B. FOREIGN LAWS AND REGULATIONS

We are an exempted company incorporated in the Cayman Islands with limited liability and our affairs are governed by our memorandum and articles of association, and the Cayman Companies Act and the common law of the Cayman Islands.

As of the date specified on this information sheet, our authorized share capital was US$100,000 divided into 32,000,000,000 Shares of par value US$0.000003125 per Share.

The following are summaries of material provisions of our Articles, as currently in effect, and the Cayman Companies Act insofar as they relate to the material terms of our Shares.

Summary of Our Constitution

Memorandum of Association

Our Memorandum of Association, as currently in effect, states, among other things, that the liability of our members is limited, that the objects for which we are established are unrestricted and we shall have full power and authority to carry out any object not prohibited by the Cayman Companies Act or any other law of the Cayman Islands.

Articles of Association

Our Articles of Association, as currently in effect, include provisions to the following effect:

Shares

General

A shareholder shall only be entitled to a share certificate if our directors resolve that share certificates shall be issued. We may not issue shares to bearer.

Dividends

The holders of our Shares are entitled to such dividends as may be declared by our board. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors.

Any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited by our board and, if so forfeited, shall revert to us.

Voting Rights

Each Share is entitled to one vote on all matters upon which our Shares are entitled to vote.

Voting at any meeting of shareholders is by poll.

An ordinary resolution to be passed by our shareholders requires the affirmative vote of a simple majority of the votes cast by our shareholders entitled to vote who are present (in person or by proxy, or by means of communications facilities, where permitted) at a general meeting, while a special resolution requires the affirmative vote of no less than three-fourths of the votes cast by our shareholders entitled to vote who are present (in person or by proxy, or by means of communications facilities, where permitted) at a general meeting (except for certain matters described below which require a higher affirmative vote, in which cases the required majority to pass a special resolution shall be 95%, and for certain types of winding up of our Company, in which case the required majority to pass a special resolution shall be 100%). Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all shareholders, as permitted by our Articles.

Our Articles provide that a special resolution shall be required, and that for the purposes of any such special resolution, the affirmative vote of no less than 95% of votes cast by our shareholders entitled to vote who are present (in person or by proxy, or by means of communications facilities, where permitted) at a general meeting shall be required to approve any amendments to any provisions of our Articles that relate to or have an impact upon:

- the right of the Alibaba Partnership to nominate directors to our board as described below under "—Nomination, Election and Removal of Directors;"
- the affirmative shareholder vote necessary to approve or authorize a merger or change of control if the Alibaba Partnership's right to nominate directors is adversely impacted by such merger or change of control;
- the procedures regarding the election, appointment and removal of directors or the size of our board; and
- any alteration of the voting rights with respect to the above.

Transfer of Shares

Subject to the restrictions contained in our Articles as set out below, any of our shareholders may transfer all or any of his or her Shares by an instrument of transfer in any usual or common form or any other form approved by our board, executed by or on behalf of the transferor (and, if in respect of a nil or partly paid up share, or if so required by our directors, by or on behalf of the transferee).

Our board may, in its absolute discretion, decline to register any transfer of any Share that has not been fully paid up or on which our company has a lien. Our board may also decline to register any transfer of any Share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for our Shares to which it relates and such other evidence as our board may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of Shares;
- the instrument of transfer is properly stamped, if required;
- the Share transferred is fully paid and free of any lien in favor of us;
- any fee related to the transfer has been paid to us; and
- the transfer is not to more than four joint holders.

If our directors refuse to register a transfer, they are required, within three months after the date on which the instrument of transfer was lodged, to send to each of the transferor and the transferee notice of such refusal.

Liquidation

On our winding up, if the assets available for distribution among the holders of our Shares shall be more than sufficient to repay the whole of the issued share capital at the commencement of the winding up, the surplus will be distributed among the holders of our Shares on a pro rata basis in proportion to the par value of the Shares held by them subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the issued share capital, the assets will be distributed so that the losses are borne by the holders of our Shares in proportion to the par value of the Shares held by them.

The liquidator may, with the sanction of a special resolution of our shareholders and any other sanction required by the Cayman Companies Act, divide amongst our shareholders in species or in kind the whole or any part of our assets, and may for that purpose value any assets and determine how the division shall be carried out as between our shareholders or different classes of shareholders.

