
REGULATORY OVERVIEW

We are primarily subject to the laws and regulations in the PRC and to lesser extent, Hong Kong, Singapore, the United States, the United Kingdom, Thailand, Indonesia, Vietnam, Brazil and Japan due to our business operations. Set out below is a summary of the types of laws and regulations in these countries and territories that have a significant impact on our operations, which is prepared with the objective to provide [REDACTED] with a brief overview of the key laws and regulations applicable to us. This summary does not purport to be a complete description of all the laws and regulations, which are applicable to our business and operations. [REDACTED] should note that the following summary is based on relevant laws and regulations in force as of the date of this Document, which may be subject to change.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE PRC

PRC Regulations

We primarily engage in providing digital payment solutions. We are required to comply with numerous PRC laws and regulations related to third-party payment and value-added telecommunication services in the PRC.

The third-party payment industry has developed from a rising to thriving trend in the past decade. As the major regulatory authority for third-party payment businesses, the People’s Bank of China (the “PBOC”), individually and jointly with other competent authorities of relevant businesses, including the State Administration of Foreign Exchange of the PRC (the “SAFE”), the MIIT and the National Development and Reform Commission of the PRC (the “NDRC”), successively formulated the regulations and regulatory requirements of material importance in respect of deposit and management of client reserve funds, bankcard acquiring, network payment and other regulations and regulatory requirements related to third-party payment businesses, which have gradually established the regulation framework for the third-party payment industry in the PRC.

Regulations in Relation to Payment Services of Non-Financial Institutions

Regulations on Non-bank Payment Institutions

According to the Administrative Measures on Non-Financial Institutions Payment Services (《非金融機構支付服務管理辦法》) (the “Decree No.2 of PBOC”) promulgated by the PBOC on June 14, 2010, implemented on September 1, 2010 and amended on April 29, 2020 and the Implementation Rules for the Administrative Measures on Non-Financial Institutions Payment Services (《非金融機構支付服務管理辦法實施細則》) promulgated and implemented on December 1, 2010 and last amended on September 1, 2021, payment services provided by non-financial institutions refer to part or all of the following monetary funds transfer services provided by non-financial institutions as intermediaries between the payer and the payee, including: (1) network payment; (2) issuance and acceptance of prepaid cards; (3) bankcard acquiring and (4) other payment services determined by the PBOC. The network payment as mentioned in these Measures refers to the act of transferring monetary fund between payers and payees through public network and private network, including money

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transfer, payment via the internet, payment by mobile phone, payment by fixed-line telephone, digital television payment, etc. The bankcard acquiring refers to the act of collecting monetary capital for specially engaged commercial business of bank cards through terminals of point-of-sells (POS).

According to the Administrative Measures for the Reporting of Major Events by Non-bank Payment Institutions (《非銀行支付機構重大事項報告管理辦法》) promulgated by the PBOC on July 20, 2021 and became effective from September 1, 2021, where the payment institution proposes to make an [REDACTED] or additional issuance of shares, or where the major contributor or actual controller of the payment institution proposes to make an [REDACTED], including but not limited to the circumstance where it directly serves as a subject of the [REDACTED] or makes an overseas [REDACTED] through a variable interest entity or otherwise, the payment institution shall report the events to the local branch office of the PBOC in advance.

As a non-bank Payment Institution, our PRC subsidiary Lianlian Yintong holds the payment service license of the PRC and is required to report the Company’s proposed [REDACTED] to the local branch office of PBOC. So Lianlian Yintong has submitted a written report regarding the [REDACTED] of the Company to the People’s Bank of China Zhejiang Branch on May 26, 2023. As of the Latest Practicable Date, we have not received any further request or objection in respect to the report.

A non-financial institution that intends to provide any of the above-mentioned payment services shall obtain the payment service license of the PRC (《中華人民共和國支付業務許可證》, the “**Payment License**”) to become a qualified payment institution in accordance with terms and conditions as stipulated in the Decree No. 2 of PBOC. However, monetary funds transfers between two payment institutions shall only be processed by a banking financial institution, instead of depositing monetary funds with each other or being processed by other payment institutions. The Payment License shall be valid for five years from the date of issuance and shall be extended before expiry. The payment institution shall provide payment services within the approved business scope as specified in the Payment License, and shall not outsource its payment services to others. The payment institution shall not transfer, lease or lend the Payment License to others. Where a branch of a paying institution engages in payment business, the paying institution and the branch shall respectively go through procedures with the branch of the PBOC in charge of the region where it is located for record filing.

According to the Decree No. 2 of PBOC, the business scope of the foreign-invested payment institutions, the qualifications and the ratio of contributions of the foreign investors shall be separately stipulated by the PBOC and submitted to the State Council for approval. According to the PBOC Announcement [2018] No. 7 – Announcement on Matters Relating to Foreign-invested Payment Institutions (《中國人民銀行公告[2018]第7號—關於外商投資支付機構有關事宜公告》) (the “**No. 7 Announcement**”) issued by the PBOC on March 19, 2018 and took effect on the same day, an overseas institution proposing to provide electronic payment services for domestic transactions and cross-border transactions of domestic entities in the PRC shall establish a foreign investment enterprise in the PRC, and obtain a payment

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business permit in accordance with the criteria and procedures stipulated in the Administrative Measures on Non-Financial Institutions Payment Services. A foreign-invested payment institution shall possess a secured and standardised business system and a disaster recovery system in the PRC which can complete payment transactions independently. The storage, processing and analysis of personal information and financial information collected and generated in the PRC shall be carried out in China. Where it is necessary to transmit such information to overseas for the purpose of processing cross-border transactions, the transmission shall comply with the provisions of laws, administrative regulations and the relevant regulatory authorities, the payment institution shall require the overseas entities to perform the corresponding information confidentiality obligations, and the consent of the owners of personal information is required. The Corporate governance, daily operation, risk management, fund processing, deposit of provisions, contingency arrangements etc of foreign-invested payment institutions shall comply with the regulatory requirements of the PBOC for non-bank payment institutions.

We conduct domestic payment services through Lianlian Yintong, which has obtained the PRC Payment License. Lianlian Yintong is our wholly owned subsidiary and will remain as a PRC domestic company after completion of the [REDACTED], so the No. 7 Announcement is inapplicable to Lianlian Yintong. Except for Lianlian Yintong, we are not involved in the payment services business in China, so the No. 7 Announcement are inapplicable to us in general. LianTong is not engaged in the payment services business. Therefore, the No. 7 Announcement is inapplicable to LianTong.

According to the Notice on Further Strengthening the Rectification of Unlicensed Operation of Payment Business (《關於進一步加強無證經營支付業務整治工作的通知》) issued by the General Office of the PBOC on November 13, 2017, the PBOC would impose greater penalties to the unlicensed entities engaging in the payment business, and would cut off the payment business channels used by such unlicensed entities.

The State Council promulgated the Regulations on the Supervision and Administration of Non-bank Payment Institutions (《非銀行支付機構監督管理條例》) on December 17, 2023, which will become effective from May 1, 2024. According to these regulations, the Non-bank Payment Institution refers to limited liability companies or joint stock limited companies established in accordance with the law within the PBOC, other than banking financial institutions, that has obtained the payment license and engaged in the transfer of currency funds and other payment businesses based on electronic payment instructions submitted by payees or payers. The same shareholder of the non-bank payment institution shall not directly or indirectly hold 10% or more of the equity or voting rights of two or more non-bank payment institutions of the same business type, and the same actual controller may not control two or more non-bank payment institutions of the same business type, except as otherwise provided by the State.

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The payment services provided by the non-bank payment institutions are divided into two types based on whether they can receive prepaid funds from payees: stored value account operation and payment transaction processing. The specific classification and supervision rules for stored value account operation and payment transaction processing are formulated by the PBOC. The payment institution engaged in stored value account operation shall promptly convert the prepaid funds obtained from customers into payment account balances or prepaid fund balances of equivalent value, but may not pay interest or other returns related to the balances held by customers.

The non-bank payment institution shall enter into a payment service agreement with customers. The payment service agreement shall specify the rights and obligations of the payment institutions and customers, the payment business process, the transmission path of electronic payment instructions, fund settlement, dispute resolution principles, and breach of contract liabilities, and shall not include contents that exclude or restrict competition, unreasonably exempt or mitigate the payment institution’s liability, increase customers’ liability, or limit or exclude the main rights of customers. The non-bank payment institution shall formulate agreement terms in accordance with the principle of fairness and make them publicly available in prominent locations at their business premises, official websites, mobile internet applications, and other platforms.

Regulations on Online Payment

The Administrative Measures on Network Payments by Non-bank Payment Institutions (《非銀行支付機構網絡支付業務管理辦法》) (the “**Administrative Measures on Network Payment**”) was promulgated by the PBOC on December 28, 2015 and became effective on July 1, 2016. According to these measures, network payment services refer to the monetary funds transfer services provided by the payment institution when the payee or payer, through computers and mobile terminals, etc., remotely initiates payment instructions relying on public network information system, with no interaction between the payer’s electronic devices and the payee’s specific personal devices. According to the Decree No.2 of PBOC, the network payment businesses include currency exchange, internet payment, mobile payment, telephone payment and digital television payment.

The Administrative Measures on Network Payment stipulates that a real-name management system shall apply when the payment institutions provide the network payment services. A payment institution shall register the real name and identity information of the account holder, and take effective measures to verify such information. The individual payment accounts are divided into category I, II and III payment accounts according to the different validation methods and the degree of effectiveness of the validation, and managed separately. The larger number of legal and safe external cross-validation of the individual payment accounts and the more reliable methods of authentication provided, the higher the level of payment services is available to the customer. The payment institution shall guarantee the authenticity, integrity, traceability of the transaction information and the consistency in the whole payment, and shall not tamper with or conceal the transaction information.

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With regard to risk management and protection of clients’ rights and interests, the Administrative Measures on Network Payment stipulates that payment institutions shall, according to the customers’ risk rating, transaction validation mode, transaction channel, transaction terminal or type of interface, transaction type, transaction amount, transaction time and merchant category, etc., establish the transaction risk management system and the transaction monitoring system and take timely measures, such as investigation and verification, delay of settlement and termination of services, to crack down on transactions suspected to be fraud, cashing out, money laundering, illegal financing, and terrorist financing, etc. The Administrative Measures on Network Payment further stipulates that payment institutions shall establish a sound risk reserve system and transaction compensation system, and shall protect the legitimate rights and interests of the client by making timely, full advance compensation for any and all capital losses which cannot be effectively proved being caused by the client; moreover, in accordance with the provisions of the PBOC on client information protection, effective client information protection measures and risk control mechanisms shall be established to protect client information.

The Payment and Settlement Department of the PBOC issued the Notice on the Transfer of the Network Payment Business of Non-bank Payment Institutions from the Direct-Connection Mode to the NetsUnion Platform (《關於將非銀行支付機構網絡支付業務由直連模式遷移至網聯平台處理的通知》) to require that starting from June 30, 2018, all the non-bank payment institutions’ network payment business involving bank accounts in the PRC shall be processed through the NetsUnion.

Non-bank financial institutions differ from banks in the following aspects:

- (i) Regulatory authorities: Non-bank financial institutions are regulated by the PBOC whereas banks are regulated by the PBOC and the NAFR.
- (ii) Qualification requirements: Non-bank financial institutions undertake the business of digital payment and are required to obtain payment business permits issued by the PBOC. Banks, on the other hand, are obligated to obtain certain permissions and licenses from the PBOC and the NAFR before engaging in the acquiring business.
- (iii) Scope of services: Non-bank financial institutions offer fund-transferring services using public or private network, including currency transfer and internet payment. Banks, on the other hand, provide not only digital payment services, but also traditional Point of Sale (POS) transactions, online banking payments and so on.
- (iv) Outsourcing: Non-bank financial institutions are not allowed to outsource its digital payment business.

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Regulations on Bankcard Acquiring Business

The Administrative Measures on Bankcard Acquiring Services (《銀行卡收單業務管理辦法》) (“**Measures on Bankcard Acquiring**”) was promulgated by the PBOC on July 5, 2013 and came into force on the same day. According to the Measures on Bankcard Acquiring, bankcard acquiring business refers to the activities that bankcard acquirers provide specially engaged commercial businesses with transaction funds settlement services after the specially engaged merchants acquire bankcards and conclude transactions with related cardholders based on the bankcard acceptance agreement signed between the bankcard acquirers and the specially engaged merchants. The bankcard acquirers include payment institutions which provide offline merchants with bankcard acceptance and settlement services under Payment License of bankcard acquiring as well as payment institutions which provide internet merchants with bankcard acceptance and settlement services under Payment License of network payment.

The Measures on Bankcard Acquiring requires the bankcard acquirers to conduct real-name management of the merchants and to follow the principle of “know your client”. Local business and management shall be carried out for acquiring business of entity merchants, acquiring services shall be provided through bankcard acquirers or their branches in the provincial (district or city) domain where the merchant and its branches are located. No business shall be carried out on a cross-provincial (district or city) domain. Meanwhile, the Measures on Bankcard Acquiring requires the bankcard acquirers shall safeguard the legitimate rights and interests of the parties concerned according to law, and ensure information security and transaction security and the acceptance terminal (network payment interface) provided by the bankcard acquirers to its franchised merchants shall comply with the technical standards promulgated by the State and the financial industry as well as the relevant requirements on information security management.

The Measures on Bankcard Acquiring provides relevant business compliance requirements for non-bank payment institutions to engage in bankcard acquiring business, including setting up and sending acquiring transaction information according to the regulations. The non-bank payment institutions shall conduct the fund settlement for merchants according to the agreed time limit and shall not intercept or misappropriate the funds to be settled of a merchant or cardholder. The non-bank payment institutions shall coordinate with the bankcard-issuing bank and shall assist with the risk warning investigation issued by the bankcard clearing institutions. The bankcard acquirers shall strictly manage outsourcing business, and perform the obligation to keep the account information confidential.

