanctions, and serious violations may result in criminal liabilities.

As required under the Regulation of Insurance for Labor Injury (《工傷保險條例》) implemented on January 1, 2004 and amended on December 20, 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued on July 16, 1997, the Decision of the State Council on the Improvement of the Unified Program for Basic Old-Aged Pension Insurance (《國務院關於完善企業職工基本養老保險制度的決定》) issued on December 3, 2005, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on December 14, 1998, The Unemployment Insurance Measures (《失業保險條例》) promulgated on January 22, 1999 and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) implemented on July 1, 2011 and amended on December 29, 2018, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit.

In accordance with the Regulations on the Management of Housing Funds (《住房公積金管理條例》), which was promulgated by the State Council in 1999 and subsequently amended in March 2002 and March 2019, enterprises must register at the competent managing center for housing funds and complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner.

Regulations Relating to Tax

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (Amended in 2018) (《中華人民共和國企業所得税法》(2018修正)) (the "**EIT Law**") and the Regulations for the Implementation of the Law on Enterprise Income Tax(《中華人民共和國企業所得税法實施條例》), which came into effect on January 1, 2008 and was amended on April 23, 2019, both resident enterprises and non-resident enterprises are subject to tax in the PRC. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within the PRC. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applied. However, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10% for their income sourced from inside China.

The Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (the "**SAT Circular 82**") (《國家税務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) was promulgated by the SAT on April 22, 2009 and amended on December 29, 2017. According to SAT Circular 82, a Chinese-controlled offshore incorporated enterprise will be regarded as a PRC tax resident by virtue of having a "de facto management body" in China and will be subject to PRC enterprise income tax on its worldwide income only if all of the following criteria are met: (a) the primary location of the day-to-day operational management is in China; (b) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in China; (c) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders meeting minutes are located or maintained in China; and (d) 50% or more of voting board members or senior executives habitually reside in China.

SAT issued a Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Resident Enterprises (《國家税務總局關於非居民企業間接轉讓財產企業所得税若干問題的公告》), or SAT Public Notice 7, on February 3, 2015, which was subsequently amended in December 2017. The SAT Public Notice 7 replaced or supplemented certain previous rules under the Circular on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-Resident Enterprises (《國家税務總局關於加強非居民企業股權轉讓所得企業所得税管理的通知》), or SAT Circular 698. Issued on October 17, 2017 and amended on June 15, 2018 subsequently, the Announcement of the State Administration of Taxation on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (《國家税務總局關於非居民企業所得税源泉扣繳有關問題的公告》), or SAT Public Notice 37, totally repealed SAT Circular 698 and the second paragraph of Section 8 of SAT Public Notice 7. Under SAT Public Notice 7, an "indirect transfer" of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct

transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. According to SAT Public Notice 37, the balance after deducting the equity net value from the equity transfer income shall be the taxable income amount for equity transfer income. Equity transfer income shall mean the consideration collected by the equity transferor from the equity transfer, including various income in monetary form and non-monetary form. Equity net value shall mean the tax computation basis for obtaining the said equity. The tax computation basis for equity shall be the capital contribution costs actually paid by the equity transferor to a Chinese resident enterprise at the time of investment and equity participation, or the equity transfer costs actually paid at the time of acquisition of such equity to the original transferor of the said equity. According to SAT Public Notice 7, "PRC taxable assets" include assets attributed to an establishment in China, immoveable properties in China, and equity investments in PRC resident enterprises. In respect of an indirect offshore transfer of assets of a PRC establishment, the relevant gain is to be regarded as effectively connected with the PRC establishment and therefore included in its enterprise income tax filing, and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to the immoveable properties in China or to equity investments in a PRC resident enterprise, which is not effectively connected to a PRC establishment of a non-resident enterprise, a PRC enterprise income tax at 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. There is uncertainty as to the implementation details of SAT Public Notice 37 and SAT Public Notice 7. If SAT Public Notice 37 and SAT Public Notice 7 were determined by the tax authorities to be applicable to some of our transactions involving PRC taxable assets, our offshore subsidiaries conducting the relevant transactions might be required to spend valuable resources to comply with SAT Public Notice 37 and SAT Public Notice 7 or to establish that the relevant transactions should not be taxed under SAT Public Notice 37 and SAT Public Notice 7.

Under applicable PRC laws, payers of PRC-sourced income to non-PRC residents are generally obligated to withhold PRC income taxes from the payment. In the event of a failure to withhold, the non-PRC residents are required to pay such taxes on their own. Failure to comply with the tax payment obligations by the non-PRC residents will result in penalties, including full payment of taxes owed, fines and default interest on those taxes.

Dividend Withholding Tax

Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) which became effective on August 21, 2006 and is amended from time to time, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong resident enterprise directly holds at least 25% of the PRC enterprise. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》) (the "**Circular 81**") issued on February 20, 2009, a Hong

Kong resident enterprise who is the beneficial owner of the dividend must meet the following conditions, among others, in order to enjoy the reduced withholding tax rate (i) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (ii) it must have directly owned such percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. Pursuant to the Notice on the Interpretation and Recognition of Beneficial Owners in Tax Treaties (《國家税務總局關於税收協定中"受益所有人"有關問題的公告》) (the "**Announcement 9**"), which was issued on February 3, 2018 by the SAT and became effective on April 1, 2018, a resident of the treaty counterparty which is a listed company in the treaty counterparty may be determined as a "beneficial owner" without conducting a comprehensive analysis based on the factors provided in this Announcement.

There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. In October 2019, the State Administration of Taxation promulgated the Administrative Measures for Non-Resident Taxpayers Enjoying Treaties Benefits (《非居民納税人享受協定待遇管理辦法》) (the "**Announcement 35**"), which became effective on January 1, 2020. Announcement 35 provides that non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of "self-assessment, claiming benefits, retention of the relevant materials for future inspection". Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, simultaneously gather and retain the relevant materials for future inspection, and accept follow-up administration by the tax authorities.

Value-Added Tax (VAT)

Pursuant to the Provisional Regulations of the People's Republic of China on Value-added Tax (Revision 2017) (《中華人民共和國增值税暫行條例》(2017年修訂)) promulgated by the State Council on December 13, 1993, which were subsequently amended on November 10, 2008, February 6, 2016 and November 19, 2017, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real property and the importation of goods within the territory of the PRC are the taxpayers of VAT. The VAT tax rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT levy 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、税務總局關於調整增值税税率的通知》), or the Notice, was promulgated on April 4, 2018 and came into effect on May 1, 2018. According to the Notice, where a taxpayer engages in a taxable sales activity for VAT purposes or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively. On March 20, 2019, the Ministry of Finance, State Taxation Administration and General Administration of Customs jointly promulgated the Relevant Policies Notice on Deepening Reform of VAT Tax (《財政部、税務總局、海關總署關於深化增值税改革有關政策的公告》), or Notice 39, which became effective on April 1, 2019, further changes the VAT tax rates of 16% and 10% under the Notice to 13% and 9%, respectively.