REGULATIONS

This section sets forth a summary of the main laws, rules and regulations that may affect our business activities in China.

Regulations Relating to Value-added Telecommunications Services

On September 25, 2000, the State Council issued the PRC Regulations on Telecommunications (《中華人民共和國電信條例》), or the Telecommunications Regulations, as last amended on February 6, 2016, to regulate telecommunications activities in China. The Telecommunications Regulations divided telecommunications services into two categories, namely "basic telecommunications services" and "value-added telecommunications services." Pursuant to the Telecommunications Regulations, operators of value-added telecommunications services, or VATS, must first obtain a Value-added Telecommunications Business Operating License, or VATS License, from the Ministry of Industry and Information Technology of the People's Republic of China, or the MIIT, or its provincial-level counterparts. On July 3, 2017, the MIIT promulgated the Administrative Measures on Telecommunications Business Operating Licenses (《電信業務經營許可管理辦法》) which became effective on September 1, 2017, and set forth more specific provisions regarding the types of licenses required to operate VATS, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses.

The Classified Catalog of Telecommunications Services (2015 Version) (《電信業務分類目錄(2015年版)》), or the 2015 MIIT Catalog, effective on March 1, 2016, and amended on June 6, 2019, divides telecommunication services into two major categories: A. basic telecommunication services, and B. value-added telecommunication services. And each major categories are divided into subcategories. Internet data center services refer to the placement, agency maintenance, system configuration and management services provided for users' servers or other Internet/network-related equipment in a form of outsourced lease by utilizing the corresponding machine room facilities, as well as the lease of database systems, servers and other equipment, lease of the storage spaces of such equipment, lease of communication lines and export bandwidth on an agency basis, and other application services. IDC services also include Internet resource collaboration services. Internet resource collaboration services refer to the data storage, Internet application development environment, Internet application deployment, operation and management services provided for users through the Internet or other network-related means featuring availability at any time, use as needed, expansion at any time and collaborative sharing, and by virtue of the equipment and resources established on the data center. Online data processing and transaction processing services refer to the services of online data processing and transaction/affair processing provided for users through public communication networks or the Internet, by utilizing various kinds of data and affair/transaction processing application platforms that are connected to public communication networks or the Internet. The services of online data processing and transaction processing include transaction processing services, electronic data exchange services and network/electronic equipment data processing services. According to the 2015 MIIT Catalog, the Group's EDI and IDC licenses are within sub-categories under "value-added telecommunication services" category.

The Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), or the IIS Measures, promulgated by the PRC State Council and as last amended on January 8, 2011, divides internet-based information services into services of a commercial nature and services of a non-commercial nature. According to IIS Measures, internet-based information services of a commercial nature refer to the charged services of providing information or web pages creation services to the online users through the internet. The 2015 MIIT Catalog further classifies the information services into five detailed sub-categories, i.e., (i) information release platform and transmission services, (ii) information search and inquiry services, (iii) information community platform services, (iv) instant information interaction services, and (v) information protection and processing services. Our PRC Legal Advisor is of the view that it is unlikely that information provided by us for our current business would fall under the category of internet-based information services of a commercial nature. In addition, according to IIS Measures, non-commercial internet-based information services refer to that is free of charge services that supply, through the Internet, to online users information that is open to and shared by the general public. According to the Filing Management Methods on Non-commercial Internet Information Service (《非經營性互聯網信息服務備案管理辦法》), or the NIIS Methods, promulgated on February 8, 2005 and amended on January 18, 2024, by the MIIT, provision of non-commercial internet-based information services within the territory of the PRC refers to the provision of internet information services of a non-commercial nature by organizations or individuals within the territory of the PRC through the websites via internet domain names or through websites which can only be visited via IP address. As our Company's website provides internet-based information services of a non-commercial nature through our websites, we fall within the regulatory scope of the IIS Measures and the NIIS Methods. And according to the IIS Measures, the state shall implement a filing-for-record system for internet-based information services of a non-commercial nature. Whoever intends to engage in non-commercial internet-based information services shall apply for filing-for-record to the administrative organ in charge of telecommunications of provincial-level, or to the State Council department in charge of the information industry. When carrying out filing-for-record procedures, the following materials shall be submitted: (i) the general situations of the host unit and the person(s) in charge of websites; (ii) the addresses of the websites and the items of services; and (iii) the approval documents of the relevant competent departments, where the service items fall within the scope of such internet-based information services as those relating to the news, publishing, education, health care, pharmaceuticals and medical instruments. Where materials submitted for filing-for-record are complete, the administrative organ in charge of telecommunications of provincial-level, or the State Council department in charge of the information industry, shall have them recorded with filing-for-record numbers. As of the Latest Practicable Date, the Company's website (https://www.marketingforce.com) has completed the filing procedures for the non-commercial internet information services in accordance with the IIS Measures and the NIIS Methods.

Regulations on Internet Security

Internet information in China is regulated and restricted from a national security standpoint. The SCNPC has enacted the Decisions on Maintaining Internet Security (《全國人民代表大會常務委員會關於維護互聯網安全的決定》) on December 28, 2000, amended on August 27, 2009, which may subject violators to criminal punishment in China if such act constitutes a criminal offense for any effort to: (i) sell shoddy products or give false publicity to commodities or services; (ii) jeopardize others' business credibility and commodity reputation; (iii) infringe on others' intellectual property rights; (iv) fabricate and spread false information which effects the exchange of securities or other information which disrupts financial order; or (v) establish pornographic websites, provide services for connecting pornographic websites, or spread pornographic books and periodicals, movies, audiovisuals or pictures. The Ministry of Public Security of the PRC has promulgated the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》) on December 16, 1997, which was amended by the State Council of the PRC on January 8, 2011. As indicated in the Administration Measures on the Security Protection of Computer Information Network with International Connections, no individual shall use the internet to endanger state security, divulge state secrets, infringe on legitimate rights and interests of others or engage in illegal criminal activities. If an internet information service provider violates these measures, the Ministry of Public Security and the local security bureaus may administer a warning, confiscate its illegal gains or impose a fine, terminate its network connection and, in severe cases, revoke its operating license and shut down its websites.

The PRC Cybersecurity Law (《中華人民共和國網絡安全法》), which was promulgated by the SCNPC and became effective on June 1, 2017, requires network operators to comply with laws and regulations and fulfill their obligations to safeguard the security of the network when conducting business and providing services. The Cybersecurity Law further requires network operators to take all necessary measures in accordance with applicable laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which took effect in September 2021. The PRC Data Security Law imposes data security and privacy obligations on entities and individuals carrying out data activities. The PRC Data Security Law also provides for a national security review procedure for data activities that affect or may affect national security and imposes export restrictions on certain data and information.