Regulations on Outsourcing of Bankcard Acquiring Business

The PBOC promulgated Notice on the Management of Bankcard Acquiring Outsourcing (《關於加強銀行卡收單業務外包管理的通知》) (“**Notice on Outsourcing Management**”) on June 28, 2015, which took effect on the same day. The Notice on Outsourcing Management defines the outsourcing limit of acquiring business, stipulating that, the verification of

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merchant qualification, execution of acceptance agreement, transaction processing of acquiring services, fund settlement, risk monitoring, the acceptance of generation and management of terminal secret keys, and error and disputes settlement, shall not be outsourced.

According to the Administrative Measures for the Record-filing of Outsourcing Service Providers of Acquiring Business (for Trial Implementation) (《收單外包服務機構備案管理辦法(試行)》), the service providers that have carried out or intend to carry out any acquiring business shall apply to the Payment & Clearing Association of China for record-filing. As of the Latest Practicable Date, our PRC subsidiary Lianlian Yinjia Information Technology Co., Ltd. carried out the acquiring business including the aggregate payment technical services, special merchant recommendation, acceptance logo pasting, special merchant maintenance, acceptance terminal deployment and maintenance and has fulfilled the filing procedure.

Regulations on the Management of Client Reserve Funds

Client reserve funds are amounts received on behalf our clients from processing payments and payable to clients. The General Office of the PBOC issued Notice on Adjustment of Centralized Deposit Proportion of Client Reserve Funds by Payment Institutions (《關於調整支付機構客戶備付金集中交存比例的通知》) (“**Notice on Adjustment of Centralized Deposit Proportion**”) on December 29, 2017, which took effect on the same day. According to the Notice on Adjustment of Centralized Deposit Proportion, the original centralized deposit proportion shall still be executed in January 2018, and the centralized deposit proportion shall be increased by 10% monthly from February to April 2018. Starting from the second quarter of 2018, the adjustment will take place quarterly.

The General Office of the PBOC issued Notice on Matters concerning Complete Centralized Deposit of the Funds of Pending Payments of Clients of Payment Institutions (《關於支付機構客戶備付金全部集中交存有關於事宜的通知》) (“**Notice on Complete Centralized Deposit**”) on June 29, 2018, which took effect on the same day. According to Notice on Complete Centralized Deposit, from July 9, 2018, the centralized deposit percentage of the funds of pending payments of clients of payment institutions shall be gradually increased on a monthly basis, and 100% of centralized deposit will be realized by January 14, 2019.

The Decree No. 2 of PBOC stipulates that the ratio of the paid-in capital to the daily average balance of client reserve funds of the payment institutions shall not be less than 10%. According to Decree No. 2 of PBOC, the client reserve funds received by payment institutions shall not constitute self-owned property of such payment institutions; payment institutions shall transfer client reserve funds as per the payment instructions given by clients; payment institutions shall not embezzle client reserve funds in any form. The Depository Measures for Clients’ Provisions of Non-bank Payment Institutions (《非銀行支付機構客戶備付金存管辦法》) (“**Measures on Client Reserve Funds Depository**”) was promulgated by the PBOC on January 19, 2021 and came into force on March 1, 2021. The Measures on Client Reserve Funds Depository stipulates that non-bank payment institutions shall deposit the full monetary capital (client reserve funds) received in advance to handle the payment business on behalf of the client to the central deposit and management reserve account with the PBOC or the special

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deposit account opened by non-bank payment institutions with the depository banks. The Measures on Client Reserve Funds Depository also strictly regulates the storage, accumulation, use, transfer and other depository activities of the client reserve funds.

We manage our client reserve funds by: (i) properly managing the opening and operation of depository accounts and selecting depository banks with proper qualifications and (ii) using technology to improve efficiency, such as adopting an automated processing system for our fund settlement, thereby enhancing efficiency and reducing operational errors that could cause delays. We believe the regulatory requirements on the centralized deposit and supervision of client reserve funds by the PBOC could reduce the risk of misappropriation and mismanagement of client reserve funds.

Regulations on Anti-Money Laundering and Anti-Terrorism Financing

The Anti-Money Laundering Law of the People’s Republic of China (《中華人民共和國反洗錢法》) (“**PRC Anti-Money Laundering Law**”) was promulgated by the Standing Committee of the National People’s Congress on October 31, 2006 and came into force on January 1, 2007. The PRC Anti-Money Laundering Law stipulates that specific non-financial institutions under anti-money laundering obligations shall take precautionary and monitoring measures and comply with their anti-money laundering obligations, including establishing a sound client identification system, client identification information and transaction record-keeping system, block transaction and suspicious transaction reporting system. According to the Decree No. 2 of PBOC, payment institutions with the Payment License shall comply with the regulations related to the PRC Anti-Money Laundering Law and comply with anti-money laundering obligations. The PBOC and its branches shall conduct regular or occasional site inspections and non-site inspections of the anti-money laundering work of payment institutions in accordance with the law.

The Measures for Anti-Money Laundering and Anti-Terrorism Financing of Payment Institutions (《支付機構反洗錢和反恐怖融資管理辦法》) (“**YF Decree No. 54**”) was promulgated by the PBOC on March 5, 2012 and came into force on the same day. The YF Decree No. 54 stipulates that payment institutions which have obtained the Payment License shall carry out the obligations of anti-money laundering and anti-terrorism financing in accordance with the law. The main aspects include client identification, client identification information and transaction record-keeping, suspicious transaction reports, anti-money laundering and anti-terrorism financing surveys, etc. The Management Measure on Large and Suspicious Transactions Reporting for Financial Institutions (amended in 2016) (《金融機構大額交易和可疑交易報告管理辦法》(2016年修訂)) (“**YF Decree No. 3**”) was promulgated by the PBOC on December 28, 2016, came into effect on July 1, 2017, and was amended on July 26, 2018. YF Decree No. 3 stipulates that payment institutions shall fulfill their obligations of reporting large transactions and suspicious transactions and formulate internal management systems and operational regulations and procedures for reporting large transactions and suspicious transactions to establish a sound monitoring system for large transactions and suspicious transactions.

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Regulations on Detection and Authentication Management of Payment Business System

The Regulations on Inspection and Verification of Non-financial Institutions Payment Service Business System (《非金融機構支付服務業務系統檢測認證管理規定》) was promulgated by the PBOC on June 16, 2011 and came into force on the same day. The regulations implement payment business safety management requirements for the third-party payment institution business system and communication system, etc. The PBOC is responsible for the approval and management of inspection and qualification verification. Certification institutions which are recognized and approved by relevant national authorities as well as certified and authorized by the PBOC are qualified to conduct inspections and certifications on the business system of third-party payment institutions.

Regulations on QR Payment Business Standard

According to the Rules for the QR Payment Business Standard (Trial) (《條碼支付業務規範(試行)》) issued by the PBOC on December 25, 2017 and became effective from April 1, 2018, the QR payment business refers to business activities where banking financial institutions or non-bank payment institutions apply QR technologies to realize the transfer of monetary funds between the payers and payees, including payment code scanning and receipt code scanning. The Rules provides that a non-bank payment institution which conducts QR payment business shall obtain the relevant license as required and conduct the business in a standard manner in accordance with the corresponding administrative measures.

Regulations in Relation to Credit Card Business

On July 7, 2022, China Banking and Insurance Regulatory Commission (“**CBIRC**”) issued the Notice on the Further Promoting the Standardized and Sound Development of the Credit Card Business (《關於進一步促進信用卡業務規範健康發展的通知》) (“**Notice on Credit Card Business**”) which sets forth requirements for the standardized development of credit card business in various aspects, including operational management, risk management, fund flow control and cooperative institution management. The main requirements for banking and financial institutions (“**banking institutions**”) are as follows:

- (i) Strictly regulate card issuance and marketing activities

The proportion of the number of credit cards dormant for a long time under which no client initiates transactions for over 18 consecutive months and of which current overdraft balances and overpayments are zero to the total number of cards issued by the institution shall not exceed 20% at any time.

- (ii) Strictly manage credit granting and risk control

Banking institutions shall implement strict and prudent management of credit card credit limits. Banking institutions shall reevaluate, calculate, and determine the credit limits for credit card customers at least once a year.

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(iii) Strictly control fund flow

Banking institutions shall take effective measures to monitor and control the actual use of credit card funds in a timely and accurate manner. Credit card funds may not be used for the repayment of loans, investment, or other fields, and are strictly prohibited from flowing into the fields restricted or prohibited by policies.

(iv) Strengthen regulation of credit card installment business

Banking institutions shall prudently set the amount and duration of credit card installments, specify the minimum and maximum amounts. The installment period shall not exceed 5 years. If customers need to apply for installment repayment for cash advance transactions, the limit shall not exceed RMB50,000 or its equivalent in freely convertible currency, and the repayment period shall not exceed 2 years.

(v) Strictly manage cooperative institutions

Where banking institutions acquire credit card applications through a single cooperative institution or multiple cooperative institutions with affiliated relationships, the total number of approved credit cards shall not exceed 25% of the institution’s total number of credit cards issued, and the total credit limit shall not exceed 15% of the institution’s total credit limit for credit cards, except as otherwise provided for by any law or regulation.

Regulations in Relation to Information Security and Data Privacy

Pursuant to the Civil Code of the People’s Republic of China (《中華人民共和國民法典》) (the “**Civil Code**”) which was promulgated on May 28, 2020 and came into effect on January 1, 2021, by the National People’s Congress (the “**NPC**”), the personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

According to the Data Security Law of the People’s Republic of China (the “**Data Security Law**”, 《中華人民共和國數據安全法》) promulgated by the Standing Committee of the National People’s Congress (the “**SCNPC**”) on June 10, 2021 and became effective on September 1, 2021, The entity carries out data processing activities shall abide by laws and regulations, show respect for social morality and ethics, observe business ethics and professional ethics, be honest and trustworthy, perform the obligations of data security protection and undertake social responsibilities, and shall not endanger national security or public interests, or damage the legitimate rights and interests of individuals or organizations. Any organization or individual shall collect data by lawful and proper means and shall not acquire data by theft or other illegal means.

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According to the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the “**Cyber Security Law**”), which was promulgated on November 7, 2016 and came into effect on June 1, 2017, by the SCNPC, network operators of key information infrastructure generally shall, during their operations in the PRC, store the personal information and important data collected and produced within the territory of the PRC. When collecting and using personal information, network operators shall abide by the “lawful, justifiable and necessary” principles. The network operator shall collect and use personal information by announcing rules for collection and use, expressly notify the purpose, methods and scope of such collection and use, and obtain the consent of the person whose personal information is to be collected. The network operator shall neither collect the personal information unrelated to the services they provide, nor collect or use personal information in violation of the provisions of laws and administrative regulations or the agreements with such persons, and shall process the personal information they store in accordance with the provisions of laws and administrative regulations and agreements reached with such persons. Network operator shall not disclose, tamper with or destroy personal information that it has collected, or disclose such information to others without prior consent of the person whose personal information has been collected, unless such information has been processed to prevent specific person from being identified and such information from being restored. Each individual is entitled to require a network operator to delete his or her personal information if he or she finds that collection and use of such information by such operator violate the laws, administrative regulations or the agreement by and between such operator and such individual; and is entitled to require any network operator to make corrections if he or she finds errors in such information collected and stored by such operator. Such operator shall take measures to delete the information or correct the error. Any individual or organization may neither acquire personal information by stealing or through other illegal ways, nor illegally sell or provide personal information to others.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) which became effective from November 1, 2021. According to this law, the handling of personal information shall be for a definite and reasonable purpose, be directly related to the purpose of handling and shall be conducted in a way that minimizes the impact on personal rights and interests. The collection of personal information shall be limited to the minimum scope for achieving the purpose of handling and it is not allowed to excessively collect personal information. A personal information processor shall be responsible for its handling of personal information and take necessary measures to ensure the security of the personal information handled. No organization or individual may illegally collect, use, process or transmit the personal information of others, illegally buy or sell, provide or make public the personal information of others, or engage in the handling of personal information that endangers the national security or public interests.

According to Regulations of the People’s Republic of China on Protecting the Safety of Computer Information Systems (《中華人民共和國計算機信息系統安全保護條例》) promulgated by the State Council on January 8, 2011 and became effective on the same day, the protection of the safety of computer information systems shall safeguard the safety of the computer and its related and complementary sets of equipment and facilities (including network), the safety of operating environment, the safety of information, and the normal performance of computer functions so as to maintain the safe operation of computer

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information systems. The safety grading protection shall be enforced in respect of computer information systems. The standards for safety grades and specific measures for safety grading protection shall be formulated by the Ministry of Public Security in conjunction with other relevant departments.