Calls on Shares and Forfeiture of Shares

Our board may from time to time make calls upon shareholders for any amounts unpaid on their Shares. Shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares

We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders thereof, on such terms and in such manner as may be determined by our board. Subject to the provisions of the Cayman Companies Act, we may, by agreement with the relevant shareholder, repurchase our own shares (including any redeemable shares) provided that the manner and terms of such purchase have been approved by our directors or by an ordinary resolution by our shareholders (provided further that no repurchase may be made contrary to the terms or manner recommended by our directors). In addition, we may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares

If at any time, our share capital is divided into different classes of shares, all or any of the rights attached to any such class of shares may be varied or abrogated with the consent in writing of the holders of not less than three-fourths of the shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights will not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be varied or abrogated by the creation, allotment or issue of further shares ranking equally with or in priority or subsequent to such existing class of shares, or the redemption or purchase of any shares of that class by our Company. The rights of holders of shares shall not be deemed to be varied or abrogated by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Notwithstanding the foregoing, our board may issue preferred shares, without further action by the shareholders. See "—Directors' Power to Issue Shares."

Nomination, Election and Removal of Directors

Our Articles provide that persons standing for election as directors at a duly constituted general meeting with requisite quorum shall be elected by an ordinary resolution of our shareholders, which requires the affirmative vote of a simple majority of the votes cast on the resolution by our shareholders entitled to vote who are present (in person or by proxy, or by means of communications facilities, where permitted) at the meeting. Our Articles further provide that our board is divided into three groups designated as Group I, Group II and Group III with as nearly equal a number of directors in each group as possible. At each annual general meeting, directors elected to succeed those directors of the group the term of which shall then expire shall be elected for a term of office to expire at the third succeeding annual general meeting after their election. Directors elected to a group the term of which has not then expired shall be elected for the remaining term of office of such group. Our Articles provide that our board shall consist of such number of directors as the board may determine from time to time, provided that, unless otherwise determined by our shareholders in a general meeting, our board shall consist of not less than seven directors. Our Articles further provide that in no event shall our board consist of less than five directors. We have no provisions relating to retirement of directors upon reaching any age limit.

Our Articles provide that the Alibaba Partnership shall have the right to nominate such number of persons who shall stand for election as directors as may be required to ensure that directors nominated or appointed by the Alibaba Partnership shall constitute a simple majority of the total number of directors on our board, with as equal a number of such nominated directors assigned to each group of directors as possible. Our Articles further provide that the Alibaba Partnership's nomination rights are conditioned on the Alibaba Partnership continuing to operate under the terms of the partnership agreement of the Alibaba Partnership in effect as of the completion of the offering of our ADSs in 2014, as amended from time to time (the "**Partnership Condition**"). Any amendment to the provisions in the partnership agreement relating to the purpose of the partnership, or to the manner in which the Alibaba Partnership exercises its right to nominate a simple majority of our directors, will be subject to the approval of the majority of our directors who are not nominees or appointees of the Alibaba Partnership and are "independent directors" within the meaning of Section 303A of the Corporate Governance Rules of the New York Stock Exchange, and any such amendment made without such approval of a majority of our independent directors will automatically be deemed a failure of the Partnership Condition.

A nominating and corporate governance committee of our board shall have the right to determine the persons who shall stand for election as directors for the remainder of the places available for election to our board. Each of the compensation committee and the nominating and corporate governance committee shall consist of not less than two directors and the majority of the committee members shall be independent within the meaning of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The audit committee shall consist of at least three directors, all of whom shall be independent within the meaning of Section 303A of the Corporate Governance Rules of the New York Stock Exchange and shall meet the criteria for independence set forth in Rule 10A-3 of the U.S. Exchange Act by the end of the one year transition period for companies following an initial public offering.

In the event that any director nominee is not elected by the shareholders, or any director ceases to serve as a member of our board for any reason, the party that nominated or appointed such person, as applicable, shall have the right to appoint a different person to our board to serve as an interim director until the next annual general meeting of shareholders after such appointment. At the next annual general meeting after such appointment, the party entitled to appoint such interim director shall have the right to nominate a person (who, in the case of the Alibaba Partnership, cannot be the original nominee) to stand for election for the remainder of the term of the group of directors to which the original nominee would have belonged or the former director belonged, as applicable.

All director nominations and appointments shall become effective upon the nominating party giving a written notice (duly signed by the general partner of the Alibaba Partnership, or by majority of the members of the nominating and corporate governance committee, as the case may be) to us, without the requirement for any further vote or approval by our shareholders or our board.