On December 28, 2021, the CAC and other relevant PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), or the Cybersecurity Review Measures, which came into effect on February 15, 2022.

According to the Cybersecurity Review Measures, critical information infrastructure operators (the "**CIIOs**") that purchase internet products and services or network platform operators that carry out data processing activities must be subject to a cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures further stipulate a cybersecurity review to be conducted in the following circumstances: (i) internet platform operators who possess more than one million users' personal information and seek to list abroad are obliged to apply for a cybersecurity review; (ii) CIIOs purchasing network products or services where national security has been or may be affected after it enters operation shall apply for a cybersecurity review; (iii) the competent PRC government authority may initiate cybersecurity review in case that any member of the cybersecurity review committee believes that any network product or service or data processing activity affects or is likely to affect national security and the Central Cyberspace Affairs Commission approve to do so.

On 16 September 2022, our PRC Legal Advisor conducted a phone consultation with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心, which was used named as 中國網絡安全審查技術與認證中心 the "**CCRTCC**"). According to the Answers to Reporters Regarding the Cybersecurity Review Measures (網信辦就《網路安全審查辦法》答記者問) published by the CAC, the Cybersecurity Review Office is a subordinate agency of the CAC, with work entrusted to the CCRTCC and the CCRTCC is responsible for receiving application materials and conducting formal reviews of the materials and set up a hotline for consultation regarding the cybersecurity review. Based on the foregoing, our PRC Legal Advisor is of the view that CCRTCC is the competent authority to provide opinion on the application of the Cybersecurity Review Measures to Group's [**REDACTED**] in Hong Kong. As confirmed by CCRTCC, "listing in Hong Kong" does not constitute "listing abroad." In addition, as of the Latest Practicable Date, our Directors confirm that we possess less than one million users' personal information.

Based on the phone consultation with CCRTCC on 16 September 2022, CCRTCC confirmed that the possibility of being identified as a CIIO is relatively low if the Group did not receive any notification from PRC government authorities of being classified as a CIIO. However, CCRTCC also advised that the identification of CIIO depends on the further requirement of PRC government authorities, if any.

As of the Latest Practicable Date, (i) we have not been notified by any PRC government authorities of being classified as a CIIO; (ii) we have not been notified by any PRC government authorities requiring it to conduct the cybersecurity review; (iii) we have not received any inquiry, notice, warning from any PRC government authorities, and have not been subject to any investigation, sanctions or penalties made by any PRC government authorities regarding national security risks caused by its business operations or the [**REDACTED**]; and (iv) we consider that we have not engaged in any data processing activities or purchased any network products or services that affect or may affect national security. Based on the foregoing, our Directors and our PRC Legal Advisor is of the view that the likelihood of the Group or the [**REDACTED**] being subject to the cybersecurity review is low.

Further, on April 13, 2023, our PRC Legal Advisor had conducted a telephone consultation with the CCRTCC, the officer confirmed that we are not required to file an application for cybersecurity review under the Cybersecurity Review Measures and that not filing the application for cybersecurity review complies with the Cybersecurity Review Measures.

On 7 July 2022, CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which came into effect on 1 September 2022. Pursuant to the Measures on Security Assessment of Cross-border Data Transfer, data processors providing outbound data shall apply for outbound data transfer security assessment with CAC in any of the following circumstances: (i) where a data processor provides important data abroad; (ii) where a CIIO or a data processor processing the personal information of more than one million individuals provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total abroad since 1 January of the previous year; and (iv) other circumstances prescribed by the CAC for which declaration for security assessment for outbound data transfers are required.

As confirmed by our Directors, the Group's data is stored on servers located within the territory of mainland China, and relevant systems have strict access control. As of the Latest Practicable Date, we are not aware of any outbound provision of data collected or produced through operations within the territory of the PRC that may trigger the application of the Measures on Security Assessment of Cross-border Data Transfer. Based on the foregoing, our PRC Legal Advisor is of the view that we are not required to submit for the outbound data transfer security assessment as of the Latest Practicable Date.

However, our PRC Legal Advisor also advised us that there is uncertainty as to the application and implementation of such laws since they have been in effect for a relatively short period of time. See "Risk factors – Risks Related to Our Business and Industry – We may be subject to complex and evolving laws and regulations regarding privacy and data protection. Actual or alleged failure to comply with privacy and data protection laws and regulations could damage our reputation, deter current and potential customers from using our products and services and could subject us to significant legal, financial and operational consequences."

The Network Data Security Management Regulation (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Regulation**"), published on 14 November 2021, applies to activities relating to the use of network to carry out data processing activities within the territory of the PRC. As we operate the Marketingforce platform in China to provide SaaS products and services, our PRC Legal Advisor is of the view that the Draft Regulation may be applicable to us if implemented in its current form.

According to the Draft Regulation, "data processor" means an individual or organization that independently makes decisions on the purpose and manner of processing in data processing activities. Data processors shall, in accordance with relevant state provisions, apply for cybersecurity review if their intended listing in Hong Kong affects or may affect national security.

However, the Draft Regulation provides no further explanation or interpretation for "affects or may affect national security". In the view of our PRC Legal Advisor, the PRC government authorities may have wide discretion in the interpretation of "affects or may affect national security." Since the criteria are relatively vague, our PRC Legal Advisor and our Directors are of the view that it remains uncertain as to whether the Group and the [**REDACTED**] would be subject to the cybersecurity review if the Draft Regulation is implemented in its current form.

During the phone consultation conducted by our PRC Legal Advisor with CCRTCC dated September 16, 2022, CCRTCC confirmed that the Draft Regulation was still in the draft form for comments and had not yet come into force, and thus the listing in Hong Kong did not need to apply for the cybersecurity review. As of the Latest Practicable Date, the Draft Regulation has not been adopted yet, nor does it have any material update. Thus, as of the Latest Practicable Date, we are not obliged to proactively apply for the cybersecurity review according to the Draft Regulation.

In addition, the Administrative Provisions on Internet Information Service Algorithm-Based Recommendation (《互聯網信息服務算法推薦管理規定》), or Algorithm Recommendation Provisions, which took effect on March 1, 2022, implement classification and hierarchical management for algorithm-based recommendation service providers based on various criteria. The Algorithm Recommendation Provisions also require the algorithmic recommendation service providers to establish and improve the management systems and technical measures for algorithm mechanisms and to provide users with options that will not target their personal profiles or convenient options to close algorithmic recommendation services.