On December 28, 2021, the Cyberspace Administration of China (the “CAC”), NDRC, MIIT and other ten PRC regulatory authorities jointly issued the Cybersecurity Review Measures (《網絡安全審查辦法》), effective on February 15, 2022. The Cybersecurity Review Measures require that, (i) any procurement of network products and services by critical information infrastructure operators, which affects or may affect national security, or (ii) any data processing activities by network platform operators, which affects or may affect national security, including that any network platform operators which has personal information of more than one million users and is going to be [REDACTED] abroad, shall be subject to cybersecurity review. On June 1st, 2023, our PRC Legal Advisor and the Sponsor’s PRC Legal Advisor made a telephone consultation with the China Cybersecurity Review Technology and Certification Center (the “CCRC”), which is delegated by the CAC to accept applications for cybersecurity review, the staff of which confirmed that the term “[REDACTED] abroad (赴國外[REDACTED])” under Article 7 of the Review Measures exempts [REDACTED] in Hong Kong from the mandatory obligation of ex-ante application of cybersecurity review and the Company does not need to apply for the cybersecurity review according to Article 7 of the Review Measures. Our PRC Legal Advisor is of the view that the CCRC is the competent authority for such consultation, and the staff who responded our inquiries during such consultation is the duly designated person in the CCRC to handle public inquiries. As such and based on the consultation with the CCRC, our PRC Legal Advisor is of the view that, we do not need to initiate the application for cybersecurity review pursuant to Article 7 of the Review Measures. As of the Latest Practicable Date, we had not been notified by any authorities of being classified as a critical information infrastructure operator, neither had we been involved in any investigations on cybersecurity review made by the CAC, and we have not received any inquiry, notice, warning, or sanctions in such respect. On November 14, 2021, the Cyberspace Administration of China publicly solicited opinions on the Draft Data Security Regulations (《網絡數據安全管理條例(徵求意見稿)》). According to the Draft Data Security Regulations, data processors shall, in accordance with relevant state provisions, apply for cyber security review when carrying out the following activities: (i) the merger, reorganization or separation of internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affects or may affect national security; (ii) data processors that handle the personal information of more than one million people intends to be [REDACTED] abroad; (iii) the processors intends to be [REDACTED] in Hong Kong, which affects or may affect national security; and (iv) other data processing activities that affect or may affect national security. However, the Draft Data Security Regulations does not provide the standard to determine under which specific circumstances such [REDACTED] would “affect or may affect national security.” As of the Latest Practicable Date, the Draft Data Security Regulations has not been formally adopted and there has been no enforcement based on the Draft Data Security Regulations, according to our PRC Legal Advisor. Based on the telephone consultation with the CCRC and considering the draft shape of the Draft Data Security Regulations, as of the Latest Practicable Date, our PRC Legal Advisor is of the view that the Company’s [REDACTED] is unlikely to trigger data

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security review under the Draft Data Security Regulations. Our Directors and PRC Legal Advisor are of the view that the Draft Data Security Regulations will not have any material adverse impact on the Group’s business operations. Having considered the views and basis of our Directors and the PRC Legal Advisor, nothing has come to the Joint Sponsors’ attention that would reasonably cause them to cast doubt on the reasonableness of our Directors’ and the PRC Legal Advisor’s views in any material aspect.

On July 7, 2022, the Cyberspace Administration of China issued the Security Assessment Measures for Outbound Data Transfers (《數據出境安全評估辦法》), which became effective from September 1, 2022. To provide data abroad under any of the following circumstances, a data processor shall declare security assessment for its outbound data transfer to the Cyberspace Administration of China through the local cyberspace administration at the provincial level: (i) where a data processor provides critical data abroad; (ii) where a key information infrastructure operator or a data processor processing the personal information of more than one million people provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 people or sensitive personal information of 10,000 people in total abroad since January 1 of the previous year; (iv) other circumstances prescribed by the Cyberspace Administration of China for which declaration for security assessment for outbound data transfers is required.

On February 24, 2023, the Cyberspace Administration of China issued the Measures for the Standard Contract for Cross-border Transfer of Personal Information (《個人信息出境標準合同辦法》) and the Standard Contract for Cross-border Transfer of Personal Information (《個人信息出境標準合同》) (the “SCC”), which became effective from June 1, 2023. Pursuant to the Measures for the Standard Contract for Cross-border Transfer of Personal Information, for personal information cross-border transfer that do not trigger the security assessment, the activity of transferring personal information abroad may be carried out after the SCC enters into force. Meanwhile, personal information processor shall, within 10 working days after the SCC enters into effect, apply for filing with the cyberspace administration at the provincial level by submitting the SCC and a personal information protection impact assessment report. The SCC shall be concluded in strict accordance with the Annex of the Measures for the Standard Contract for Cross-border Transfer of Personal Information, stipulating a number of obligations on the personal information processor and the overseas recipient to protect the rights and interests of the subject of personal information.

In addition to the above-mentioned laws and regulations, the PRC government authorities have enacted other laws and regulations with respect to internet information security and protection of personal information from any abuse or unauthorized disclosure, and which includes but not limited to the Decision on Maintaining Internet Security (《關於維護互聯網安全的決定》), the Provisions on the Technical Measures for Internet Security Protection (《互聯網安全保護技術措施規定》), the Decision on Strengthening Network Information Protection (《關於加強網絡信息保護的決定》), the Several Provisions on Regulating the Order of the Internet Information Service Market (《規範互聯網信息服務市場秩序若干規定》), Announcement of Launching Special Crackdown Against Illegal Collection and Use of

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Personal Information by Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》), and the Method for Identifying the Illegal Collection and Use of Personal Information by Apps (《App違法違規收集使用個人信息行為認定方法》).

The Supreme People’s Court and the Supreme People’s Procuratorate released the Interpretations of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens’ Personal Information (《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**”) on May 8, 2017, effective from June 1, 2017. The Interpretations clarify several concepts regarding the crime of “infringement of citizens’ personal information” stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including “citizens’ personal information”, “violation of relevant national provisions”, “provision of citizens’ personal information” and “illegally obtaining any citizen’s personal information by other methods”. In addition, the Interpretations specify the sentencing standards for determining “serious circumstances” and “particularly serious circumstances” of this crime.

According to the Administrative Measures for the Graded Protection of Information Security (《信息安全等級保護管理辦法》) issued by the Ministry of Public Security, the State Secrecy Bureau, the State Cipher Code Administration and the Information Office of the State Council on June 22, 2007 and took effect on the same day, entities operating and/or using information systems shall protect information systems pursuant to these Measures and the relevant technical norms, and the state departments in charge of the supervision and administration of information security shall supervise and administer the graded protection work conducted by these entities.

Regulations in Relation to Company Establishment and Foreign Investment

Company Law

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》) (the “**PRC Company Law**”), which was promulgated by the SCNPC on December 29, 1993 and most recently amended on October 26, 2018. The PRC Company Law generally governs two types of companies: limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of a company to its creditors is limited to the entire value of assets owned by the company. Liabilities of shareholders of a joint stock limited company are limited to the amount of capital they are legally obliged to contribute for the shares for which they have subscribed.

Foreign Investment Law

The PRC Foreign Investment Law (《中華人民共和國外商投資法》) was promulgated by the SCNPC on March 15, 2019 and became effective on January 1, 2020. China adopts the management system of pre-establishment national treatment and negative list for foreign investment. Foreign investors shall not invest in any field with investment prohibited by the

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negative list for foreign investment access. Foreign investors shall meet the investment conditions stipulated under the negative list for any field with investment restricted by the negative list for foreign investment access. For the fields not included in the negative list for foreign investment access, management shall be conducted under the principle of consistency for domestic and foreign investment.

The Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) was promulgated by State Council on December 26, 2019 and became effective on January 1, 2020. According to the regulation, foreign investors may not invest in a field where their investment is prohibited as specified in the negative list. To invest in a field where their investment is restricted as specified in the negative list, foreign investors shall comply with the special administrative measures for restrictive access such as requirements for shareholding ratios and senior executives as specified in the negative list. The registration of foreign-funded enterprises shall be conducted in accordance with the law by the market regulatory department of the State Council or the market regulatory departments of the local people’s governments authorized by it. Foreign investors or foreign-funded enterprises shall report investment information to the commerce departments through the enterprise registration system and the enterprise credit information publicity system.

Catalogue of Industries for Guiding Foreign Investment

According to the Catalogue of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) which was jointly promulgated by the NDRC and the MOFCOM, the Industry Guidelines on Encouraged Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) and the Foreign Investment Access Special Management Measures (Negative List) (2021 Version) (《外商投資准入特別管理措施(負面清單)(2021年版)》), the “**Negative List**”) which were promulgated on December 27, 2021 and implemented on January 1, 2022, industries for foreign investment are classified into the encouraged foreign investment industry, restricted foreign investment industry and prohibited foreign investment industry. The proportion of foreign equity in value-added telecommunications services (except for e-commerce, domestic multi-party communications, store-and-forward, call centres) shall not exceed 50%.

Administrative Provisions for Foreign-funded Telecommunications Enterprises

According to the Administrative Provisions for Foreign-funded Telecommunications Enterprises (《外商投資電信企業管理規定》), the proportion of capital contributed by the foreign investors in a foreign-invested telecommunications enterprise that is engaged in the value-added telecommunications services shall not exceed 50% ultimately, unless it is otherwise provided for by the State.

According to the Notice of the Ministry of Information Industry on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Services (《信息產業部關於加強外商投資經營增值電信業務管理的通知》), a telecommunications enterprise

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within the territory of China may not lease, shift or sell any license for telecommunications business in any form, or provide resources, places and facilities or any other condition for any foreign investor to engage in any illegal telecommunications operation by any means within the territory of China.

Measures on Reporting of Foreign Investment Information

The Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) was jointly promulgated by the MOFCOM and the State Administration for Market Regulation on December 30, 2019 and became effective on January 1, 2020. Foreign investors carrying out investment activities in China directly or indirectly shall submit investment information to the commerce administrative authorities pursuant to these Measures. The investment information includes initial reports, change reports, deregistration reports, annual reports, etc.

Regulations in Relation to Product Liability and Consumer Protection

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) which was promulgated by the SCNPC on February 22, 1993 and amended on December 29, 2018, products offered for sale must satisfy relevant quality and safety standards. Enterprises may not produce or sell counterfeit products in any fashion, including forging brand labels or giving false information regarding a product’s manufacturer. Violations of state or industrial standards for health and safety and any other related violations may result in civil liabilities and administrative penalties, such as compensation for damages, fines, suspension or shutdown of business, as well as confiscation of products illegally produced and sold and the proceeds from such sales. Severe violations may subject the responsible individual or enterprise to criminal liabilities. Where a defective product causes physical injury to a person or damage to another person’s property, the victim may claim compensation from the manufacturer or from the seller of the product. If the seller pays compensation and it is the manufacturer that should bear the liability, the seller has a right of recourse against the manufacturer. Similarly, if the manufacturer pays compensation and it is the seller that should bear the liability, the manufacturer has a right of recourse against the seller.

The Implementation Measures of the PBOC for Protecting Rights and Interests of Financial Consumers (《中國人民銀行金融消費者權益保護實施辦法》) was promulgated by the PBOC on September 15, 2020 and became effective from November 1, 2020. The measures provided that non-bank payment institutions shall adopt a series of internal management measures to protect the rights and interests of financial consumers, including optimizing rules and policies as well as establishing a sound working mechanism and formulating an effective internal control system for protecting the rights and interests of financial consumers. The regulations also require non-bank payment institutions to protect the personal financial information of consumers, including personal identification information, property information, account information, credit information, financial transaction information and other information that reflects the conditions of a particular individual.

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Regulations in Relation to Intellectual Property

The Trademark Law

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982 and last amended on April 23, 2019 (the latest revised version became effective from November 1, 2019) and the Implementation Regulation of the PRC Trademark Law (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002 and amended on April 29, 2014 (the latest revised version became effective from May 1, 2014), registered trademarks including commodity trademarks, service marks, collective trademarks and certification marks, refer to trademarks that have been approved and registered by the Trademark Office. The trademark registrants shall enjoy the exclusive right to use the marks, which shall be protected by the law. Any natural person, legal person or other organization, intending to acquire the exclusive right to use a trademark for his/her/its goods or service in the course of their manufacturing and business activities, shall file an application for the registration of the trademark with the Trademark Office. The Trademark Law of the PRC has adopted a “first come, first file” principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use.

The Patent Law

The Patent Law of the PRC (《中華人民共和國專利法》) was promulgated by the SCNPC on March 12, 1984 and was most recently revised on October 17, 2020 (the latest revised version became effective from June 1, 2021). The Implementation Regulations for the Patent Law of the PRC (《中華人民共和國專利法實施細則》) was promulgated by the State Council on June 15, 2001 and last amended on January 9, 2010 (the latest revised version became effective from February 1, 2010). According to the regulations mentioned above, “invention-creations” shall mean invention patent, utility model patent or design patent. Any invention or utility model for which patent right may be granted must possess novelty, inventiveness and practical applicability. Invention patent shall be valid for 20 years from the date of application, utility model patent shall be valid for 10 years from the date of application and design patent shall be valid for 15 years from the date of application. The patent right entitled to its owner shall be protected by the laws. Any exploitation of a patent without the authorization of the patentee constitutes an infringement of the patent right of the patentee.

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The Copyright Law

The Copyright Law of the PRC (《中華人民共和國著作權法》) was promulgated by the SCNPC on September 7, 1990 and last amended on November 11, 2020. Works of Chinese citizens, legal entities or other organizations, whether published or not, shall enjoy copyright in accordance with the Copyright Law. Works include written works, oral works, musical, dramatic, opera, dance, acrobatic artistic works, fine arts, architectural works, photographic works, audio-visual works, graphic works and model works, computer software and other intellectual achievements which comply with the characteristics of the works. Except as otherwise provided in the Copyright Law, copying, distributing, performing, screening, broadcasting, compiling, or distributing through the information network the work to the public, without the permission of the copyright owner, shall constitute infringement of copyright.

According to the Measures for Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 and the Computer Software Protection Regulations (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and last amended on January 30, 2013, software developed by PRC citizens, legal persons or other organizations shall be automatically protected immediately after its development, whether published or not. Software copyright may be registered with the software registration agency appointed by the State Council copyright administrative department.

Domain Names

The Ministry of Industry and Information Technology (the “MIIT”) promulgated the Administrative Measure for Internet Domain Names (《互聯網域名管理辦法》) on August 24, 2017, which became effective from November 1, 2017. According to this measure, the MIIT is in charge of the administration of PRC internet domain names and the domain name services follow a “first come, first file” principle. Use of domain name by providers of internet information services shall comply with laws and regulations and the relevant provisions of the telecommunication administrative authorities and shall not use a domain name to carry out illegal acts.

Regulations in Relation to Tax

Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), the “**Enterprise Income Tax Law**”), which was promulgated on March 16, 2007, amended on February 24, 2017 and December 29, 2018 (the latest amendment was implemented from December 29, 2018) and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was promulgated on December 6, 2007, amended on April 23, 2019 and implemented from April 23, 2019, taxpayers consist of resident enterprises and non-resident enterprises. Resident

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enterprises are defined as enterprises that are established in the PRC in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual administration is conducted in the PRC. Non-resident enterprises refers to enterprises that are established in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. The Enterprise Income Tax Law applies a uniform 25% enterprise income tax rate to both foreign-invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment institutions or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC.