Our board may expand the maximum number of directors on our board, subject to any maximum number determined from time to time by our board with the approval of our shareholders at a general meeting. In the event of a vacancy due to an increase in the size of our board, the party entitled to designate a director nominee to stand for election with respect to such newly created seat on the board at the next annual general meeting of shareholders shall be entitled to appoint any person as an interim director to fill such vacancy until the next annual general meeting after such appointment.

If at any time the total number of directors on our board nominated or appointed by the Alibaba Partnership is less than a simple majority of our directors for any reason, including because a director previously nominated by the Alibaba Partnership ceases to be a member of our board or because the Alibaba Partnership had previously not exercised its right to nominate or appoint a simple majority of our board, the Alibaba Partnership shall be entitled (in its sole discretion) to nominate or appoint such number of additional directors to the board as necessary to ensure that the directors nominated or appointed by the Alibaba Partnership comprise a simple majority of the total number of directors on our board.

A director will be removed from office automatically if, among other things, the director (1) becomes bankrupt or makes any arrangement or composition with his creditors generally; or (2) dies or is found to be of unsound mind; or (3) resigns his office by notice in writing to us. In addition, directors nominated or appointed by the Alibaba Partnership are, so long as the Partnership Condition is satisfied, subject to removal, with or without cause, only by the Alibaba Partnership. So long as the Partnership Condition is satisfied, any director nominated or appointed by the nominating and corporate governance committee may be removed for cause by a vote of the majority of our board upon the recommendation of the nominating and corporate governance committee. Upon a failure to satisfy the Partnership Condition, any director may be removed by ordinary resolution, with or without cause.

There is no shareholding qualification for directors nor is there any specified age limit for directors.

Proceedings of Our Board

Our Articles provide that the business of our Company shall be managed by our board. The quorum necessary for a board meeting may be fixed by our board and, unless so fixed at another number, will be a majority of the directors.

Our Articles provide that our board may exercise all the powers of our Company to borrow money and to mortgage or charge our undertaking, property and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of our Company or of any third party.

Changes in Capital

Our shareholders may from time to time by ordinary resolution:

- increase our share capital by such sum as the resolution shall prescribe, and with such rights, priorities and privileges annexed thereto, as our Company in general meeting may determine (provided that no such rights, priorities or privileges affect any right of the Alibaba Partnership under our Articles);

- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;

- sub-divide our existing shares, or any of them, into shares of a smaller amount; or

- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so cancelled.

Our shareholders may by special resolution, subject to any confirmation or consent required by the Cayman Companies Act, reduce our share capital or any capital redemption reserve in any manner permitted by law.

Restrictive Provisions

Under our Articles, in connection with any distribution, dividend or other payment in respect of our Shares upon a merger, consolidation, change of control, or sale, transfer, lease, exclusive license or other disposition of all or substantially all of our assets, such distribution, dividend or other payment shall be made ratably on a per share basis to our Shares, such that the partners of the Alibaba Partnership and other holders of our Shares shall receive the same consideration with respect to their Shares in connection with any such transaction. In addition, our Articles provide that the Alibaba Partnership may not transfer or otherwise delegate or give a proxy to any third party with respect to its right to nominate directors. Our Articles also provide that the consent of a majority of the independent members of our board who are not nominees of the Alibaba Partnership shall be needed for any amendment of certain provisions of the partnership agreement of the Alibaba Partnership (including provisions relating to the purpose of the partnership and the manner in which the partnership exercises its rights to nominate or appoint a majority of our board), and any such amendment made without such approval shall automatically be deemed a failure of the Partnership Condition.

Directors' Power to Issue Shares

Under our Articles, our board is empowered to issue, allot and dispose of shares to such persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine, and to grant options with respect of our shares and to issue warrants or similar instruments with respect thereto. In particular, pursuant to our Articles, our board may authorize the division of our shares into any number of classes and the different classes shall be authorized, established and designated (or re-designated as the case may be) and the variations in the relative rights (including, without limitation, voting, dividend and redemption rights), restrictions, preferences, privileges and payment obligations as between the different classes (if any) may be fixed and determined by our directors (without further approval of our shareholders) or by a special resolution of our shareholders. Our directors may issue shares with such preferred or other rights, all or any of which may be greater than the rights of our ordinary shares, at such time and on such terms as they may think appropriate.

Directors' Borrowing Powers

Our directors may exercise all of our powers to borrow money and to mortgage or charge our undertaking, property and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of our Company or of any third party.