The Cyberspace Administration of China, in conjunction with the National Development and Reform Commission, Ministry of Education, Ministry of Science and Technology, Ministry of Industry and Information Technology, Ministry of Public Security, and State Administration of Radio and Television, has released the "Interim Measures for the Management of Generative Artificial Intelligence Services" (hereinafter referred to as the "Measures"), which took effect on August 15, 2023.

The Measures specify the overall requirements for providing and using generative artificial intelligence services, propose specific measures to promote the development of generative artificial intelligence technology, clarify requirements for training data processing activities and data annotation, establish norms for generative artificial intelligence services, and require generative artificial intelligence service providers to take effective measures to prevent minors from over-relying on or becoming addicted to generative artificial intelligence services. The Measures also require the identification of generated content such as images and videos in accordance with the "Regulations on the Management of Deep Synthesis of Internet Information Services, "and timely disposal of illegal content. In addition, the Measures establish systems for safety assessment, algorithm registration, and complaint reporting, and clarify legal responsibilities.

The National Internet Information Office, the Ministry of Industry and Information Technology, and the Ministry of Public Security jointly issued the "Regulations on the Deep Synthesis Management of Internet Information Services" (hereinafter referred to as the "Regulations"), which implemented from January 10, 2023

The "Regulations" clearly stipulate that the use of deep synthesis technology to provide Internet information services within the territory of the People's Republic of China is subject to these regulations. The general provisions of deep synthesis services are specified, emphasizing that deep synthesis services must not be used for activities prohibited by laws and administrative regulations. The "Regulations" require deep synthesis service providers to implement the main responsibility for information security, establish sound management systems and technical security measures, formulate public management rules and platform conventions, authenticate the real identity information of users, strengthen deep synthesis content management, establish sound rumor-refuting mechanisms and complaint and reporting mechanisms. Deep synthesis service providers and technical support providers are required to strengthen training data management and technical management, ensure data security, not illegally process personal information, and regularly review, evaluate, and verify algorithm mechanisms. Deep synthesis service providers and technical support providers with public opinion attributes or social mobilization capabilities should fulfill filing, change, and cancellation procedures. If new products, applications, or functions with public opinion attributes or social mobilization capabilities are launched, security assessments should be conducted.

Regulations on Privacy Protection

On August 20, 2021, the SCNPC promulgated the Law of Personal Information Protection of PRC, or the Personal Information Protection Law (《中華人民共和國個人信息保護法》), which became effective on November 1, 2021. Pursuant to the Personal Information Protection law, "personal information" refers to any kind of information related to an identified or identifiable individual as electronically or otherwise recorded but excluding the anonymized information. The Personal Information Protection Law specifically specified the rules for handling sensitive personal information, which means personal information that, once leaked or illegally used, may easily cause harm to the dignity of natural persons or grave harm to personal or property security, including information on biometric characteristics, financial accounts, individual location tracking, etc., as well as the personal information of minors under the age of 14. Personal information handlers shall bear responsibility for their personal information handling activities and adopt the necessary measures to safeguard the security of the personal information they handle. Otherwise, the personal information handlers will be ordered to correct and be confiscated illegal income, or suspend or terminate the provision of services, fines, or other penalties.

In December 2011, the MIIT issued Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), which became effective on March 15, 2012, and provides that an internet information service provider may not collect any user's personal information or provide any such information to third parties without such user's consent, unless otherwise provided by laws and administrative regulations. Pursuant to the Several Provisions on Regulating the Market Order of Internet Information Services, internet information service providers are required to, among others, (i) expressly inform the users of the method, content and purpose of the collection and processing of such users' personal information and may only collect such information necessary for the provision of its services; and (ii) properly maintain the users' personal information, and in case of any leak or possible leak of a user's personal information, internet information service providers must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority and cooperate with relevant authorities in investigation and solution.

Pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》), issued by the SCNPC in December 2012, and the Order for the Protection of Telecommunication and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》), issued by the MIIT in July 2013, any collection and use of any user personal information must be subject to the consent of the user, and abide by the applicable law, rationality and necessity of the business and fall within the specified purposes, methods and scopes in the applicable law.

In addition, the Cybersecurity Law provides that: (i) to collect and use personal information, network operators shall follow the principles of legitimacy, rightfulness and necessity, disclose rules of data collection and use, clearly express the purposes, means and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered; (ii) network operators shall neither gather personal information unrelated to the services they provide, nor gather or use personal information in violation of the provisions of laws and administrative regulations or the scopes of consent given by the persons whose data is gathered; and shall dispose of personal information they have saved in accordance with the provisions of laws and administrative regulations and agreements reached with users; and (iii) network operators shall not divulge, tamper with or damage the personal information they have collected, and shall not provide personal information to others without the consent of the persons whose data is collected. However, there will be an exception to the rules if the information has been processed and cannot be recovered, making it impossible to match such information with specific persons.

On May 28, 2020, the National People's Congress of the PRC issued the PRC Civil Code (《中華人民共和國民法典》), which became effective on January 1, 2021. The PRC Civil Code stipulates that the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain the personal information of others when necessary and ensure the safety of such personal information, and shall not illegally collect, use, process or transmit the personal information of others, or illegally buy or sell, provide or make public the personal information of others.

Regulations Relating to Advertising Business

On October 27, 1994, the SCNPC promulgated the Advertising Law of the PRC (《中華人民共和國廣告法》) or the Advertising Law, which was latest amended on April 29, 2021. The Advertising Law requires that advertisements shall be true and legitimate, advertisements with certain special contents shall be subject to the relevant authorities review prior to publication, and shall not (i) use or covertly use the national flag, national anthem, national emblem, military flag, military anthem, military emblem of the People's Republic of China; (ii) use or covertly use the name or image of state agencies, personnel of state agencies; (iii) use wordings such as "national level", "highest level" and "best"; (iv) harm the dignity or interests of the state and divulge state secrets; (v) hinder social stability and harm public interest; (vi) endanger personal and property safety, and infringe upon personal privacy; (vii) hinder public order or violate social morality; (viii) contain obscenity, pornography, gambling, superstition, terror, violence contents; (ix) contain ethnic, racial, religious, sexual discrimination contents; (x) hinder protection of environment, natural resources or cultural heritage; and (xi) fall under any other circumstances stipulated by laws and administrative regulations. Violation of the aforesaid requirements may lead to penalties, confiscation of advertising revenues, or being ordered to stop spreading the advertisement or to publish an advertisement for correcting any misleading information. If such case is serious, the administration for market regulation may order termination of advertising operation or cancelation of the business license. As our marketing solutions and our business involve the provision of "advertisement design, production and agency services" to advertisers, we are deemed an "advertising operator" under the Advertising Law.