In February 2015, the State Administration of Taxation (“**the SAT**”) issued the Announcement of SAT on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfer by Non-Resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》, “**the SAT Circular 7**”). According to the SAT Circular 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. SAT Circular 7 provides two exemptions: (i) where a non-resident enterprise derives income from the indirect transfer of PRC taxable assets by acquiring and selling equity interests of the same [REDACTED] overseas company on a public market; and (ii) where the non-resident enterprise had directly held and transferred such PRC taxable assets, the income from the transfer of such PRC taxable assets would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement.

The Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》, “**the SAT Circular 37**”) was promulgated by the SAT on October 17, 2017 and amended on June 15, 2018, which replaced or supplemented certain previous provisions in the Circular 7. SAT Circular 37 purports to clarify certain issues in the implementation of the SAT Circular 7 and other regulations, by providing, among others, the definition of equity transfer income and tax basis, the foreign exchange rate to be used in the calculation of withholding amount, and the date of occurrence of the withholding obligation. Specifically, SAT Circular 37 provides that where the transfer income subject to withholding at source is derived by a non-PRC resident enterprise in instalments, the instalments may first be treated as recovery of costs of previous investments. Upon recovery of all costs, the tax amount to be withheld must then be computed and withheld.

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Value-added Tax and Business Tax

According to the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) promulgated on December 13, 1993, amended on November 10, 2008, February 6, 2016 and November 19, 2017 (the latest amendment was implemented from November 19, 2017), and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》) promulgated on December 25, 1993 and most recently revised on October 28, 2011 (the latest revision became effective from November 1, 2011), all entities and individuals in the PRC engaging in sale of goods or labor services of processing, repair or replacement, sale of services, intangible assets, or immovables, or import of goods are required to pay value-added tax for the added value derived from the process of processing, sale or services.

According to the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value added Tax to Replace Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》), which was promulgated by the MOF and the SAT on March 23, 2016 and last amended on April 1, 2019, the pilot program of the collection of value-added tax in lieu of business tax shall be promoted nationwide in a comprehensive manner as of May 1, 2016, and all taxpayer of business tax engaged in the building industry, the real estate industry, the financial industry and the life service industry shall be included in the scope of the pilot program with regard to payment of value-added tax instead of business tax.

According to the Circular of the MOF and the SAT on Adjusting Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), which was promulgated on April 4, 2018 and became effective on May 1, 2018, where a taxpayer engages in value-added tax taxable sales activities or import of goods, the previous applicable value-added tax rates of 17% and 11% are adjusted to be 16% and 10% respectively.

According to the Circular on Policies to Deepen Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》), which was promulgated on March 20, 2019 and became effective on April 1, 2019, for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively.

Regulations in Relation to Labor Protection in the PRC

Labor Law and Labor Contract Law

The Labor Law of the PRC (《中華人民共和國勞動法》) was promulgated by the SCNPC on July 5, 1994 and was amended on August 27, 2009 and December 29, 2018 (the latest revised version became effective from December 29, 2018). The PRC Labor Contract Law (《中華人民共和國勞動合同法》) was promulgated by the SCNPC on June 29, 2007 and was amended on December 28, 2012 (the latest revised version became effective from July 1, 2013). The Implementing Regulations of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) were promulgated and became effective on September 18, 2008.

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These laws together stipulate the employment contracts, settlement of labor dispute, labor remuneration, protection of occupational safety and healthcare, social insurance and welfare, etc. Written labor contracts must be entered into in order to establish the labor relationship between employers and employees. Employers are also required to pay wages no lower than the local minimum wage standards to their employees.

Social Insurance and Housing Provident Funds

The Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and amended on December 29, 2018, governs the PRC social insurance system. It requires employers and/or employees (as the case may be) to register social insurance with competent authorities and contribute required amount of social insurance funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity insurance. Employers who failed to complete social security registration shall be ordered by the social security administrative authorities to make correction within a stipulated period; where correction is not made within the stipulated period, the employer shall be subject to a fine ranging from one to three times the amount of the social security premiums payable, and the person(s)-in-charge who is/are directly accountable and other directly accountable personnel shall be subject to a fine ranging from RMB500 to RMB3,000. Employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

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

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Regulations in Relation to Foreign Exchange

Foreign exchange in the PRC is mainly regulated by the Foreign Exchange Administration Regulations (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on January 29, 1996 and most recently amended on August 5, 2008. Renminbi is freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of the PRC, unless prior approval is obtained from the SAFE and/or prior registration with the SAFE is made.

According to the Circular of the SAFE on Issues concerning the Administration of Foreign Exchange Involved in Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) announced by the SAFE on December 26, 2014, the SAFE and its branch offices and administrative offices shall oversee, regulate and inspect domestic companies regarding their business registration, opening and use of accounts, trans-border payments and receipts, exchange of funds and other conduct involved in overseas [REDACTED]. Domestic company shall, within 15 working days upon the end of its [REDACTED] overseas, handle registration formalities for overseas [REDACTED] with the foreign exchange authority at its place of registration with the required materials.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on 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 Circular 13**”), which took effect on June 1, 2015 and was amended on December 30, 2019. In accordance with the SAFE Circular 13, the banks will review and carry out foreign exchange registration under domestic direct investment as well as foreign exchange registration under overseas direct investment directly, and the SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

On March 30, 2015, SAFE issued the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》, the “**SAFE Circular 19**”), which took effect on June 1, 2015. SAFE further issued 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**”) and the Notice on Annulling five Foreign Exchange Management Normative Documents and clauses of seven Foreign Exchange Management Normative Documents (《國家外匯管理局關於廢止和失效5件外匯管理規範性文件及7件外匯管理規範性文件條款的通知》), which, among other things, amend certain provisions of SAFE Circular 19. According to SAFE Circular 19, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties.

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According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas [REDACTED], with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct spot checking in accordance with the relevant requirements.

The SAFE promulgated the Administrative Measures for the Foreign Exchange Services of Payment Institutions (《支付機構外匯業務管理辦法》) on April 29, 2019. These Measures are applicable to the foreign exchange services provided by payment agencies. The foreign exchange services provided by payment agencies refer to the small-amount fast and convenient electronic payment services provided by payment institutions for cross-border transactions of market players through their cooperative banks, including institution settlement and sale of foreign exchange and the related fund receipt and payment services. A payment institution shall perform due diligence to verify the authenticity and legality of the identity of market players. No services may be provided to illegal transactions to ensure that the foreign exchange services provided to market players are based on true and legitimate transactions and comply with relevant state laws and regulations. A payment institution shall review the authenticity and legality of transactions as well as their consistency with foreign exchange services.

The SAFE promulgated the Notice of the State Administration of Foreign Exchange on Supports for the Development of New Business Forms of Trade (《國家外匯管理局關於支持貿易新業態發展的通知》). Under the criteria of satisfying customer identification, collection of electronic transaction information, review of veracity etc., banks may, pursuant to the Notice of the SAFE on Promulgation of the Administrative Measures on Foreign Exchange Businesses of Payment Organisations (Hui Fa [2019] No. 13), apply to provide exchange settlement and the relevant funds collection and payment services for market entities of new trade forms such as cross-border e-commerce and integrated foreign trade services etc., on the strength of electronic transaction information, and payment organisations may provide exchange settlement and the relevant funds collection and payment services for market entities of cross-border e-commerce by virtue of electronic transaction information.

According to Notice by the PBOC of Supporting Cross-border RMB Settlement for New Forms of Foreign Trade (《中國人民銀行關於支持外貿新業態跨境人民幣結算的通知》), which was promulgated by the PBOC on June 16, 2022 and became effective from July 21, 2021, PRC banks may cooperate with nonbank payment institutions that have legally obtained the internet payment business license and clearing institutions with legal qualifications to provide cross-border Renminbi settlement services under current account for market trading entities and individuals. A payment institution participating in the provision of the cross-border Renminbi settlement services as specified in this Notice shall meet the following conditions: (i) It shall be registered within the territory of the PRC and have obtained the internet payment business permit in accordance with the law; (ii) It shall have real cross-border business needs

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to use Renminbi for cross-border settlement. (iii) It shall have a sound internal control system and full-time staff relating to cross-border business, and be able to properly deal with merchant information collection and access management, transaction information collection, and examination of authenticity and legitimacy of cross-border business according to the requirements of this Notice and relevant provisions; (iv) It shall have specific systems and measures for anti-money laundering, anti-terrorist financing and anti-tax evasion relating to cross-border Renminbi settlement services; and it shall have efficient system processing and connection capabilities for anti-money laundering, anti-terrorist financing and anti-tax evasion relating to cross-border Renminbi settlement services; and (v) It shall abide by relevant laws and regulations of the state, operate in compliance with laws and regulations, have strong risk control capability, and have committed no serious violation in the recent two years.

Regulations in Relation to Overseas Securities Offering and Listing by Domestic Companies

According to the details of the Decision of the State Council to Repeal Certain Administrative Regulations and Documents (《國務院關於廢止部分行政法規和文件的決定》) which was promulgated by the State Council on February 14, 2023 and became effective from March 31, 2023, the Special Regulations of the State Council concerning Floating and Listing of Shares Overseas by Companies Limited by Shares (《國務院關於股份有限公司境外募集股份及上市的特別規定》) and the Notice of the State Council on Further Strengthening the Administration of Share Issues and Listings Overseas (《國務院關於進一步加強在境外發行股票和上市管理的通知》) were abolished from March 31, 2023. The CSRC promulgated the Trial Administrative Measures on the Overseas Securities Offering and Listing of Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and five relevant guidelines on February 17, 2023, which became effective from March 31, 2023. The Trial Measures comprehensively reform the regulatory regime for overseas [REDACTED] and [REDACTED] of PRC domestic companies’ securities, either directly or indirectly, into a filing-based system. Following the Decision of the State Council to Repeal Certain Administrative Regulations and Documents and the effectiveness of the Trial Measures, we are no longer required to obtain a notice of acceptance of the [REDACTED] issued by the CSRC when submitting the [REDACTED] to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange does not need to obtain approval from the CSRC before arranging the [REDACTED] hearing. As the Essential Clauses in Articles of Association of Companies Listed Overseas (《到境外上市公司章程必備條款》) is abolished by the Trial Measures, the PRC domestic companies that seek to directly [REDACTED] and [REDACTED] securities in overseas markets shall only abide by applicable laws, including the PRC Company Law, the Accounting Law of the People’s Republic of China (《中華人民共和國會計法》), Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) and the relevant laws and regulations to formulate articles of association, improve internal control system, enhance corporate governance, and promote compliance in corporate finance and accounting practices. Our Articles of Association are in compliance with above laws and regulations, according to our PRC Legal Advisor.

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According to the Trial Measures, the PRC domestic companies that seek to [REDACTED] and [REDACTED] securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. The Trial Measures provide that an overseas [REDACTED] or [REDACTED] is explicitly prohibited, if any of the following applies: (i) such securities [REDACTED] or [REDACTED] is explicitly prohibited by provisions in PRC laws, administrative regulations or relevant state rules; (ii) the proposed securities [REDACTED] or [REDACTED] may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) the domestic company intending to be [REDACTED] or [REDACTED] securities in overseas markets, or its controlling shareholder(s) 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) the domestic company intending to be [REDACTED] or [REDACTED] securities in overseas markets is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company’s controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

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 became effective from March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas [REDACTED] subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and [REDACTED] of domestic enterprises shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

Regulations in Relation to H-Share Full Circulation

The Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (amended in 2023) 《H股公司境內未上市股份申請“全流通”業務指引》(2023年修訂) (the “**Guidelines for the Full Circulation**”) was promulgated by the CSRC on November 14, 2019 and revised on August 10, 2023. According to the Guidelines for the Full Circulation, “Full Circulation” means [REDACTED] and circulating on the Stock

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Exchange of the domestic unlisted shares of an H-share [REDACTED] company, including unlisted domestic shares held by domestic shareholders prior to overseas [REDACTED], unlisted domestic shares additionally issued after overseas [REDACTED], and unlisted shares held by foreign shareholders. Shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements in the relevant laws and regulations and policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share [REDACTED] company may be entrusted to file the said application for full circulation.

The Measures for Implementation of H-share “Full Circulation” Business (《H股“全流通”業務實施細則》) (“**Measures for Implementation**”) was jointly promulgated by the China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司) and Shenzhen Stock Exchange (the “**SZSE**”) on December 31, 2019. The businesses of cross-border conversion registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share Full Circulation business, are subject to the Measures for Implementation. Where there is no provision in the Measures for Implementation, it shall be handled with reference to other business rules of the CSDC and China Securities Depository and Clearing (Hong Kong) Company Limited (the “**CSDC (Hong Kong)**”) and SZSE. In order to fully promote the reform of H-shares Full Circulation and clarify the business arrangement and procedures for the relevant shares’ registration, custody, settlement and delivery, CSDC promulgated the Circular on Issuing the Guide to the Program for Full Circulation of H-shares (《關於發佈〈H股“全流通”業務指南〉的通知》) in February 2020, which specifies the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc.

According to the Trial Measures and related guidelines, the Full Circulation shall comply with relevant regulations of the CSRC and the shareholders of domestic unlisted shares shall entrust the domestic company to report the Full Circulation with CSRC by filing materials on key compliance issues, including whether the Full Circulation has fulfilled adequate internal decision-making procedures, necessary internal approvals and authorizations, and whether the Full Circulation involves approval or filing procedures set out in the laws, regulations and policies for state-owned asset administration, industry supervision and foreign investment, and if so, whether such approval or filing procedures have been performed.

Regulations in relation to Organizations of Bank Card Clearing Institution

Decision of the State Council on Implementing the Admission Management of Bank Card Clearing Institutions (《國務院關於實施銀行卡清算機構准入管理的決定》) (the “**Bank Card Clearing Institutions Admission Decision**”) were promulgated by the State Council and became effective on June 1, 2015. The Administrative Measures on Bank Card Clearing Organizations (《銀行卡清算機構管理辦法》) (together with the Bank Card Clearing Institutions Admission Decision, the “**Regulations relating to Bank Card Clearing Institution**”) were promulgated by the PBOC and China Banking Regulatory Commission (中國銀行業監督管理委員會) (the “**CBRC**”) on June 6, 2016.