Disclosure of interest in contracts with us or any of our subsidiaries

Our Articles provide that a director who has a direct or indirect interest in any contract, business or arrangement in which we or our affiliates is a party or becomes a party to (an "**Interested Director**"), shall declare the nature of his interest at a meeting of the directors.

A general notice given to the directors by any director to the effect that he or any of his close affiliates (as defined in the Hong Kong Listing Rules) is affiliated with any specified person and is to be regarded as interested in any contract which may later be made with that person shall be deemed a sufficient declaration of interest in regard to any contract so made.

For so long as our Shares or ADSs are listed on The New York Stock Exchange or the Hong Kong Stock Exchange and except as otherwise permitted by the rules of such stock exchanges, including the Hong Kong Listing Rules, an Interested Director shall not be counted in the quorum and shall not be entitled to vote in respect of any contract or proposed contract or arrangement in which he is interested. Except with the prior approval of a majority of the non-Interested Directors, we will not, and will cause each of our subsidiaries not to, enter into or engage in any transaction or agreement to which we or any of our subsidiaries, on the one hand, and any such Interested Director or person affiliated with such Interested Director, on the other hand, are parties or receive any direct or indirect economic or other benefits (except to the extent of their pro rata share in benefits accruing to other shareholders).

Remuneration of directors

Our Articles provide that the remuneration of our directors shall be determined by our board. No independent quorum is required.

Restriction on Ownership of Securities

There are no provisions in our Articles relating to restriction on ownership of our Shares or securities.

Lien on Our shares

Our Articles provide that we have a first and paramount lien on every share (whether or not fully paid) for all amounts (whether presently payable or not) payable at a fixed time or called in respect of that share. We also have a first and paramount lien on every share registered in the name of a person indebted or under liability to us (whether he is the sole registered holder of a share or one of two or more joint holders) for all amounts owing by him or his estate to us (whether or not presently payable). Our directors may at any time declare a share to be wholly or in part exempt from these requirements. Our lien on a share extends to any amount payable in respect of it.

Suspension of Registration of Transfers

Our registration of transfers may, on 14 days' notice being given by advertisement in such one or more newspapers or by electronic means, be suspended and the our Register of Members closed at such times and for such periods as our directors may, in their absolute discretion, from time to time determine, provided always that such registration of transfer shall not be suspended nor our Register of Members closed for more than 30 days in any year.

General Meeting

We shall in each financial year hold a general meeting as our annual general meeting, in addition to any other interim general meeting in that year, and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held within a period that would comply with the rules of The New York Stock Exchange and the Hong Kong Stock Exchange or otherwise be permitted by such stock exchanges, at such time and place as may be determined by our directors.

Shareholder Requisition of General Meeting

Our Articles provide that upon a shareholder's requisition, our board shall be required to convene an interim general meeting of our Company, and to put the resolutions so requisitioned to a vote at such meeting. A shareholders' requisition is a requisition of shareholders holding at the date of deposit of the requisition in aggregate not less than one-third of the voting rights of such of the issued Shares as at that date of the deposit carries the right of voting at our general meetings.

Our Articles provide that, the shareholders who requisition a meeting (i) may propose only ordinary resolutions to be considered and voted upon at such meeting; and (ii) shall have no right to propose any resolutions with respect to the election, appointment or removal of directors or with respect to the size of our board.

Save for the right to requisition an interim general meeting as set out above, our shareholders have no right to propose resolutions to be considered or voted upon at our annual general meetings or at any interim general meetings not called by such shareholders.

Notice of General Meeting

At least 21 days' notice in writing shall be given for any annual general meeting, and at least 14 days' notice in writing shall be given for any interim general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place (except in the case of a virtual meeting), the day and the hour of the meeting as determined by our board and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by our board, provided that our general meeting shall, whether or not the notice specified above has been given and whether or not the provisions of our Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed: (a) in the case of an annual general meeting by all shareholders (or their proxies) entitled to attend and vote thereat; and (b) in the case of an interim general meeting by a majority in number of our shareholders (or their proxies) having a right to attend and vote at the meeting, being a majority together holding not less than 95% in par value of our shares giving that right.

Quorum of General Meeting

No business shall be transacted at any general meeting unless a quorum of shareholders is present at the time when the meeting proceeds to business. The quorum required for a general meeting of shareholders is the presence of at least one shareholder entitled to vote, holding in aggregate not less than one-third of the voting power of our shares in issue carrying a right to vote at such meeting.