On July 4, 2016, the State Administration for Industry and Commerce, or the SAIC, issued the Interim Measures for the Administration of Internet Advertising (《互聯網廣告管理暫行辦法》), or the Internet Advertising Interim Measures, to regulate internet advertising activities, which became effective on September 1, 2016, defining internet advertising as any commercial advertising that directly or indirectly promotes goods or services through websites, webpages, internet applications and other internet media in the forms of words, pictures, audio, video or others, including promotion through emails, texts, images, video with embedded links and paid-for search results. On May 1, 2023, Administrative Measures for Internet Advertising (《互聯網廣告管理辦法》), or the Internet Advertising Measures, issued by the State Administration for Market Regulation, took effect and replaced the the Internet Advertising Interim Measures, regulating commercial advertising activities for the direct or indirect promotion of commodities or services within the territory of the People's Republic of China by making use of websites, webpages, internet applications and other internet media in the forms of texts, pictures, audios, videos or other forms. The Internet Advertising Measures specifically set out the following requirements, including but not limited to: (i) internet advertisements shall be authentic and legal, express the advertisement content in a healthy way and comply with the requirements of building a socialist society with an advanced culture and ideology as well as promoting good traditional Chinese culture; (ii) an Internet advertisement shall be identifiable so that it can be clearly identified by consumers as an advertisement. Any paid search advertisement for a product or service shall be prominently indicated as an "advertisement" by the advertising publisher to distinguish it from natural search results; (iii)

where an Internet advertisement is published in the form of pop-up or otherwise, the advertiser and the advertisement publisher shall clearly mark a Close symbol to ensure that it can be closed by one click and shall not conduct in a way that will negatively affect the one-click-close function; (iv) cheating or misleading users into clicking on or browsing advertisements is prohibited; (v) the advertisers shall be responsible for the authenticity of the content of Internet advertisements; (vi) the advertising agencies and the advertisement publishers shall establish, improve and implement systems of registration, examination and archives management in respect of Internet advertising business; (vii) where an Internet advertisement is published by means of algorithmic recommendation or otherwise, the relevant rules of the algorithmic recommendation service and the record of advertisement placement shall be included in the advertisement archives.

Regulations Relating to Foreign Investment

Encouraging Catalog and Negative List of Foreign Investment

Investment activities in the PRC by foreign investors are principally governed by the Catalog of Industries for Encouraging Foreign Investment, or the Encouraging Catalog (《鼓勵外商投資產業目錄》), and the Special Administrative Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》), or the Negative List, which were promulgated and are amended from time to time by the MOFCOM and NDRC. The Encouraging Catalog and the Negative List layout the basic framework for foreign investment in the PRC, classifying businesses into three categories with regard to foreign investment: "encouraged", "restricted" and "prohibited". Industries not listed in the Encouraging Catalog and the Negative List are generally deemed as falling into a fourth category "permitted". The NDRC and MOFCOM promulgated the Catalog of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》), or the 2022 Encouraging Catalog, on October 26, 2022, and the 2021 Negative List, on December 27, 2021, to replace the previous encouraging catalog and negative list thereunder. According to the 2021 Negative List, foreign investors are only allowed to invest into certain types of value-added telecommunications services that have been opened up to foreign investment pursuant to China's commitments to the WTO.

Foreign Investment Law and its Implementation Rules

On March 15, 2019, the National People's Congress of the PRC promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), or the Foreign Investment Law, which came into effect on January 1, 2020, and replaced the trio of old rules regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law (《中華人民共和國外資企業法》), together with their implementation rules and ancillary regulations. The Foreign Investment Law does not comment on the concept of "de facto control" or contractual arrangements with VIEs; however, it has a catch-all provision under the definition of "foreign investment" to include investments made by foreign investors in China

through means stipulated by laws or administrative regulations or other methods prescribed by the State Council. Furthermore, the Foreign Investment Law provides that foreign invested enterprises established according to the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-Invested Enterprise Law regulating foreign investment may maintain their structure and corporate governance within five years after the implementation of the Foreign Investment Law, foreign invested enterprises shall adjust the structure and corporate governance in accordance with the current PRC Company Law (《中華人民共和國公司法》), which was last amended and took effect on October 26, 2018, and the Partnership Enterprise Law of the People's Republic of China (《中華人民共和國合夥企業法》), which was last amended on August 27, 2006, and took effect on June 1, 2007, and other laws and regulations governing the corporate governance.

The Foreign Investment Law stipulates that China implements the management system of pre-establishment national treatment plus a negative list to foreign investment and the government generally will not expropriate foreign investment, except under special circumstances, in which case it will provide fair and reasonable compensation to foreign investors. Foreign investors are barred from investing in prohibited industries on the negative list and must comply with the specified requirements when investing in restricted industries on that list. When a license is required to enter a certain industry, the foreign investor must apply for one, and the government must treat the application the same as applied by a domestic enterprise, except where laws or regulations provide otherwise. In addition, foreign investors or foreign invested enterprises are required to file information reports and foreign investment shall be subject to the national security review.

On December 26, 2019, the State Council promulgated the Implementation Rules to the Foreign Investment Law (《中華人民共和國外商投資法實施條例》), which became effective on January 1, 2020. The Implementation Rules to the Foreign Investment Law further clarifies that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening. The competent investment department and commerce department of the State Council shall be responsible for proposing the negative list for the State Council's approval.

On December 30, 2019, the MOFCOM and the SAMR, jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on 1 January 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in the PRC directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

Foreign Investment in the Value-added Telecommunications Business

Foreign direct investment in telecommunications companies in China is governed by the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), or the "FITE Regulations", which was promulgated by the State Council on December 11, 2001, and amended on September 10, 2008, February 6, 2016, and March 29, 2022. According to the FITE Regulations before its revision on March 29, 2022, a main foreign investor who invests in a foreign-invested value-added telecommunications enterprise operating the value-added telecommunications business in China must (i) has the qualification of an enterprise legal person, (ii) obtained a basic telecommunications business operation license in the country or region where it is registered, (iii) has funds and professionals suitable for its business activities, and (iv) demonstrated a good track record and experience in operating a value- added telecommunications business. On March 29, 2022, the Decision on Amending and Abolishing Some Administrative Regulations (《關於修改和廢止部分行政法規的決定》) issued by the State Council removed the requirement "(iv) demonstrate a good track record and experience in operating a value-added telecommunications business" previously set out in the FITE Regulations. In July 2006, the Ministry of Information Industry, or the MII, released its Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《關於加強外商投資經營增值電信業務管理的通知》), or the "MII Notice", pursuant to which, domestic telecommunications enterprises are prohibited to rent, transfer or sell a telecommunications business operation license to foreign investors in any form, or provide any resources, premises, facilities and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in China. In addition, under the MII Notice, the internet domain names and registered trademarks used by a foreign-invested value-added telecommunication service operator shall be legally owned by that operator (or its shareholders).