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Requirements and Procedures of Application

According to the Regulations relating to Bank Card Clearing Institution, an applicant for being a Bank Card Clearing Institution shall be a legal body of enterprise incorporated in accordance with the PRC Company Law and shall meet the following requirements.

- (i) The registered capital of the bank card clearing institution shall not be less than RMB1 billion, and the shareholders of the bank card clearing institution shall contribute with their own funds, and shall not use entrusted funds, debt funds, and other non-self-owned funds for contribution.
- (ii) Having at least a single principal contributor who meets the specified requirements and holds more than 20% of shares, or having several principal contributors who meet the specified requirements and hold in total more than 25% of shares. The aforesaid principal contributor shall (a) have the total assets of no less than RMB2 billion or the net assets of no less than RMB500 million for the year before the application, (b) have been engaged in banking, payment or clearing services for more than five consecutive years before filing the application, (c) have made profit for more than three consecutive years, and (d) have no record of violation of laws or regulations in the latest three years. Other single contributor holding more than 10% of shares shall (a) have the net assets of no less than RMB200 million, (b) have sustainable profitability and good reputation, and (c) have no record of violation of laws or regulations in the latest three years.
- (iii) Having a bank card clearing system satisfying the national or industrial standards.
- (iv) Having the infrastructure and disaster backup system inside China which meets relevant requirements and is able to conduct the bank card clearing business independently.
- (v) 50% or more of the members of the board of directors (including chairman and deputy chairman) and all senior management personnel of a bank card clearing organization shall possess the corresponding professional knowledge for their appointment, five or more years of practitioner experience in banking, payment or settlement and good character and reputation, as well as independence for performance of duties. The following individuals are not allowed to serve as directors or senior management personnel of bank card clearing institutions: (a) he/she has committed gross negligence or has criminal record; (b) his/her appointment qualification for director, supervisor or senior management personnel is cancelled by the financial regulatory authorities for committing an illegal act or disciplinary violation, and a five-year period has not elapsed since the cancellation of appointment qualification; (c) he/she was appointed as director, supervisor or senior management personnel of an organization which was subject to

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administrative punishment imposed by the financial regulatory authorities and borne personal liability or direct leadership liability for the administrative punishment, and a two-year period has not elapsed since expiry of the administrative punishment period.

PBOC Filing Requirement

According to the Regulations relating to Bank Card Clearing Institution, the bank card clearing institution applicant shall file an application for preparation with the PBOC. The PBOC shall, after seeking consent from the CBRC (which was abolished in March 2018), make a decision to approve or disapprove the application within 90 days from the date of acceptance of the application. If approved, the applicant will be issued with a business approval document and a bank card clearing business license, and the approval will be publicly announced. If disapproved, the reasons shall be stated. The applicant should complete the preparatory work within 1 year from the date of approval, and during the preparatory period, it shall not engage in bank card clearing business.

Regulations in relation to the Revocation of the Bank Card Clearing Business License

According to the Administrative Measures for Bank Card Clearing Institutions, the bank card clearing institution’s bank card clearing business license shall be revoked or cancelled in the following circumstances:

- (i) where a bank card clearing organization fails to commence business within the stipulated period, the approval document for business commencement shall become void, and the PBOC shall cancel the approval for business commencement, take back the bank card clearing business permit and make a public announcement; or
- (ii) where the licensee has obtained a bank card clearing business permit via improper means such as fraud or bribery, the PBOC shall take back the bank card clearing business permit pursuant to the law.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN HONG KONG

Hong Kong Regulations

As at the Latest Practicable Date, our Company had eight subsidiaries (being Lianlian Bao HK Company Limited, Lianlian Hong Kong Company Limited, Lianlian International Company Limited, Lite Pay Company Limited, Lianlian StarFX Company Limited, DFX Labs Company Limited, DFX Custody Company Limited and DFX Holding Limited), which are incorporated in Hong Kong and are subject to regulatory requirements in Hong Kong.

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Regulations in Relation to Anti-money Laundering and Terrorist Financing

Money laundering covers a wide range of activities and processes intended to alter the identity of the source of criminal proceeds in a manner which disguises their illegal origin. Terrorist financing is a term which includes the financing of terrorist acts, and of terrorist and terrorist organisations. It extends to any funds, whether from a legitimate or illegitimate source.

The four main pieces of legislation in Hong Kong concerning money laundering and terrorist financing are (i) the Anti-Money Laundering and Counter Terrorist Financing (Financial Institutions) Ordinance (Chapter 615 of the Laws of Hong Kong) (the “AMLO”); (ii) the Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong); (iii) the Organised and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong) and (iv) the United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong).

Regulations in Relation to Money Service Operators

Under the AMLO, a person who wishes to operate a remittance and/or money changing service (i.e. money service as defined under the AMLO) is required to apply for a licence from the Commissioner of Customs & Excise (the “CCE”). Under the AMLO, the CCE is the relevant authority to regulate money service operators (“MSOs”) and supervise licensed MSOs’ compliance with the customer due diligence and record-keeping obligations and other licensing requirements, as well as combating unlicensed operation of money service. Operating a money service without obtaining a money service operator licence from the CCE is an offence and any person in contravention is liable to a fine of HK\$1,000,000 and imprisonment for two years.

As at the Latest Practicable Date, two of our subsidiaries, namely Lianlian International Company Limited and Lite Pay Company Limited hold MSO licenses from the CCE.

Under section 30(3) of the AMLO, the CCE may grant or renew a licence to an applicant to operate a money service only if the CCE is satisfied that – (a) where the applicant is an individual, the individual and each ultimate owner is a fit and proper person to operate a money service; (b) where the applicant is a partnership, each partner and each ultimate owner in the partnership is a fit and proper person to operate a money service; or (c) where the applicant is a corporation, each director and each ultimate owner of the corporation is a fit and proper person to be associated with the business of operating a money service.

According to the Guideline for Determining Whether an Applicant for a Licence to Operate a Money Service is a Fit and Proper Person published by the CCE, in assessing an applicant’s fitness and propriety, the CCE will take into account the following factors, which will be considered in the context of all the facts and circumstances of each individual case:

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- (i) whether the person has failed to comply with any requirement imposed under the AMLO or any regulation made by the CCE.
- (ii) whether the person, being an individual, is an undischarged bankrupt or is the subject of any bankruptcy proceedings under the Bankruptcy Ordinance (Chapter 6 of the Laws of Hong Kong).
- (iii) whether the person, being a corporation, is in the course of being wound-up or where a receiver, or such other person having the powers and duties of a receiver, has been appointed in relation to or in respect of any property of the corporation.
- (iv) whether the person has failed to comply with any conditions imposed by the CCE on the licence.
- (v) whether the person has been convicted of a criminal offence which is not listed in section 30(4)(a) and (b), in Part 5, of the AMLO, but which has a significant and negative bearing on his/her honesty, integrity and reliability.

MSOs are required to appoint a competent compliance officer (“**CO**”) and a money laundering reporting officer (“**MLRO**”) to act respectively as the focal point for the oversight of applicant’s anti-money laundering and counter-terrorist financing (“**AML/CFT**”) systems and compliance measures and the central reference point for reporting suspicious transactions. The CO and MLRO must be the MSOs’ employee under the definition of Employment Ordinance (Chapter 57 of the Laws of Hong Kong). MSOs should comply with the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism issued by the CCE (the “**AML Guideline**”), which sets out relevant statutory and regulatory requirements and AML/CFT standards which MSOs should meet in order to comply with the statutory requirements under the AMLO.

MSOs must notify the CCE in writing of the change within one month beginning on the date on which the change takes place.

Regulations in Relation to Data Privacy

Section 4 of the Personal Data Privacy Ordinance (Chapter 486 of the Laws of Hong Kong) (the “**PDPO**”) states that any person who controls the collection, holding, processing or use of the personal data (the “**data user**”) shall not do any act, or engage in a practice, that contravenes any of the data protection principles set out in Schedule 1 to the PDPO (the “**Data Protection Principles**”) unless the act or practice, as the case may be, is required or permitted under the PDPO. Personal data means any data (a) relating directly or indirectly to a living individual; (b) from which it is practicable for the identity of the individual to be directly or indirectly ascertained; and (c) in a form in which access to or processing of the data is practicable. We may collect, keep, and make use of our customers’ and potential customers’ personal data and therefore are required to comply with the Data Protection Principles. The Data Protection Principles set out that (1) personal data must be collected in a lawful and fair

REGULATORY OVERVIEW

way, for a purpose directly related to a function or activity of the data user. Data subjects must be notified of the purpose for which the data is to be used for and the classes of persons to whom the data may be transferred. Data collected should be adequate but not excessive; (2) personal data must be accurate and should not be kept for a period longer than necessary for the fulfilment of the purpose for which the data is or is to be used; (3) personal data must be used for the purpose for which the data is collected or for a directly related purpose unless voluntary and explicit consent with a new purpose is obtained from the data subject; (4) a data user shall take practicable steps to safeguard any personal data held against unauthorised or accidental access, processing, erasure, loss or use; (5) a data user shall take practicable steps to ensure that its policies and practices in relation to personal data, the kind of personal data it holds and the main purposes for which the personal data is or is to be used for are made known to the public; and (6) a data shall be entitled to request access to personal data and must be allowed to correct the personal data if it is inaccurate.

Section 50A of the PDPO states that a data user who contravenes an enforcement notice commits an offence and shall be liable to a fine of HK\$50,000 and to imprisonment for two years, and to a daily penalty of HK\$1,000 if the contravention continues after the conviction. The PDPO further criminalises misuse or inappropriate use of personal data in direct marketing activities under Part VIA of the PDPO, non-compliance with data access request under section 19 of the PDPO, and unauthorised disclosure of personal data collected without consent from data users under section 64 of the PDPO.

Part 6A of the PDPO imposes regulations on the use and provision of personal data in direct marketing. Under Part 6A, if customers’ personal data is intended to be used in direct marketing, customers must be notified and their consent must be obtained before using or transferring any of their personal data to another person. Furthermore, customers must be notified of their opt-out right when using their personal data in direct marketing for the first time. Customers are entitled to require us to cease using their personal data at any time. Customers shall not be charged for compliance with Part 6A of the PDPO.

Regulations in Relation to Taxation

As the Group carries out business in Hong Kong, the Group is subject to the profits tax regime under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (“IRO”). The IRO is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. Section 14 of the IRO provides, among others, that persons, which include corporations, partnerships, trustees and bodies of person, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits from the disposal of capital assets) arising in or derived from Hong Kong from such trade, profession or business. As at the Latest Practicable Date, profits tax is chargeable at the rate of 8.25% on assessable profits up to HK\$2,000,000 and at the rate of 16.5% on any part of assessable profits over HK\$2,000,000. The IRO also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation.

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LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN SINGAPORE

Singapore Regulations

As at the Latest Practicable Date, our Company had one subsidiary (being Starlink Financial Technologies Pte. Ltd. (“**Starlink**”)), which is incorporated in Singapore and is subject to regulatory requirements in Singapore.

Regulations in Relation to Incorporation of Company

The requirements for the incorporation of a private company in Singapore are found in the Companies Act 1967 (“**Companies Act**”). In order to incorporate a private company, the Companies Act requires the private company to:

- (i) reserve a name with the Accounting and Corporate Regulatory Authority of Singapore;
- (ii) appoint at least one director ordinarily resident in Singapore;
- (iii) have a minimum of one shareholder but not more than fifty shareholders;
- (iv) appoint a qualified company secretary within six (6) months of incorporation;
- (v) have a minimum share capital of Singapore Dollar \$1;
- (vi) provide a local Singapore address as the registered address of the private company;
and
- (vii) put in place the Constitution of the private company, which is a legal document which spells out the rules and regulations on how the private company should be governed.

Regulations in Relation to Payment Services

Starlink is licensed by the Monetary Authority of Singapore (“**MAS**”) as a major payment institution under the Payment Services Act 2019 (the “**Payment Services Act**”) for the purpose of providing the following services:

- (i) account issuance service;
- (ii) domestic money transfer service;
- (iii) cross-border money transfer service;
- (iv) merchant acquisition service; and

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- (v) e-money issuance service.

As a major payment institution, Starlink is subject to detailed and comprehensive supervision and regulation by the MAS, which regulates and supervises payment service providers in Singapore. The following is a brief non-exhaustive summary of the material laws, rules and regulations that need to be complied with by such major payment institutions.

The payment services regulatory framework consists mainly of the Payment Services Act and its related regulations, as well as the relevant notices, guidelines, circulars and practice notes issued by the MAS.

Starlink's Licence Conditions

Under the conditions of its licence issued on September 1, 2021, Starlink is required to abide by the following:

- (i) Starlink must notify the MAS of any significant change to its business model; and
- (ii) Starlink must notify the MAS of any change in phone number, email address, or any other contact details within 7 days of such change (as also required under Section 14(4) of the Payment Services Act).

A licensed payment service provider in Singapore must also pay a prescribed annual fee to the MAS.

Supervisory Powers of the MAS

More generally, under the Payment Services Act, the MAS has, among other things, the power to impose conditions on a licensed payment service provider and may add to, vary or revoke any existing conditions of its license. In addition, the MAS may issue such directions as it may consider necessary for carrying into effect the objects of the Payment Services Act and may at any such time vary, rescind or revoke any such directions. The MAS may also issue such directions to a licensed payment service provider as it may consider necessary or assume control of and manage such areas of the business of the payment service provider as it may determine, or appoint one or more persons as statutory manager to do so, where, among other things, the payment service provider is or is likely to become insolvent or the MAS is of the view that the payment service provider has contravened any of the provisions of the Payment Services Act or that the MAS considers it in the public interest to do so.

The MAS is also empowered to cancel the license of a payment service provider on certain grounds.

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Security and Financial Requirements

A licensed payment service provider that is a major payment institution is required to maintain with the MAS security of a prescribed amount (or its equivalent in a foreign currency), for the due performance of its obligations to its customers. The current prescribed amount is S\$100,000 (if the total value of all payment transactions accepted, processed or executed by the major payment institution in one month over the current calendar year does not exceed S\$6 million for each payment service provided by the licensed payment service provider) or S\$200,000 in any other case.