Claims against Us

Unless otherwise determined by a majority of our board, in the event that (i) any shareholder (the "**Claiming Party**") initiates or asserts any claim or counterclaim ("**Claim**") or joins, offers substantial assistance to or has a direct financial interest in any Claim against us and (ii) the Claiming Party (or the third party that received substantial assistance from the Claiming Party or in whose Claim the Claiming Party had a direct financial interest) does not obtain a judgment on the merits in which the Claiming Party prevails, then each Claiming Party shall, to the fullest extent permissible by law, be obligated jointly and severally to reimburse us for all fees, costs and expenses (including, but not limited to, all reasonable attorneys' fees and other litigation expenses) that we may incur in connection with such Claim.

Summary of Cayman Islands Company Act and Taxation

Introduction

The Cayman Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Cayman Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Cayman Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

Incorporation

We were incorporated in the Cayman Islands as an exempted company with limited liability on 28 June 1999 under the Cayman Companies Act. As such, our operations must be conducted mainly outside the Cayman Islands. We are required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of our authorized share capital.

Share Capital

The Cayman Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Cayman Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account called the "share premium account." The Cayman Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- paying distributions or dividends to members;
- paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- in the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Act);
- writing off the preliminary expenses of the company; and
- writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Cayman Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Cayman Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner and terms of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner and any of the terms of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given.

Dividends and Distributions

With the exception of section 34 of the Cayman Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see "—Share Capital" above for details).

Shareholder Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

Disposal of Assets

The Cayman Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

Accounting and Auditing Requirements

The Cayman Companies Act requires that a company shall cause to be kept proper books of account with respect to:

- all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- all sales and purchases of goods by the company; and
- the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Cayman Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

Inspection of Books and Records

Under the Cayman Companies Act, any person may, upon the payment of a fee, inspect a list of the current directors and alternate directors (if applicable) of the Company made available by the Registrar of Companies of the Cayman Islands. Members of a company will have no general right under the Cayman Companies Act to inspect or obtain copies of the register of members or corporate records of the company (other than the memorandum and articles of association and any special resolutions passed by the company, and the company's register or mortgages and charges). They will, however, have such rights as may be set out in the company's articles of association.

Special Resolutions

The Cayman Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

Subsidiary Owning Shares in Parent

The Cayman Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

Mergers and Consolidations

The Cayman Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations by way of schemes of arrangement between a company and its creditors (or any class of them), or between a company and its members (or any class of them), provided that the arrangement is approved by (i) a majority in number representing 75% in value of the creditors or class of creditors, or (ii) 75% in value of the members or class of members (as the case may be, depending on the circumstances), as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, ratably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty or withholding tax applicable to us or to any holder of our ADSs or ordinary shares. There are no other taxes likely to be material to us levied by the Government of the Cayman Islands except for stamp duties that may be applicable on instruments executed in, or after execution brought into, the jurisdiction of the Cayman Islands. No stamp duty is payable in the Cayman Islands on the issue of shares by, or any transfer of shares of, Cayman Islands companies (except those which hold interests in land in the Cayman Islands). The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our Company.

Payments of dividends and capital in respect of our ADSs and ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our ADSs or ordinary shares, as the case may be, nor will gains derived from the disposal of our ADSs or ordinary shares be subject to Cayman Islands income or corporation tax.

Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

Material United States Federal Income Tax Considerations

The following summary describes the material United States federal income tax consequences of the ownership and disposition of our ADSs and ordinary shares. The discussion set forth below is applicable only to United States Holders that hold ADSs or ordinary shares as capital assets (generally, property held for investment). As used herein, the term "United States Holder" means a beneficial owner of an ADS or ordinary share that is for United States federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it is subject to the primary supervision of a court within the United States and one or more United States persons has or have the authority to control all substantial decisions of the trust, or if it has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding our ADSs or ordinary shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;

- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10% or more of our stock (by vote or value);
- a person required to accelerate the recognition of any item of gross income with respect to our ADSs or ordinary shares as a result of such income being recognized on an applicable financial statement;
- a partnership or other pass-through entity for United States federal income tax purposes; or
- a person whose "functional currency" is not the U.S. dollar.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "**Code**"), and regulations, rulings and judicial decisions thereunder as of the date hereof, as well as the current income tax treaty between the United States and the PRC (the "**Treaty**"). Those authorities may be replaced, revoked or modified, perhaps retroactively, so as to result in United States federal income tax consequences different from those discussed below. In addition, this summary assumes that the deposit agreement governing our ADSs, and all other related agreements, will be performed in accordance with their terms.