Regulations Relating to Artificial Intelligence Services

On July 10, 2023, the CAC promulgated the Provisional Measures for the Administration of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) (the "**AIGC Measures**"), which took effect on August 15, 2023. The AIGC Measures regulate the use of generative artificial intelligence technologies to provide the public within the territory of the People's Republic of China with services of generative text, pictures, audio, videos, and other content. The AIGC Measures provide that, among others, generative artificial intelligence service providers shall respect social morality and ethics, uphold socialist core values, generate no content prohibited by laws or regulations, prevent discrimination, and respect intellectual properties and personal information rights. Under the AIGC Measures, generative artificial intelligence service providers shall assume their responsibility as the producer of network information content and fulfill their obligation to secure network information. If personal information is involved, a generative artificial intelligence service provider shall assume its responsibility as a personal information handler and protect personal information. Further, a generative artificial intelligence service provider shall, including but not limited to, (i) enter into a service agreement with its users, (ii) specify and disclose its applicable users or purposes

of its services, (iii) prevent underage-users from addicting to generative artificial intelligence services, (iv) protect users' input information and usage records, (v) mark pictures, videos, and other generated content in accordance with the Administrative Provisions on In-depth Synthesis of Internet-based Information Services (《互聯網信息服務深度合成管理規定》), (vi) prevent the transmission of illegal content, and (vii) establish a complaint reporting channel. In addition, if the generative artificial intelligence service has an attribute of public opinions or capability of social mobilization, the service providers shall apply for security assessment according to relevant regulations and complete the filing formalities of algorithms in accordance with the Administrative Provisions on Internet Information Service Algorithm-Based Recommendation. (《互聯網信息服務算法推薦管理規定》)

Regulations Relating to Intellectual Property in the PRC

Copyright and Software Registration

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》), as amended in 2010, and its related Implementing Regulations (《中華人民共和國著作權法實施條例》) issued by the State Council on August 2, 2002, and last amended on January 30, 2013, and became effective on March 1, 2013, copyrights include personal rights such as the right of publication and that of attribution as well as property rights such as the right of production and that of distribution. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided for in the Copyright Law of the PRC, shall constitute infringements of copyrights. The infringer shall, according to the circumstances of the case, undertake to cease the infringement, take remedial action, offer an apology, and pay damages, etc. On November 11, 2020, the SCNPC adopted the amendment to the Copyright Law of the PRC, or the 2020 Copyright Law, which took effect on June 1, 2021. The 2020 Copyright Law further strengthens copyright protection. For example, by: (i) raising maximum statutory compensation from RMB500,000 to RMB5,000,000; (ii) labeling "audiovisual works" as a new type of work to substitute "cinematographic works and works created by a process analogous to cinematography"; and (iii) refining evidential rules on the amount of compensation for copyright infringement. As of the Latest Practicable Date, the Group has 700 software copyrights registrations in the PRC.

The Copyright Law of the PRC labels computer software as a type of work. In accordance with the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, and last amended on 30 January 2013 (the latest revised version became effective from March 1, 2013), Chinese citizens, legal persons or other entities own the copyright in software developed by them, including the right of publication, right of authorship, right of modification, right of reproduction, distribution right, rental right, right of network communication, translation right and other rights that software copyright owners shall have, regardless of whether such software has been published.

In accordance with the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on April 6, 1992, amended on February 20, 2002, and last revised on June 18, 2004, software copyrights, exclusive licensing contracts for software copyrights and software copyright transfer contracts shall be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and designates the Copyright Protection Center of China as a software registration authority. The Copyright Protection Center of China shall grant a registration certification to a computer software copyright applicant who complies with regulations.

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》), as most recently amended in 2019, the right to exclusive use of a registered trademark shall be limited to trademarks which have been approved for registration and to goods for which the use of such trademark has been approved. The period of validity of a registered trademark shall be ten years, counted from the day the registration is approved. According to the Trademark Law of the PRC, using a trademark that is identical to or similar to a registered trademark in connection with the same or similar goods without the authorization of the owner of the registered trademark constitutes an infringement of the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages, etc. As of the Latest Practicable Date, the Group has 26 trademark registrations in the PRC.

On April 29, 2014, the State Council issued the amended Implementing Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), or the 2014 Trademark Regulation, which became effective on May 1, 2014, and specified the requirements of applying for trademark registration and renewal. According to the 2014 Trademark Regulation, using a trademark that is identical to or similar to a registered trademark in connection with the same or similar goods without the authorization of the owner of the registered trademark constitutes an infringement of the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages.

Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》), after the grant of the patent right for an invention or utility model, except where otherwise provided for in the Patent Law, no entity or individual may, without the authorization of the patent owner, exploit the patent, that is, make, use, offer to sell, sell or import the patented product, or use the patented process, or use, offer to sell, sell or import any product which is a direct result of the use of the patented process, for production or business purposes. After a patent right is granted for a design, no entity or individual shall, without the permission of the patent owner, exploit the patent, that is, for production or business purposes, manufacture, offer to sell, sell, or import any product containing the patented design. Once the infringement of patent is

confirmed, the infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages, etc. On October 17, 2020, the SCNPC adopted the amendment to the Patent Law, or the 2020 Patent Law, which took effect on June 1, 2021. The 2020 Patent Law further strengthens patent protection. For example, (i) the design patent term extends from 10 years to 15 years, and rights holders can also now claim part of an entire product design; (ii) an invention will not lose its novelty in the event that it is firstly published for public interest under a national "state of emergency" or under "extraordinary circumstances" within 6 months after the application date of such invention; and (iii) the maximum statutory damages increase from RMB1,000,000 to RMB5,000,000. As of the Latest Practicable Date, the Group has 19 patent registrations in the PRC.