A licensed payment service provider that is a major payment institution must also satisfy the prescribed financial requirements as set out in the Payment Services Regulations 2019. Currently, the prescribed financial requirements for a major payment institution incorporated in Singapore is a base capital of not less than S\$250,000 while its licence is in force.

Notice on Conduct

The MAS Notice PSN07 sets out certain requirements in relation to the conduct requirements applicable to licensed payment service providers including (but not limited to) the obligations to keep records of transactions, issuance of receipts, transmission of money, display of exchange rate and fees, exchange rates to be applied where currency in which money is safeguarded is different from the currency received by the licensed payment service provider.

Risk Management and Fit and Proper Person

Broadly, the MAS has issued risk management guidelines applicable to payment service providers and to financial institutions generally.

The MAS Technology Risk Management Guidelines set out risk management principles and best practice standards to guide financial institutions (including major payment institutions) in respect of (i) establishing a sound and robust technology risk management framework, (ii) strengthening system security, reliability, resiliency, and recoverability, and (iii) deploying strong authentication to protect customer data, transactions and systems. Senior officers who have direct knowledge of a financial institution’s information systems and operations should complete a prescribed compliance checklist each year. The MAS has also issued circulars on particular aspects of technology risk management.

Under the MAS Guidelines on Fit and Proper Criteria, the following persons, among others, are required to be “fit and proper” persons: a director of a licensee under the Payment Services Act, a chief executive officer or deputy chief executive officer of a licensee, the chief financial officer of a licensee, the head of treasury of a licensee, (and any other officer having responsibilities or functions similar to the abovementioned persons) an employee of a licensee, a partner of the licensee, a person having control of the licensee and an exempt payment service

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provider in relation to activities regulated by the MAS. Broadly, the MAS will take into account, among other things, the following criteria in considering whether a person is fit and proper: (i) honesty, integrity and reputation; (ii) competence and capability; and (iii) financial soundness.

Cyber Hygiene Requirements

The MAS Notice PSN06 on Cyber Hygiene sets out various cyber security requirements that a licensed payment service provider is required to comply with, including but not limited to ensuring the application of security patches, putting in place a written set of security standards for its system, implementing controls for network perimeter defence and implementing malware protection measures.

Anti-money Laundering

Licensed payment service providers (for the specified payment services of account issuance service, domestic money transfer service, cross-border money transfer service and/or money-changing service) must comply with anti-money laundering and countering the financing of terrorism requirements under the MAS Notice PSN01 on Prevention of Money Laundering and Countering the Financing of Terrorism – Holders of Payment Services Licence (Specific Payment Services). The MAS has also issued the MAS Guidelines to Notice PSN01 on Prevention of Money Laundering and Countering the Financing of Terrorism – Specified Payment Services, which apply to licensed payment service providers.

The Notice and Guidelines reiterate Singapore’s commitment to safeguard its financial system from being used as a haven to harbour illegitimate funds or as a conduit to disguise the flow of such funds, and further elaborate on the role of financial institutions in preserving the integrity of the financial system.

Suspicious Transactions Reporting

Licensed payment service providers are obliged under the MAS Notice PSN03 on Reporting of Suspicious Activities and Incident of Fraud to lodge with the MAS a report in the specified form, manner and within the specified time, upon discovery of any suspicious activities and incidents of fraud where such activities or incidents are material to the safety, soundness or reputation of the licensee.

Audit/Regulatory Returns Requirements

The Payment Services Act provides that a licensed payment service provider must submit to the MAS such reports or returns relating to the licensee’s business in such form, manner and frequency as the MAS may specify by notice in writing.

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The MAS Notice PSN04 on Submission of Regulatory Returns sets forth the various regulatory returns that need to be submitted and prescribes the form in which the relevant returns are to be made.

A licensed payment service provider is required to file with MAS, all applicable forms (including all applicable annexes to such forms) and documents as specified in MAS Notice PSN04, in the form and manner specified in the Notice.

In addition, a licensed payment service provider must on an annual basis and at its own expense, appoint an auditor. A report of an audit on the licensee needs to be submitted to the MAS in the prescribed form not later than 6 months after the end of the financial year in respect of which the audit is conducted.

Control of shareholding in a licensed payment service provider

A person must not become a 20% controller of a licensed payment service provider without first applying for and obtaining the approval of the MAS under Section 28 of the Payment Services Act.

The MAS may serve a written notice of objection on any person that has obtained or is required to obtain the MAS’ approval under Section 28 of the Payment Services Act in certain specified circumstances, including but not limited to, the MAS being satisfied that (a) its conditions have not been complied with, (b) it is no longer in the public interest to allow the person to continue to be a 20% controller, (c) the person has provided false or misleading information to the MAS in its application for approval or (d) the person is no longer a fit and proper person under the Guidelines on Fit and Proper Criteria.

Appointment of Chief Executive Officer and Directors

Before appointing a person as its chief executive officer or director, a licensed payment service provider incorporated in Singapore must apply for and obtain the approval of the MAS for such appointment and satisfy the MAS that such person is a fit and proper person to be so appointed.

Regulations in Relation to Privacy

The Personal Data Protection Act 2012 (No. 26 of 2012) of Singapore (“**PDPA**”) is the main Singapore legislation governing the protection of personal data (data, whether true or not, about an individual who can be identified from that data or other accessible information). To the extent the Group collects, uses and/or discloses personal data, it is subject to the requirements of the PDPA.

The PDPA generally requires organisations, including Group, to give notice and obtain consents prior to collection, use or disclosure of personal data. Organisations are required to ensure they have obtained consents from customers for all purposes for which they intend to

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collect, use and/or disclose such customers’ personal data – perhaps regular reassessment of customers’ profiles and portfolios after the use of payment services. The PDPA also imposes various obligations upon organisations that relate to, among other things, the access to, the correction of, the protection of, the retention of and the transfer of, personal data. Finally, the PDPA also requires organisations to check national “Do-Not-Call” registries prior to sending marketing messages addressed to Singapore telephone numbers through voice calls, fax or text messages.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE UNITED STATES

The United States Regulations

As at the Latest Practicable Date, our Company had two subsidiaries (being LL Pay U.S., LLC (“LLPay”) and Nuna Network LLC (“Nuna”)), which was incorporated in the United States and subject to regulatory requirements in the United States.

Regulations in Relation to Business Entity Registration

As a business operating across the United States, LLPay is subject to the jurisdictional regulations of each state and the District of Columbia. U.S. laws require entities that conduct commercial activities within a state but are incorporated or organized under the laws of another state or country to register as a “foreign entity.” This process ensures our legal status to conduct business in that state and may entail compliance with tax laws, reporting requirements, and other regulations specific to each jurisdiction. LLPay has completed business registration in all 50 states in the United States and the District of Columbia. Nuna has registered as a foreign limited liability company in the State of New York and the State of Connecticut where it has business operations. We remain committed to maintaining good standing by fulfilling all local reporting requirements, tax obligations, and any other stipulations set forth by each jurisdiction’s Secretary of State or equivalent regulatory body.

Regulations in Relation to Money Transmission Regulation

Various laws and regulations govern the payments industry in the United States and globally. For example, certain jurisdictions in the United States require a license to offer money transmission services, such as domestic and cross-border money transfer, payment, currency exchange, and e-wallet services. Each of these licenses has its unique set of requirements, including, but not limited to, undergoing periodic audits and examinations by the state regulators or independent auditors, submitting regular reports and financial statements to the state regulators, and renewing the license periodically. LLPay maintains a license in each of those jurisdictions and complies with new license requirements as they arise.

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LLPay is also registered as a “Money Services Business” with the U.S. Department of Treasury’s Financial Crimes Enforcement Network (“**FinCen**”). These licenses and registrations subject us, among other things, to record-keeping requirements, reporting requirements, bonding requirements, limitations on the investment of customer funds, and inspection by state and federal regulatory agencies.

Our money transmission services may be or become subject to regulation by other authorities, and the laws and regulations applicable to the payments industry in any given jurisdiction are always subject to interpretation and change.

Regulations in Relation to Consumer Protection

The Consumer Financial Protection Bureau and other federal, state, and local regulatory and law enforcement agencies regulate financial products and enforce consumer protection laws, including those applicable to domestic and cross-border money transfer, payment, currency exchange, e-wallet services, and other similar services. These agencies have broad consumer protection mandates, and they promulgate, interpret, and enforce rules and regulations that affect our business. These rules may pertain to issues such as transaction transparency, fee disclosures, customer privacy, data security, dispute resolution, and fair lending, among others.

Regulations in Relation to Anti-Money Laundering

We are subject to anti-money laundering (“**AML**”) laws and regulations in the United States and other jurisdictions. In the U.S., our money transmission services are subject to the Bank Secrecy Act of 1970, the USA Patriot Act of 2001, the Anti Money Laundering Act of 2020, and other similar federal, state, and local laws and regulations. These regulations require money services businesses, including money transmitters, to maintain detailed records, report large currency transactions and suspicious activities, implement an AML program, and combat terrorist financing and cross-border transactions.

Regulations in Relation to Protection and Use of Information

We collect and use a wide variety of information for various purposes in our business, including to help ensure the integrity of our services and to provide features and functionality to our customers. This aspect of our business, including the collection, use, disclosure, and protection of the information we acquire from our own services as well as from third-party sources, is subject to federal, state, and local laws and regulations in the United States, involving privacy, data protection and personal information, data security, and data retention and deletion. As our business continues to expand in the United States, and as laws and regulations continue to be passed, and their interpretations continue to evolve in numerous jurisdictions, additional laws and regulations may become relevant to us.

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LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE UNITED KINGDOM

The United Kingdom Regulations

As at the Latest Practicable Date, our Company had one subsidiary (being LL Pay UK Limited (“LLUK”)), which is incorporated in the United Kingdom and subject to regulatory requirements in the United Kingdom. LLUK as an authorized payment institution, is regulated by the UK Financial Conduct Authority (FCA).

Regulations in Relation to Corporate Structure

Companies Act 2006 provides the legal basis for the formation, organization, operation and management of companies. Foreign companies in the UK have the option of setting up subsidiaries in the form of private limited companies, public limited companies, branches, etc. Of these, the private limited company is arguably the most widely used form of corporate organization in the business world today, and is therefore used by most UK subsidiaries of foreign companies. LianLian DigiTech Co., Ltd, in establishing a subsidiary as a foreign shareholder, filed a memorandum of association, an application for registration of the company, a statement of compliance and other documents required by Companies Act 2006 with the Registrar in accordance with Section 7-13 of the Companies Act 2006, in compliance with the statutory process for the establishment of a company.

In the UK, foreign shareholders are only required to complete the incorporation procedures at the Companies Registry and no approval or license is required. In addition, the scope of business, the registered capital at the time of incorporation, capital increase, capital reduction, and the transfer of equity after incorporation can be freely changed and registered with the public without government approval or permission.

Regulations in Relation to Anti-Money Laundering

UK AML laws and regulations incorporate international standards set by the Financial Action Task Force (FATF) and to transpose the EU’s 5th Money Laundering Directive (5MLD). LLUK is subject to various AML regulations and guidances, including but not limited to, Proceeds of Crime Act 2002 (POCA), The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017), The Money Laundering and Terrorist Financing (Amendment) Regulations 2019 (MLR 2019), and The Joint Money Laundering Steering Group’s (JMLSG) Guidance on the Prevention of ML/TF.

Under the laws and regulations, financial institutions must put appropriate AML controls in place to detect money laundering activities: these include customer due diligence and transaction monitoring measures, as well as a range of reporting requirements.

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Regulations in Relation to Authorised Payment Institution

The Payment Service Directive 2 or PSD2 for short, is an EU Directive (Directive 2015/2366) that sets requirements for businesses wishing to provide payment services. The PSD2 directive is transposed to The Payment Services Regulations 2017 which sets requirements, including for UK’s Authorised Payment Institution (API) and the API Licence.

The following regulations are also applicable to payment institutions:

- Revised Payment Services Directive (PSD2)
- Payment Accounts Directive
- Credit transfers and direct debits in euros (SEPA)
- The Payments in Euro (Credit Transfers and Direct Debits) Regulations 2012
- Data Protection Act 2018 - Guide to the UK General Data Protection Regulation (UK GDPR) – Proceeds of Crime Act 2002(POCA)
- Terrorism Act 2000
- Money Laundering, Terrorist Financing and Transfer of Funds 2017
- Regulation on interchange fees for card-based payment transactions (EU) 2015/751
- The Money Laundering and Terrorist Financing Regulations 2019

Regulations in Relation to Data Protection

In the UK, the key pieces of legislation governing data protection are the UK General Data Protection Regulation (Regulation (EU) (2016/679) (“**UK GDPR**”) and the Data Protection Act 2018 (“**the Act**”). The UK GDPR sets out core definitions and fundamental data protection principles relating to data processing, the lawful grounds for processing data, as well as certain accountability duties and obligations which apply to both organisations and individuals which are processing personal data caught by the scope of the UK GDPR. The UK GDPR also contains certain rights for natural persons who are data subjects, including the right to obtain a legal remedy, such as compensation.

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LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THAILAND

Thailand Regulations

As at the Latest Practicable Date, our Company had one subsidiary (being Lianlian Pay Electronics Payment (Thailand) Co., Ltd. (“LLT”)), which is incorporated in Thailand and subject to regulatory requirements in Thailand.

Regulations in Relation to Payment System

The Payment System Act B.E. 2560 (2017) (“PSA”) is the governing law for payment systems and services in Thailand. Under the PSA, any business operator who engages in designated payment services (as determined by the Ministry of Finance of Thailand) must comply with its relevant licensing requirements. The Bank of Thailand is a supervising authority for all payment systems and payment services under the PSA.

Payment on behalf service and payment facilitating service fall under the category of electronic payment services, which are designated payment services. Payment on behalf service involves a service provider receiving electronic payments on behalf of a merchant, service provider, or creditor, as per a mutual service agreement. Payment facilitating service, refers to a service provider receiving or sending electronic card payments to an acquiring business provider or another payment facilitating business provider.