If a partnership (or other entity or arrangement treated as a partnership for United States federal income tax purposes) holds our ADSs or ordinary shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner of a partnership holding our ADSs or ordinary shares, you should consult your tax advisors.

This summary does not contain a detailed description of all the United States federal income tax consequences to you in light of your particular circumstances and does not address the Medicare tax on net investment income, United States federal estate and gift taxes or the effects of any state, local or non-United States tax laws. If you are considering the purchase of our ADSs or ordinary shares, you should consult your own tax advisors concerning the United States federal income tax consequences to you in light of your particular situation as well as any consequences arising under other United States federal tax laws and the laws of any other taxing jurisdiction.

ADSs

If you hold ADSs, for United States federal income tax purposes, you generally will be treated as the owner of the underlying ordinary shares that are represented by the ADSs. Accordingly, deposits or withdrawals of ordinary shares for ADSs will not be subject to United States federal income tax.

Taxation of Dividends

Subject to the discussion under "—Passive Foreign Investment Company" below, the gross amount of distributions on the ADSs or ordinary shares (including any amounts withheld to reflect PRC withholding taxes) will be taxable as dividends, to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. The dividends (including withheld taxes) will be includable in your gross income as ordinary income on the day actually or constructively received by you, in the case of the ordinary shares, or by the depositary, in the case of ADSs. Such dividends will not be eligible for the dividends received deduction generally allowed to corporations under the Code. The following discussion assumes that all dividends will be paid in U.S. dollars.

Subject to applicable limitations (including a minimum holding period requirement), certain dividends received by non-corporate United States investors from a qualified foreign corporation may be treated as "qualified dividend income" that is subject to reduced rates of taxation. A foreign corporation is generally treated as a qualified foreign corporation with respect to dividends paid by that corporation on ordinary shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. United States Treasury Department guidance indicates that our ADSs (which are listed on the NYSE) are readily tradable on an established securities market in the United States. Thus, subject to the discussion under "—Passive Foreign Investment Company" below, we believe that any dividends we pay on our ordinary shares that are represented by ADSs will be potentially eligible for these reduced tax rates. Since we do not expect that our ordinary shares will be listed on an established securities market in the United States, we believe that any dividends that we pay on our ordinary shares that are not represented by ADSs do not currently meet the conditions required for these reduced tax rates. There also can be no assurance that our ADSs will continue to be readily tradable on an established securities market in the United States in subsequent years. A qualified foreign corporation also generally includes a foreign corporation that is eligible for the benefits of certain income tax treaties with the United States. In the event that we were deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law (the "**EIT Law**"), although no assurance can be given, we might be eligible for the benefits of the Treaty. If we were eligible for such benefits, subject to the discussion under "—Passive Foreign Investment Company" below, dividends we pay on our ordinary shares, regardless of whether the shares are represented by ADSs, would be potentially eligible for the reduced rates of taxation.

However, notwithstanding the foregoing, we will not be treated as a qualified foreign corporation, and non-corporate United States Holders will not be eligible for reduced rates of taxation, for any dividends that we pay if we are a passive foreign investment company (a "**PFIC**") with respect to such holders in the taxable year in which the dividends are paid or in the preceding taxable year. See "—Passive Foreign Investment Company" below.

In the event that we were deemed to be a PRC resident enterprise under the EIT Law, you might be subject to PRC withholding taxes on dividends paid to you with respect to the ADSs or ordinary shares. In that case, subject to certain conditions and limitations (including a minimum holding period requirement), PRC withholding taxes on dividends may be treated as foreign taxes eligible for credit against your United States federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid on the ADSs or ordinary shares will be treated as foreign source income and will generally constitute passive category income. However, if you are eligible for Treaty benefits, any PRC taxes on dividends will not be creditable against your United States federal income tax liability to the extent withheld at a rate exceeding the applicable Treaty rate. In addition, United States Treasury regulations addressing foreign tax credits (the "**Foreign Tax Credit Regulations**") impose additional requirements for foreign taxes to be eligible for a foreign tax credit, and unless you are eligible for and elect to claim the benefits of the Treaty, there can be no assurance that those requirements will be satisfied. The Department of the Treasury and the Internal Revenue Service (the "**IRS**") are considering proposing amendments to the Foreign Tax Credit Regulations. In addition, recent notices from the IRS provide temporary relief by allowing taxpayers that comply with applicable requirements to apply many aspects of the foreign tax credit regulations as they previously existed (before the release of the current Foreign Tax Credit Regulations) for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). Alternatively, instead of claiming a foreign tax credit, you may be able to deduct any PRC withholding taxes on dividends in computing your taxable income, subject to generally applicable limitations under United States law (including that a United States Holder is not eligible for a deduction for otherwise creditable foreign income taxes paid or accrued in a taxable year if such United States Holder claims a foreign tax credit for any foreign income taxes paid or accrued in the same taxable year).