Domain Name

Pursuant to the Measures for the Administration of Internet Domain Names of China (《中國互聯網絡域名管理辦法》) promulgated in November 2004 and came into effect in December 2004, or the 2004 Domain Names Measures, and the Measures for the Administration of Internet Domain names (《互聯網域名管理辦法》) promulgated in August 2017 and came into effect in November 2017, which replaced the 2004 Domain Names Measures, "domain name" shall refer to the character mark of hierarchical structure, which identifies and locates a computer on the internet and corresponds to the internet protocol (IP) address of that computer. The principle of "first come, first serve" is followed for the domain name registration service. After completing the domain name registration, the applicant becomes the holder of the domain name registered by him/it. Any organization or individual may file an application for settlement with the domain names dispute resolution institution or file a lawsuit in the people's court in accordance with the law, if such organization or individual consider its/his legal rights and interests to be infringed by domain names registered or used by others. As of the Latest Practicable Date, the Group has 53 domain name registrations in the PRC.

Regulations Relating to Labor Protection in the PRC

According to the Labor Law of the PRC (《中華人民共和國勞動法》), or the Labor Law, which was promulgated by the SCNPC in July 1994, came into effect on January 1, 1995, and most recently amended in December 2018, an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. An employer shall develop and improve its labor safety and health system, stringently implement national protocols and standards on labor safety and health, conduct labor safety and health education for workers, guard against labor accidents and reduce occupational hazards.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007, came into effect on January 1, 2008, and most recently amended in December 2012, and the Implementation Regulations on Labor Contract Law (《中華人民共和國勞動合同法實施條例》), promulgated and became effective on September 18, 2008, regulate both parties to a labor contract, namely the employer and the employee, and contain specific provisions involving the terms of the labor contract. It is

stipulated by the Labor Contract Law and the Implementation Regulations on Labor Contract Law that a labor contract must be made in writing. An employer and an employee may enter into a fixed-term labor contract, an un-fixed term labor contract, or a labor contract that concludes upon the completion of certain work assignments, after reaching an agreement upon due negotiations. An employer may legally terminate a labor contract and dismiss its employees after reaching an agreement upon due negotiations with the employee or by fulfilling the statutory conditions. Labor contracts concluded prior to the enactment of the Labor Contract Law and subsisting within the validity period thereof shall continue to be honored. With respect to a circumstance where a labor relationship has already been established before the implementation of the Labor Contract Law but no formal contract has been made, a written labor contract shall be entered into within one month from the effective date of the Labor Contract Law. In addition, the Labor Contract Law also imposes requirements on the use of employees of temp agencies, who are known in China as "dispatched workers." Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. The Interim Provisions on Labor Dispatching (《勞務派遣暫行規定》), issued by the Ministry of Human Resources and Social Security of the People's Republic of China, on January 24, 2014, and came into effect on March 1, 2014, requires the number of dispatched workers to not exceed 10% of the total number of employees.

Enterprises in China are required by the PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was implemented on July 1, 2011, and amended on December 29, 2018, an employer that fails to make social insurance contributions in full may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late fee of up to 0.05% per day by the social security premium collection agency, as the case may be. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. According to the Regulations on Management of Housing Fund (《住房公積金管理條例》) issued by the State Council, which was last amended and took effect on March 24, 2019, an enterprise that fails to make housing fund contributions in full may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline by the housing provident fund management center; otherwise, an application may be made to a local court for compulsory enforcement.

Regulations Relating to Leasing

Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994, and last amended on August 26, 2019, and took effect on January 1, 2020, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental prices, rental and repair liabilities, and other rights and obligations of both parties. In addition, pursuant to the Law on Administration of Urban Real Estate of the PRC and the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010, and became effective on February 1, 2011, both lessor and lessee are required to register the lease within 30 days from execution of the property lease contract with the real estate administration department. If the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines ranging from RMB1,000 to RMB10,000.

According to the PRC Civil Code, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. If the lessor transfers the premises, the lease contract between the lessee and the lessor will still remain valid. In addition, where the mortgaged property has been leased and the possession thereof has been transferred before the creation of the mortgage, the previously established leasehold interest will not be affected by the subsequent mortgage.

Regulations Relating to Tax in the PRC

Enterprise Income Tax

On March 16, 2007, the SCNPC promulgated the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) or the EIT Law, which was last amended on December 29, 2018, and the State Council enacted the Regulations for the Implementation of the Law on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) on December 6, 2007, which were last amended on April 23, 2019. According to the EIT Law, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with the PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up 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. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applicable. 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. The Notice on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) issued by the State Taxation Administration (the "SAT"), or the Circular 82, on April 22, 2009, and effective on January 1, 2008, and partially repealed on December 29, 2017, and became effective on the same date, sets up a more specific definition of "actual or de facto control" standard.

Value-Added Tax

According to the Interim Regulation of the PRC on Value Added Tax (the "VAT") (《中華人民共和國增值稅暫行條例》), issued by the State Council on December 13, 1993, and last revised on November 19, 2017, and the Detailed Rules for the Implementation of the Interim Regulation 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》) issued by the Ministry of Finance, or the MOF, on December 25, 1993, and last revised on October 28, 2011, entities and individuals selling goods in the PRC or providing processing services, repair services and importation services should be subject to VAT, and the payable tax amount shall be calculated by deducting input tax for the current period from output tax for the current period. According to the Notice of Taxation on Implementing the Pilot Program of Replacing Business Tax with VAT in an All-round Manner issued jointly by the MOF and SAT (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) on March 23, 2016, and partly amended by the MOF, SAT and the General Administration of Customs on March 20, 2019, and became effective on April 1, 2019, the countrywide pilot practice of levying VAT in lieu of business tax, or the Pilot Practice, has been carried out since May 1, 2016. According to the specific regulatory documents for the Pilot Practice, including the Implementation Measures for the Pilot Practice of Levying VAT in lieu of Business Tax (《營業稅改徵增值稅試點實施辦法》), which became effective on May 1, 2016, and partially repealed on March 20, 2019, and became effective on April 1,2019, the VAT rates vary from 17%, 11%, 6%, 3% to 0% for taxpayers incurring taxable activities. According to the Notice of the MOF and SAT on Adjusting the Value-added Tax Rate (《財政部、國家稅務總局關於調整增值稅稅率的通知》) effective on May 1, 2018, the VAT tax rates on sales, imported goods that were previously subject to 17% and 11% are now adjusted to 16% and 10%, respectively. According to the Announcement of the Ministry of Finance, the SAT and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019, and came into effect on April 1, 2019, the VAT tax rates on sales, imported goods that were previously subject to 16% and 10% are now adjusted to 13% and 9%, respectively. Our services are subject to VAT at the rate of 6% in accordance with such VAT regulations.

Dividend Withholding Tax

Pursuant to the Enterprise Income Tax Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which became effective on August 21, 2006, and the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), or SAT Circular 81, which became effective on February 20, 2009, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise and certain other conditions are met, including: (1) the Hong Kong enterprise must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (2) the Hong Kong enterprise must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends.

Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), or SAT Circular 81, which became effective on February 20, 2009, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Furthermore, the SAT issued the Circular of SAT on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家稅務總局關於發布<非居民納稅人享受協定待遇管理辦法>的公告》), or the SAT Circular 35, on October 14, 2019, which became effective on January 1, 2020. The SAT Circular 35 further simplified the procedures for enjoying treaty benefits and replaced the Circular of SAT on Promulgation of the Administrative Measures for Non-Resident Enterprises (《國家稅務總局關於發佈<非居民納稅人享受稅收協定待遇管理辦法>的公告》), or the SAT Circular 60. According to the SAT Circular 35, no approvals from the tax authorities are required for a non-resident taxpayer to enjoy treaty benefits, and where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, but it shall gather and retain the relevant materials as required for future inspection, and accept follow-up administration by the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. According to the Circular on Several Issues regarding the "Beneficial Owner" in Tax Treaties (《國家稅務總局關於稅收協定中「受益所有人」有關問題的公告》), or Circular 9, which was issued on February 3, 2018, by the SAT, effective as of April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether

the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This circular further provides that applicants who intend to prove his or her status of the "beneficial owner" shall submit the relevant documents to the relevant tax bureau according to the Circular of SAT on Promulgation of the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Tax Treaties.

Income Tax for Share Transfers

According to the Circular of SAT Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties 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》), or SAT Bulletin 7, promulgated by the SAT in February 2015, if a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by transfer of the equity interests of an offshore holding company (other than a purchase and sale of shares in a public securities market) without a reasonable commercial purpose, the PRC tax authorities have the power to reassess the nature of the transaction and the indirect equity transfer will be treated as a direct transfer. As a result, the gain derived from such transfer, which means the equity transfer price less the cost of equity, will be subject to the PRC withholding tax at a rate of up to 10%. In October 2017, SAT issued the Announcement of the SAT on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (《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》), or the SAT Bulletin 37, which, among others, repealed certain rules stipulated in SAT Bulletin 7 and became effective on December 1, 2017. The SAT Bulletin 37 further details and clarifies the tax withholding methods in respect of income of non-resident enterprises.

Regulations Relating to Dividend Distributions

The principal regulations governing the distribution of dividends of wholly foreign-owned enterprise, or WFOE, include the PRC Company Law, the Foreign Investment Law and the Implementation Rules of the Foreign Investment Law. Under these regulations, WFOEs in China may pay dividends only out of their accumulated profits, if any, determined in accordance with the PRC accounting standards and regulations. In addition, WFOE in the PRC are required to allocate at least 10% of their accumulated profits each year, if any, to fund certain reserve funds unless these reserves have reached 50% of the registered capital of the enterprises. These reserves are not distributable as cash dividends.

Regulations Relating to Foreign Exchange

Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the PRC Foreign Exchange Administration Regulations (《中華人民共和國外匯管理條例》), or the Foreign Exchange Administration Regulations, which were promulgated by the State Council on January 29, 1996, and last amended on August 5, 2008. Under the Foreign Exchange Administration Regulations, Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China, unless prior approval of the State Administration of Foreign Exchange, or the SAFE or its local counterparts, has been obtained.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), or SAFE Notice 13, according to which, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration.

On March 30, 2015, SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or Circular 19, which came into effect on June 1, 2015, and amended by SAFE on December 30, 2019, and December 4, 2023. According to Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretionary Foreign Exchange Settlement, which means that the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise, and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and proceed with the review process with the banks. Furthermore, Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scopes of enterprises. The capital of a foreign-invested enterprise and capital in Renminbi obtained by the foreign-invested enterprise from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for payments beyond the business scopes of the enterprises or payments as prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities unless otherwise provided by the relevant laws and regulations; (iii) directly or indirectly used for granting entrust loans in Renminbi (unless permitted by the scope of business), repaying inter-enterprise borrowings (including advances by the third party) or repaying the bank loans in Renminbi that have been sub-lent to third parties; or (iv) directly or indirectly used for expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

The Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or Circular 16, was promulgated by SAFE on June 9, 2016, became effective on the same date, and was amended by SAFE on December 4, 2023. Pursuant to Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company shall not be directly or indirectly used for purposes beyond its business scope or prohibited by the PRC laws shall not be provided as loans to its non-affiliated entities, shall not be directly or indirectly used for securities investment or other investment and wealth management other than bank principal protected products, and shall not be used for the construction or purchase of non-self-used real estate (except for the real estate enterprises).

On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), or Circular 3, which was amended by SAFE on December 4, 2023, and stipulates several capital control measures with respect to the outbound remittance of profit equivalent to more than US$50,000 from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

In October 2019, the SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), or the SAFE Circular 28, which was amended by SAFE on December 4, 2023, and, among other things, allows all FIEs to use Renminbi converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment. The Circular Regarding Further Optimizing the Cross-border RMB Policy to Support the [**REDACTED**] of Foreign Trade and Foreign Investment (《關於進一步優化跨境人民幣政策支持穩外貿穩外資的通知》) jointly promulgated by the People's Bank of China, NDRC, MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the China Banking and Insurance Regulatory Commission and SAFE on December 31, 2020, and took effect on February 4, 2021, allows the non-investment foreign-invested enterprises to make domestic reinvestment with RMB capital in accordance with the law on the premise that they comply with prevailing regulations and the invested projects in China are authentic and compliant. In addition, if a foreign-invested enterprise uses RMB income under capital accounts to conduct domestic reinvestment, the invested enterprise is not required to open a special deposit account for RMB capital.

Foreign Exchange Registration of Overseas Investment and Share Incentive Plan by PRC Residents

Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or Circular 37, issued by SAFE and effective in July 2014, regulates foreign exchange matters in relation to the use of special purpose vehicles, or SPVs, by PRC residents or entities to seek offshore investment and financing and conduct round trip investment in China. Under Circular 37, a SPV refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate domestic or offshore assets or interests, while "round trip investment" refers to the direct investment in China by PRC residents or entities through SPVs, namely, establishing foreign-invested enterprises to obtain the ownership, control rights and management rights. Circular 37 requires that, before making contribution into a SPV, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch. Circular 37 further provides that holders of option or share-based awards granted by a non-listed SPV can exercise the options or share-based awards to become a shareholder of such non-listed SPV, subject to registration with SAFE or its local branch.