As LLT operates the above payment services, it is subject to the PSA and its relevant regulations, including the Notification of the Ministry of Finance Re: Stipulation on Designated Payment Services.

Regulations in Relation to Anti-Money Laundering

The Anti-Money Laundering Act B.E. 2542 (1999) (“AMLA”) is aimed at regulating and combating various illicit activities such as money laundering, fraud, and corruption. The AMLA sets out offenses related to the transfer or conversion of money or property obtained through illegal means, with the intention of concealing the sources of such money or assets. The term illegal means include activities such as human trafficking, fraud involving financial institutions (including payment systems and payment service providers as specified in the Ministerial Regulation B.E. 2543 (2000) issued under the AMLA), or the trade of contraband goods.

AMLA requires the financial institutions (including a business operator obtaining the license or registering under the PSA) to report any transactions that reach a certain threshold specified in sub-regulations issued under the AMLA, the Ministerial Regulation Re: Stipulating the Amount of Money and Assets in a Transactions that Requires to Report to the Anti-Money Laundering Office (“AMLO”). For example, the financial institution is required to report (i) electronic payment transactions involving the transfer of at least THB100,000 (approximately

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US\$2,940), (ii) electronic payment transactions involving assets valued at least THB700,000 (approximately US\$20,580), or (iii) any suspicious transaction that may not fall under the categories of (i) or (ii), to the AMLO.

Regulations in Relation to Foreign Business

The law governing business activities conducted by foreign nationals is the Foreign Business Act B.E. 2542 (1999) (“**FBA**”). Any performance of services conducted in Thailand would be characterized as doing business in Thailand and be subject to the FBA. Under the FBA, a foreign company (i.e., a company registered outside Thailand or a Thai company of which at least 50% of capital shares are held by a foreign individual or entity) may not conduct any prohibited or restricted business activity listed under List 1 to List 3 attached to the FBA (including service business) unless it has obtained (i) a Foreign Business License (“**FBL**”); or (ii) a Foreign Business Certificate (“**FBC**”) by virtue of having been granted a Board of Investment promotion (“**BOI Promotion**”) (or have obtained a license from the Industrial Estate Authority of Thailand (“**IEAT**”), or operating under the treaty such as the Thailand-U.S. Treaty of Amity).

Under the FBA, LLT is defined as a foreigner (as more than a half of its shares are held by non-Thai nationals). Accordingly, LLT is required to obtain an FBL or FBC for operating the payment service businesses. In this case, LLT has obtained (i) the FBL for service of receiving electronic payment – receiving payment on behalf service and service of receiving electronic payment – payment facilitating service, and data management service for money transfer and (ii) FBC by virtue of being granted the BOI Promotion for digital software, platform, digital service provider, or digital content business activities.

Regulations in Relation to Investment Promotion

Investment Promotion Act B.E. 2520 (1977) (“**IPA**”) aims to promote certain businesses or projects in Thailand that contribute to the country’s economic growth, provided that these businesses are deemed important and beneficial to economic and social development. Under the IPA, the Board of Investment (“**BOI**”) has the authority to assess and grant BOI promotion to businesses that meet the criteria specified under the IPA.

The IPA offers investment promotion in various aspects, including tax incentives, permitting to hire skilled workers, land ownership rights and tax benefits related to import of raw materials and machinery. These benefits and the list of the promoted businesses are outlined in the BOI Notification No. 9/2565.

In relation to LLT, it has obtained the BOI promotion under the category of business activity related to digital software, platform, digital service provider, or digital content. Accordingly, LLT is subject to the requirements specified in the BOI certificate and is entitled to the benefits prescribed therein.

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Regulations in Relation to Personal Data Protection

Assuming that the payment services business operated by LLT involves collection, usage, or disclosure of personal data, LLT would fall under the regulatory framework of the Personal Data Protection Act B.E. 2562 (2019) (“**PDPA**”). The PDPA is a comprehensive law that governs the protection of personal data of data subjects. It applies to data controllers and data processors, whether natural persons or juristic entities, located in Thailand, regardless of whether the collection, storage, usage, or disclosure of personal data occurs inside or outside of Thailand.

If a data controller or data processor is located outside of Thailand but collects, uses, or discloses personal data of Thai residents, they will also be subject to the PDPA provided that their activities involve (i) offering goods or services to data subjects in Thailand, regardless of whether payment is required, or (ii) monitoring the behavior of data subjects within Thailand.

Under the PDPA, data controllers and/or data processors are required to obtain explicit consent from the data subject or have a legal basis or exemption for processing personal data without prior consent (e.g., prevention or suppression of danger to data subject’s life, body or health, performance of a contract, legitimate interests of the data subject). They must also maintain a record of personal data, appoint a data protection officer, prepare data processing agreements, implement security measures for cross-border data transfers, and comply with other obligations. Accordingly, it is essential for LLT to adhere to the provisions of the PDPA to ensure the proper protection and lawful processing of personal data.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN INDONESIA

Indonesia Regulations

As at the Latest Practicable Date, our Company conducts the Indonesian Business through our Indonesian OpCos (being PT Buana Gemah Ripah (“**PT BGR**”) and PT Internasional Sukses Remiten (“**PT ISR**”)), which are wholly-owned by the Registered Shareholders. Both PT BGR and PT ISR are incorporated in Indonesia and subject to regulatory requirements in Indonesia.

Regulations in Relation to Payment

PT ISR is licenced by Bank of Indonesia (“**BI**”) as a Payment Service Provider (*Penyedia Jasa Pembayaran* or “**PJP**”) for category 3 to engage in remittance services, which are the activities of fund transfer in the form of acceptance and execution of fund transfer orders whose sources of fund do not come from the accounts managed by the remittance service provider.

The umbrella regulation that provides a regulatory framework for the Indonesian payment systems industry is Regulation of BI No. 22/23/PBI/2020 of 2020 on Payment System and Regulation of BI No. 23/6/PBI/2021 on Payment Services Providers (“**PBI 23/2021**”).

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Obligations

A PJP licence holder shall observe the following general principles in managing the payment system:

- (i) Operational requirements in the aspects of governance, risk management, information system security standards, interconnectivity and interoperability, and legal compliance;
- (ii) BI’s policy on the pricing scheme in the operation of payment system; and
- (iii) Capability of human resources and organization as well as code of ethics and healthy business practices code of conduct.

A PJP licence holder shall submit periodical and incidental reports to BI on the aspects of institutional, capital and financial, governance and risk management, capability of information system, and other aspects determined by BI from time to time.

Any corporate actions in the form of merger, amalgamation, spin off, and/or acquisition over a PJP licence holder shall obtain a prior approval from BI.

Restrictions

Under PBI 23/2021, a non-bank PJP licence holder is prohibited from taking any corporate actions which will cause any change of a party holding:

- (i) shares constituting 25% (twenty five percent) or more shares with voting rights issued by the PJP; or
- (ii) shares constituting less than 25% (twenty five percent) of shares with voting rights issued by the PJP but it can be proven that the relevant party has control over the PJP, either directly or indirectly,

within 5 (five) years since the PJP licence was first issued except with BI’s approval. A failure to comply with this restriction shall be subject with administrative sanctions ranging from warning letters to revocation of the PJP licence.

A PJP licence holder is prohibited from cooperating with other parties to exclusively provide public services. Under PBI 23/2021, “provision of public services” is defined as the provision of services intended for public, such as transportation, electricity, health, and education. The cooperation is regarded as exclusive if it fulfils, among other things, the followings:

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- (i) the cooperation is conducted only between a public service provider with 1 (one) or several PJP so that it will prevent other PJPs from entering into such cooperation; and
- (ii) public service payment activity depends on certain electronic money product.

A PJP licence holder is prohibited from owning and/or managing “values” which are equal with the value of money or value other than Rupiah that can be widely used for payment purposes. Further, PJP is prohibited from:

- (i) accepting any virtual currency used as a source of fund in payment transaction processing;
- (ii) processing any payment transaction by using virtual currency as a source of fund; and/or
- (iii) connecting any virtual currency to payment transaction processing.

It is also prohibited for a PJP licence holder to facilitate trade of virtual currency as a commodity except if it is regulated in accordance with the provisions of laws and regulations.

Supervision

Supervision of payment system by BI shall be conducted either directly or indirectly by using risk and/or compliance based supervision approach against a PJP licence holder. This supervision shall cover the followings:

- (i) risk exposure, including compliance with laws and regulations;
- (ii) implementation of governance and risk management; and
- (iii) other aspects determined by BI.

Regulations in Relation to Consumer Protection

In relation to consumer protection in the operation of PJP, Regulation of BI No. 22/20/PBI/2020 of 2020 on BI Consumer Protection stipulates the consumer protection principles, which include:

- (i) equality and fair treatment;
- (ii) disclosure and transparency;
- (iii) education and literacy;

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- (iv) responsible business behaviour;
- (v) protection of consumers’ assets against misuse;
- (vi) protection of consumers’ data and/or information; and
- (vii) effective handling and resolving of complaints.

The implementation of the above principles shall be conducted by considering the forms of the products and/or services of the PJP licence holder.

BI shall conduct direct and/or indirect supervision to PJP licence holder, and is also authorised to request document, data, information, statements, and/or explanations from PJP licence holder, in which the PJP licence holder shall be obliged to submit such document, data, information, statements, and/or explanations to BI.

In the case where a consumer does not agree with the result of the handling and resolution of the complaints by a PJP licence holder, the consumer may submit complaint to dispute resolution forum or BI.

Regulations in Relation to Personal Data Protection

In processing data and/or information related to the payment system, a PJP licence holder and/or other parties cooperating with a PJP licence holder shall be obligated to apply the principles of personal data protection including fulfilling the aspect of the users’ consent for the use of their personal data. A PJP licence holder may transfer individual customer data to other parties outside the jurisdiction of the Republic of Indonesia.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN VIETNAM

Vietnam Regulations

As at the Latest Practicable Date, our Company had one subsidiary (being Starlink Financial Technologies Joint Stock Company (“SF”)), which is incorporated in Vietnam and subject to regulatory requirements in Vietnam.

Regulations in Relation to Foreign Investment

The establishment, operation, and management of SF – a foreign-invested company (“FIE”) in Vietnam – would be governed by the Law on Investment and the Law on Enterprises.

According to the Law on Investment, an FIE shall be deemed as an economic organization. Before the establishment of an economic organization, foreign investors must have an investment project and must notably apply for an investment registration certificate

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(“**IRC**”) from the relevant Vietnamese licensing authority of the location where the investment project will be based (“**Investment Licensing Authority**”). The statutory time limit for the competent authority to issue the IRC is within fifteen days of its receipt of the respective complete and valid application dossier. However, it would often take longer time in practice. The Investment Licensing Authority is either the relevant provincial Department of Planning and Investment (“**DPI**”), or the management authority of the relevant industrial zone/export processing zone/economic zone/high-tech zone, depending on the location of the project.

After obtaining an IRC, the foreign investor (owner) of the FIE must submit a dossier to the Business Registration Office under the DPI to apply for an enterprise registration certificate (“**ERC**”) in order to incorporate the FIE. The regulatory timeframe is three working days from the receipt of a valid and complete application dossier by the licensing authority. In practice, it may actually take ten or more working days. The registration of the enterprise’s tax information is a part of the enterprise registration procedure, where the enterprise code of the FIE recorded under the ERC is also the tax registration number of the FIE.

A foreign investor establishing an FIE may be subject to limitations on foreign investment. The investors should see if the expected business lines (in both cases of new establishment of the FIE or expanding new business lines for existing FIE) fall within the list for which foreign investment is prohibited (the “**Prohibited Lists**”) or are subject to market access conditions (the “**Conditional Lists**”). In case any of the expected business lines are included in the Prohibited Lists, the foreign investor cannot establish/operate the FIE in such prohibited sectors. In the case of those included in the Conditional Lists, the foreign investors might have to meet several conditions (e.g. foreign ownership cap, foreign investor’s capacity), as specifically required by each sector regulation.

After obtaining an IRC and ERC, an FIE must carry out several statutory procedures, generally including the following:

- (i) Announcement of the establishment of the FIE or ERC amendment on the National Business Registration Portal thirty days from the issuance date of the ERC;
- (ii) Registration to use electronic invoices;
- (iii) Signing up an account for tax declaration and implementing tax declaration;
- (iv) Periodical reporting on the progress and implementation of the investment project; and
- (v) Setting up a “direct investment capital account” in a foreign currency or VND (“**DICA**”) with a commercial bank or a branch of a foreign bank duly licensed to operate in Vietnam to receive charter capital contributions.

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Regulations in Relation to Foreign Exchange Control

Capital contribution

Under Vietnamese law, an FIE is required to open a DICA in a foreign currency or VND with a commercial bank or a branch of a foreign bank duly licensed to operate in Vietnam (“**Permitted Bank**”) to implement transactions relating to foreign direct investment. The FIE can only open 1 (one) DICA for each type of currency, corresponding to the currency of the investment capital under the FIE’s IRC with one Permitted Bank. Several transactions must be routed via DICA, notably: (a) contribution of capital in cash (i.e., bank transfers) made by foreign investors to the charter capital of FIE; (b) payments for the FIE’s capital transfer transactions between a resident investor and a non-resident investor, which must be made in VND and routed via the DICA in VND; (c) drawdown and repayment of foreign loans borrowed by the FIE, and (d) profit repatriation to foreign investors.

Offshore loan (without any guarantee from the Government)

An FIE may borrow foreign loans, subject to satisfaction of certain conditions provided by the law on (i) loan purpose, (ii) loan terms, (iii) loan registration, (iv) borrowing restriction, (v) loan currency, and (vi) loan drawdown and repayment. Accordingly, the FIE may only borrow foreign loans to implement its business plans and investment projects or those of its direct-owned entities (only applicable to medium-term/long-term foreign loans) or to restructure/refinance its other existing foreign loans without increasing the borrowing costs. Such loan must be registered to the State Bank of Vietnam (“**SBV**”) if it is a medium-term or long-term (more than one year term) foreign loan, and be drawn down and repaid via the aforementioned DICA of the FIE.