The rules governing the foreign tax credit and deductions for foreign taxes are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit or a deduction under your particular circumstances.

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, as determined under United States federal income tax principles, the distribution will first be treated as a tax free return of capital, causing a reduction in the adjusted basis of the ADSs or ordinary shares (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by you on a subsequent disposition of the ADSs or ordinary shares), and the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange, as described under "—Taxation of Capital Gains" below. Consequently, any distributions in excess of our current and accumulated earnings and profits will generally not give rise to foreign source income and you will generally not be eligible for a foreign tax credit for any PRC withholding tax imposed on those distributions unless the credit can be applied (subject to applicable limitations) against United States federal income tax due on other foreign source income in the appropriate category for foreign tax credit purposes. However, we do not expect to keep earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will generally be reported as a dividend (as discussed above).

Distributions of ADSs, ordinary shares or rights to subscribe for ADSs or ordinary shares that are received as part of a pro rata distribution to all of our shareholders generally will not be subject to United States federal income tax. Consequently, these distributions will generally not give rise to foreign source income and you will generally not be eligible for a foreign tax credit for any PRC withholding tax imposed on these distributions unless the credit can be applied (subject to applicable limitations) against United States federal income tax due on other foreign source income in the appropriate category for foreign tax credit purposes.

Passive Foreign Investment Company

Based on the composition of our income and assets, and the valuation of our assets, including goodwill, we do not believe we were a PFIC for our most recent taxable year ended March 31, 2024, although there can be no assurance in this regard.

The determination of whether or not we are a PFIC is made on an annual basis and will depend on the composition of our income and assets and the valuation of our assets from time to time. Specifically, we will be classified as a PFIC for United States federal income tax purposes for any taxable year if either: (i) 75% or more of our gross income for that taxable year is passive income, or (ii) at least 50% of the value (generally determined on a quarterly basis) of our assets for that taxable year is attributable to assets that produce or are held for the production of passive income, or the asset test.

For this purpose, passive income generally includes dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person). In addition, cash and other assets readily convertible into cash are generally treated as assets that produce or are held for the production of passive income. Goodwill and other unbooked intangibles associated with active business activity are generally taken into account as non-passive assets. If we own at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of the PFIC tests, as owning our proportionate share of the other corporation's assets and receiving our proportionate share of the other corporation's income. However, it is not entirely clear how the contractual arrangements between us and the VIEs will be treated for purposes of the PFIC rules. If it were determined that we do not own the stock of the VIEs for United States federal income tax purposes (for example, because the relevant PRC authorities do not respect these arrangements), we may be treated as a PFIC.

In addition, there is uncertainty with respect to the value of our assets that should be taken into account for purposes of the asset test, and the significant volatility and decline in the trading prices of our ADSs and ordinary shares in recent years have increased the risk that we were or could be treated as a PFIC for our most recent taxable year. There also can be no assurance that we will not be a PFIC for the current or any future taxable year. In particular, any further decline in the trading prices of our ADSs and ordinary shares may result in our becoming a PFIC. If we are a PFIC for any taxable year during which you hold our ADSs or ordinary shares, you will be subject to special tax rules discussed below.

If we are a PFIC for any taxable year during which you hold our ADSs or ordinary shares and you do not make a timely mark-to-market election (as discussed below), you will be subject to special tax rules with respect to any "excess distribution" received and any gain realized from a sale or other disposition, including a pledge, of ADSs or ordinary shares. Distributions received in a taxable year that are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as excess distributions. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs or ordinary shares;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year for individuals or corporations, as applicable, and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each relevant year.

Although the determination of whether we are a PFIC is made annually, if we are a PFIC for any taxable year in which you hold our ADSs or ordinary shares, you will generally be subject to the special tax rules described above for that year and for each subsequent year in which you hold the ADSs or ordinary shares (even if we do not qualify as a PFIC in such subsequent years). However, if we cease to be a PFIC, you can avoid the continuing impact of the PFIC rules by making a special election to recognize gain as if your ADSs or ordinary shares had been sold on the last day of the last taxable year during which we were a PFIC. You are urged to consult your own tax advisors about this election.