PRC residents or entities who have contributed legitimate domestic or offshore interests or assets to SPVs but have yet to obtain SAFE registration before the implementation of the Circular 37 shall register their ownership interests or control in such SPVs with SAFE or its local branch. An amendment to the registration is required if there is a material change in the registered SPV, such as any change of basic information (including change of such PRC resident's name and operation term), increases or decreases in investment amounts, transfers or exchanges of shares, or mergers or divisions. Failure to comply with the registration procedures set forth in Circular 37, or making misrepresentation or failure to disclose controllers of foreign-invested enterprise that is established through round-trip investment, may result in restrictions on the foreign exchange activities of the relevant foreign-invested enterprises, including payment of dividends and other distributions, such as proceeds from any reduction in capital, share transfer or liquidation, to its offshore parent or affiliate, and the capital inflow from the offshore parent, and may also subject relevant PRC residents or entities to penalties under PRC foreign exchange administration regulations.

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participation in Equity Incentive Plans of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) promulgated by SAFE on February 15, 2012, or the SAFE Circular 7, PRC residents who are granted shares or share options by companies listed on overseas stock exchanges under share incentive plans are required to (i) register with SAFE or its local branches, (ii) retain a qualified PRC agent, which may be a PRC subsidiary of the overseas listed company or another qualified institution selected by the PRC subsidiary, to conduct SAFE registration and other procedures with respect to the share incentive plans on behalf of the participants, and (iii) retain an overseas institution to handle matters in connection with their exercise of share options, purchase and sale of shares or interests and funds transfers.

Overseas Listing and M&A

On August 8, 2006, six PRC governmental and regulatory agencies, including the MOFCOM and the CSRC, jointly promulgated the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, a new regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006, and revised on June 22, 2009. Foreign investors shall comply with the M&A rules when they purchase equity interests of a domestic company or subscribe for the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC for the purpose of purchasing the assets of a domestic company and operating the asset; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets, and operate the assets. The M&A rules, among other things, purport to require that the offshore special purpose vehicle that is controlled by PRC companies or individuals formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies of the aforementioned PRC companies or individuals using shares of such special purpose vehicle or shares held by its shareholders as a consideration to obtain CSRC approval prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

The Anti-Monopoly Law (《中華人民共和國反壟斷法》) promulgated by the SCNPC, which became effective on August 1, 2022, requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds to be cleared by the Anti-monopoly Law Enforcement Agency of the State Council before they can be completed. In addition, on February 3, 2011, the General Office of the State Council promulgated a Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知》), or Circular 6, which officially established a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Further, on August 25, 2011, MOFCOM promulgated the Regulations on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》), or the MOFCOM Security Review Regulations, which became effective on September 1, 2011, to implement Circular 6. Under Circular 6, a security review is required for mergers and acquisitions by foreign investors having "national defense and security" concerns and mergers and acquisitions by which foreign investors may acquire "*de facto* control" of domestic enterprises with "national security" concerns. Under the MOFCOM Security Review Regulations, MOFCOM will focus on the substance and actual impact of the transaction when deciding whether a specific merger or acquisition is subject to security review. If MOFCOM decides that a specific merger or acquisition is subject to security review, it will submit it to the Inter-Ministerial Panel, an authority established under Circular 6 led by the NDRC and MOFCOM under the leadership of the State Council, to carry out the security review. The regulations prohibit foreign investors from bypassing the security review by structuring transactions through trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. These laws and regulations are continually

evolving as the recently enacted Foreign Investment Law took effect. On December 19, 2020, the Measures for the Security Review for Foreign Investment (《外商投資安全審查辦法》) was jointly issued by NDRC and MOFCOM, which became effective on January 18, 2021. The Measures for the Security Review for Foreign Investment contains provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others.

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and five supporting guidelines, which will come into effect on March 31, 2023.

Pursuant to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either directly or indirectly, are required to fulfill the filing procedure with the CSRC and report the relevant information through filing reports and legal opinions. The Overseas Listing Trial Measures provides that an overseas listing or offering is explicitly prohibited, if any of the following: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as scrutinized and determined in accordance with law by competent authorities under the State Council; (iii) the domestic company intending to make the securities offering and listing, or the controlling shareholder(s) and the actual controller of such company, have committed relevant 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 make the securities offering and listing 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.

The Overseas Listing Trial Measures also provides that the overseas securities offering and listing will be deemed as an indirect overseas offering by PRC domestic companies if (i) 50% or more of any of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year are accounted for by PRC domestic companies; and (ii) the issuer's principal business activities are conducted in the PRC, or its principal place(s) of business are located in the PRC, or the senior executives responsible for its business operations and management are mostly Chinese citizens or persons domiciled in the PRC. It is not specified whether Chinese citizens from Taiwan, Hong Kong, and Macau are included in the foregoing specification. Where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted to the overseas regulators. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on any material events, such as change of control, investigation or punishment taken by overseas securities regulatory authorities, change of listing status or listing plate, or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings.

On the same day, CSRC also held a press conference for the release of the Overseas Listing Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which among others, clarifies that (i) the PRC domestic companies that have already been listed overseas on or before the effective date of the Overseas Listing Trial Measures (i.e. March 31, 2023) shall be deemed as existing issuers, or the Existing Issuers. Existing Issuers are not required to complete the filling procedures immediately, and they shall be required to file with the CSRC when subsequent matters such as refinancing are involved; (ii) on or prior to the effective date of the Overseas Listing Trial Measures, PRC domestic companies that have already submitted valid applications for overseas offering and listing but have not obtained approval from competent overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing prior to the completion of their overseas offering and listing; (iii) a six-month transition period from March 31, 2023 will be granted to PRC domestic companies which, prior to the effective date of the Overseas Listing Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as the completion of hearing in the market of Hong Kong or the completion of registration in the market of the United States) for their indirect overseas offering and listing, and if such companies complete their overseas offering and listing within such six months, they are deemed as Existing Issuers. However, if such domestic companies fail to complete the overseas issuance and listing within such six-month transition period, they shall file relevant documents with the CSRC in accordance with the requirements.

Based on the foregoing, if prior to the effective date of the Overseas Listing Trial Measures, the domestic enterprises have a valid overseas listing application and have not received the consent of the overseas regulator or overseas stock exchange, they may reasonably arrange the timing of filing the application and should complete the filing before the overseas offering and listing. We submitted the required filing documents to the CSRC on April 24, 2023, and obtained the Record-filing Notice of Overseas [**REDACTED**] and [**REDACTED**] on February 7, 2024. For the latest status of the Company's compliance with the Overseas Listing Trial Measures, see "Contractual Arrangements – Filings and Approvals from PRC Governmental Authorities"