Payments

In general, Ordinance 28 enshrines the principle of freedom of “current transactions” (*in Vietnamese: “giao dich vãng lai”*) (i.e., not for the purpose of remittance of capital such as the contribution of the charter capital of the FIE as mentioned above) between residents and non-residents in Vietnam. All current transactions related to payments and remittance of money connected to exports, imports, short-term loans from banks, net income from direct and indirect investment, interest and repayments on foreign loans, and import or export of goods or services, may be conducted freely. However, in the territory of Vietnam, all transactions, payments, displays of prices, advertisements, quotations, pricing, and price writing in contracts and agreements and other similar forms (including conversion or adjustment of prices of goods or services, value of contracts or agreements) must not be conducted in any foreign currency except for limited cases provided by the law.

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Regulations in Relation to Anti-money Laundering

The anti-money laundering legal framework of Vietnam establishes measures to prevent, detect, halt, and address money laundering activities. The Law on Anti-Money Laundering shall be applicable to (i) reporting entities, which encompass financial entities (which are licensed to engage in certain financial services such as financial leasing, payment services, payment intermediary services, etc.), companies and individuals engaged in relevant non-financial businesses (e.g. prized gaming businesses, services of establishing, managing and running an enterprise) (the “**Reporting Entities**”); (ii) Vietnamese individuals/entities, foreign individuals/entities, and other international organizations conducting transactions with the reporting entities; and (iii) other organizations, individuals, and agencies related to anti-money laundering matters.

The Law on Anti-Money Laundering requires the Reporting Entities to conduct measures of anti-money laundering and comply with statutory obligations taken on by Reporting Entities including:

- (i) Customer due diligence (or KYC);
- (ii) Assessment of money-laundering risks;
- (iii) Building upon internal regulations on anti-money laundering;
- (iv) Reporting suspicious transactions and high-value transactions;
- (v) Storing/recording information and documents; and
- (vi) Applying provisional measures.

Notably, the Law on Anti-Money Laundering specifies suspicious transactions in each service sector (i.e. banking, payment intermediaries, life insurance, securities, prize-awarding game, and real estate), which the Reporting Entities must be reported to the SBV.

Regulations in Relation to Data Security and Privacy

The legal framework of data security and privacy in Vietnam has a broad scope of regulation, which applies to both domestic and foreign organizations and individuals involved in the processing of personal data in Vietnam (Vietnamese agencies, entities, and individuals; foreign agencies, entities, and individuals in Vietnam; Vietnamese agencies, entities, and individuals operating abroad; and foreign agencies, entities, and individuals directly participating in or related to personal data processing activities in Vietnam). Some of the key aspects regarding data protection in Vietnam are as follows:

REGULATORY OVERVIEW

Personal data processing

Under Decree 13 which will take effect from July 1, 2023, personal data refers to information associated with an individual or used to identify an individual. Personal data includes basic personal data (*e.g. name, age, address, identity card number, phone number, email address*) and sensitive personal data (*e.g. health status, religion*).

Decree 13 defines “personal data processing” in a very broad manner, which refers to one or multiple activities that impact personal data, including collection, recording, analyzing, confirmation, storage, rectification/modification, disclosure, combination, access, traceability, retrieval, encryption, decryption, copying, sharing, transmission, provision, transfer, deletion, destruction, or other relevant activities.

Under Decree 13, to process personal data in a lawful, fair, and legitimate way, the data processor must ensure compliance with several requirements, notably:

- (i) The data subject shall be entitled to be notified/receive information related to the processing of his/her personal data;
- (ii) Personal data is exclusively processed in alignment with the stated/publicized purpose;
- (iii) Personal data cannot be bought or sold in any form;
- (iv) Personal data must be protected and kept confidential;
- (v) Personal data must only be stored for the period necessary for its processing;
- (vi) Personal data collection must be appropriate and limited to the specific scope and purpose for which it will be processed.

To prevent and remedy actual or threatened cyberinformation security incidents, Law on Cybersecurity requires entities to take appropriate management and technical measures to protect personal data and to comply with standards and technical regulations for cyberinformation security. Law on Cybersecurity also requires the implementation of measures to prevent and remedy actual or threatened cyberinformation security incidents.

Data localization

Vietnamese law requires the following information to be stored in Vietnam:

- (i) Data on personal information of service users in Vietnam;
- (ii) Data generated by service users in Vietnam; and

REGULATORY OVERVIEW

- (iii) Relationship data of service users in Vietnam with foreign and domestic entities doing business in Vietnam.

If a foreign enterprise meets both of the following two conditions, it is obligated to adhere to data localization requirements in Vietnam:

- (i) Scope: The foreign enterprise conducting business in Vietnam in the following sectors: (a) telecommunication service; (b) storage and sharing of data in cyberspace; (c) provision of national or international domain names for service users in Vietnam; (d) e-commerce; (e) online payment; (f) intermediary payment; (g) service of transport connection via cyberspace; (h) social network and social media; (i) online electronic games; (j) service of supply, management or operation of other information in the cyberspace under the form of message, voice call, video call, email, online chat;
- (ii) Triggering conditions: The foreign enterprise is required to comply with the data localization requirement in case the services provided by such enterprise are used to carry out activities that violate cybersecurity laws and are notified by the Ministry of Public Security (“MPS”), with a request for cooperation, prevention, investigation, and handling through written communication, but such foreign enterprise fails to comply, or only partially complies, or obstructs, hinders, or disables the effectiveness of cybersecurity protection measures implemented by specialized cybersecurity forces.

The foreign enterprise subject to data localization requirements shall store the localized data in Vietnam and may decide its form of data localization and takes on continuing obligation of data storage with a bare minimum term of 24 months (or a longer period subject to the request of the MPS). In addition, they may also be required to establish a representative office or a branch in Vietnam as a part of the data localization requirement.

Cross-border transfer of data

Offshore transfer of personal data is permissible under Vietnamese law. The offshore transfer of personal data is defined as an act of using cyberspace, electronic devices, equipment, or other forms to transfer personal data of a Vietnamese citizen to a location outside the territory of the Socialist Republic of Vietnam or using a location outside the territory of the Socialist Republic of Vietnam to process personal data of a Vietnamese citizen. To be specific, the offshore transfer of personal data comprises the following cases:

- (i) An entity or individual transfers personal data of a Vietnamese citizen to an offshore organization, enterprise, or management department in order to process the data for the purposes agreed upon by the data subject;

REGULATORY OVERVIEW

- (ii) The personal data of a Vietnamese citizen is processed by automatic systems outside the territory of Vietnam of the data controller, data controller-cum- processor, and data processor for the purposes agreed upon by the data subject.

The party conducting an offshore transfer of personal data is required to prepare and submit a dossier that assesses the impact of such transfer to the MPS.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN BRAZIL

Brazil Regulations

As at the Latest Practicable Date, our Company had one subsidiary (being Lianlian Pay Brasil Pagamentos Eletrônicos LTDA (“**LianLian BR**”)), which is incorporated in the Brazil and subject to regulatory requirements in Brazil.

Regulations in Relation to Corporate Structure and Foreign Capital

As a Limited Liability Company (Sociedade Limitada), the corporate structure of LianLian BR is regulated by Federal Law 10406/2002, as amended (“**Civil Code**”), which governs its form of incorporation, registration, rights, responsibilities and obligations of the quota holders, the form of corporate resolutions and the administration of the company.

In a Limited Liability Company, the liability of each quotaholder is restricted to the value of its/his/her quotas, but all quotaholders are jointly and severally liable for the payment of the capital stock.

Equity participation held by quotaholders resident or domiciled outside Brazil are subject to Federal Law 14.286/2021 and Federal Law 4,131/1962, as well as the regulations enacted by the Brazilian National Monetary Council (“**CMN**”) and Central Bank of Brazil (“**BACEN**”), such as BACEN Resolution 278/2022 which, inter alia, requires the Brazilian company receiving foreign capital to keep updated information and registration of such foreign capital with BACEN and establish obligations in respect of remittances of foreign capital outside Brazil.

CMN is the main monetary and financial policy authority in Brazil, responsible for creating financial, credit, budgetary and monetary rules.

BACEN is responsible for (i) implementing CMN policies related to monetary, credit and foreign exchange control matters; (ii) regulating Brazilian financial institutions in the public and private sectors; and (iii) monitoring and regulating foreign investments in Brazil.

REGULATORY OVERVIEW

Regulations in Relation to International Payments and International Transfers

Services of international payments and international transfers (“**eFX Services**”) are regulated by BACEN Resolution 277/2022, which establishes certain obligations, limits, liabilities and procedures applicable to eFX Services providers and set out the general rules applicable to the Brazilian foreign exchange market operated by financial institutions authorized by the Central Bank of Brazil, through which any and all international transfers from and to Brazil should be carried out. eFX Services providers are required to comply with Brazilian foreign exchange laws and regulations, which main rules are set out in Federal Law 14,286/2021, Federal Law 4,131/1962 and Resolutions BACEN 277, 278, 279, 280 and 281. Breach of foreign exchange obligations are subject to administrative and criminal penalties as provided for in Federal Law 7,492/1986, Federal Law 13,506/2017, BACEN Resolution 131/2021.

Regulations in Relation to Data Protection

Data Protection is mainly regulated by Federal Law 13,709/2018, as amended (“Lei Geral de Proteção de Dados” or “**LGPD**”), which sets forth general principles and obligations regarding data privacy, including detailed rules for collection, use, processing and storage of personal data. LGPD is similar to the European General Data Protection Regulation.

As applicable, data protection is also regulated by Consumer Protection Code, Federal Law 12,965/2014, as amended (“Brazilian Civil Rights Framework for the Internet”) and Federal Supplementary Law 105/2001, as amended (“Bank Secrecy Law”).

Regulations in Relation to Consumer Protection

Consumer relations and protection are regulated by Federal Law 8,078/1990, as amended (“Consumer Protection Code”). It sets forth consumers’ rights (including regarding personal information) and principles and requirements applicable to consumer relations in Brazil, including product and service liability, commercial practices, reversal of the burden of proof to the benefit of consumers, abuse of rights in contractual clauses, advertising and information on services and products.

Regulations in Relation to Anti-corruption, Anti-bribery and Anti-money Laundering

Federal Law 12,846/2013, as amended (“Clean Company Act” or “Anticorruption Law”), regulates the administrative and civil liability of legal entities for the practice of acts against the national or foreign public administration, including bribery and other corruption practices.

Federal Law 9,613/1998, as amended (“Brazilian Anti-Money Laundering Law”) sets forth general rules regarding crimes of “laundering” or concealing assets, rights and values and the use of the financial system for unlawful activities. Regulations establish specific measure and procedures for specific industries, such as financial market and capital market.

REGULATORY OVERVIEW

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN JAPAN

Japan Regulations

As at the Latest Practicable Date, our Company had one subsidiary (being LianLian Pay Japan Co., Ltd. (連連Pay株式会社), which is incorporated in Japan and subject to regulatory requirements in Japan.

Regulations in Relation to Companies Act of Japan

The formation, organization, operation, and management of companies are governed by the provisions of Companies Act in Japan (Act No. 86 of 2005, as amended). A foreign company establishing a subsidiary company in Japan may choose to establish the subsidiary company as a Kabushiki-Kaisha (K.K.)¹, Godo-Kaisha, or similar entity stipulated by Japan’s Companies Act. Among these, the KK is generally considered to be the most credible form, and therefore was adopted by most Japanese subsidiaries of foreign companies. LianLian DigiTech Co., Ltd, as a foreign shareholder, established a K.K in Japan, and submitted the Articles of Incorporation in compliance with the requirements stipulated in Article 17 of the Companies Act, and certified by a Japanese notary public which was a mandatory precondition for its effectiveness and stipulated in Article 17 of the Companies Act.

In Japan, foreign shareholders setting up kk-form-companies need only by finishing the registration procedures at the Legal Affairs Bureau or registration office, and neither any approval nor permission is required. Moreover, the company’s business scope, registered capital at the time of establishment, capital increase, capital reduction and equity transfer matters after the establishment can be freely changed and registered to the public without any government approval or permission.

Companies Act of Japan provides detailed provisions on company organizational structure and other related matters, but most of these are guidelines, and the company can determine whether to adopt these provisions stipulated under in the Companies Act by itself through their Articles of Incorporation. It is generally considered that Companies Act of Japan grants autonomy to companies and their shareholders to determine the organization, operation, and management of companies.

¹ A kabushiki-kaisha is the most widely known and credible type of company structure in Japan. As with any corporation structure, these types of companies are governed and owned by investors and owners (i.e., shareholders) as well as by directors of the company.

REGULATORY OVERVIEW

Regulations in Relation to Labor Law

Japan has numbers of laws pertaining to labor and the protection of workers. These include: the Labor Standards Act (Act No. 49 of 1947, as amended) which sets forth the minimum standards on working conditions; the Industrial Safety and Health Act (Act No. 57 of 1972, as amended) which aims to ensure the safety and health of workers at the workplace; and the Minimum Wage Act (Act No. 137 of 1959, as amended).

A valid employment agreement is required to comply with the Article 15 of Labor Standard Act, the employer must explicitly specify the wages, working hours, and other working conditions to the employee.

The purpose of the Minimum Wage Act is to improve the working conditions of low-paid workers by guaranteeing a minimum level of wages for them, thereby contributing to securing the worker’s livelihoods, the improvement of the quality of the labor force, and ensuring fair business competition as well as the sound development of the national economy.

Regulations in Relation to Contract Law

Japan does not have a separate code to determine the governance of contracts. Instead, contracts are governed by various chapters contained in the Civil Code (Act No. 89 of 1896, as amended). The basic rules concerning contracts are prescribed in the Civil Code together with the law of torts, law of property, law of succession, and family law. On the other hand, the rules concerning contracts that are contained in the Civil Code are limited to basic rules, special rules relating to contracts between merchants are prescribed in the Commercial Code (Act No. 48 of 1899, as amended).