In certain circumstances, in lieu of being subject to the special tax rules discussed above, you may make a mark-to-market election with respect to your ADSs or ordinary shares, provided such ADSs or ordinary shares are treated as "marketable stock." The ADSs or ordinary shares generally will be treated as marketable stock if the ADSs or ordinary shares, as applicable, are regularly traded on a "qualified exchange or other market" (within the meaning of the applicable United States Treasury regulations). Under current law, the mark-to-market election may be available to holders of ADSs since the ADSs are listed on the NYSE, which constitutes a qualified exchange, although there can be no assurance that the ADSs will be "regularly traded" for purposes of the mark-to-market election or that the ADSs will continue to be listed on the NYSE. Our ordinary shares are listed on the Hong Kong Stock Exchange, which must meet certain trading, listing, financial disclosure and other requirements to be treated as a qualified exchange for these purposes, and no assurance can be given that our ordinary shares will be "regularly traded" for purposes of the mark to market election.

If you make an effective mark-to-market election, for each taxable year that we are a PFIC you will include as ordinary income the excess of the fair market value of your ADSs or ordinary shares at the end of the year over your adjusted tax basis in the ADSs or ordinary shares. You will be entitled to deduct as an ordinary loss in each such year the excess of your adjusted tax basis in the ADSs or ordinary shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If you make an effective mark-to-market election, in each year that we are a PFIC: (i) any gain you recognize upon the sale or other disposition of your ADSs or ordinary shares will be treated as ordinary income and (ii) any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If you make an effective mark-to-market election, the general tax rules that apply to distributions by corporations that are not PFICs would apply to distributions by us, except that the reduced rates of taxation for qualified dividend income of non-corporate U.S. holders (as discussed above under "—Taxation of Dividends") would not be available if we are a PFIC in the taxable year in which the dividends are paid or in the preceding taxable year.

Your adjusted tax basis in the ADSs or ordinary shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. If you make a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the ADSs or ordinary shares are no longer regularly traded on a qualified exchange or other market or the IRS consents to the revocation of the election. You are urged to consult your tax advisors about the availability of the mark-to-market election, and whether making the election would be advisable in your particular circumstances.

Alternatively, U.S. taxpayers can sometimes avoid the rules described above by electing to treat a PFIC as a "qualified electing fund" under Section 1295 of the Code. However, this option is not available to you because we do not intend to comply with the requirements necessary to permit you to make this election.

If we are a PFIC for any taxable year during which you hold our ADSs or ordinary shares and any of our non-U.S. subsidiaries is also a PFIC or we otherwise have any investment in a non-U.S. company that is treated as an equity interest in a PFIC for United States federal income tax purposes (any such non-U.S. subsidiary or non-U.S. company, a "**lower-tier PFIC**"), you will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of the PFIC rules. Because a mark-to-market election cannot be made for any lower-tier PFICs unless the shares in such lower-tier PFICs are themselves treated as marketable stock, if you make a mark-to-market election with respect to our ADSs or ordinary shares, you may continue to be subject to the special tax rules discussed above (rather than the mark-to-market rules) with respect your indirect interest in any such lower-tier PFIC. You are urged to consult your tax advisors about the application of the PFIC rules to any lower-tier PFIC.

In addition, as described under "—Taxation of Dividends" above, non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a PFIC with respect to such holders in the taxable year in which the dividends are paid or in the preceding taxable year. You will generally be required to file IRS Form 8621 if you hold our ADSs or ordinary shares in any year in which we are classified as a PFIC.

You are urged to consult your tax advisors concerning the United States federal income tax consequences of holding ADSs or ordinary shares if we are considered a PFIC in any taxable year.

Taxation of Capital Gains

For United States federal income tax purposes, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of our ADSs or ordinary shares in an amount equal to the difference between the amount realized for the ADSs or ordinary shares (net of any Hong Kong stamp duty imposed on such proceeds) and your tax basis in the ADSs or ordinary shares (which should similarly take into account any Hong Kong stamp duty paid in connection with the acquisition of the ADSs or ordinary shares), both determined in U.S. dollars. Subject to the discussion under "—Passive Foreign Investment Company" above, such gain or loss will generally be capital gain or loss and will generally be long-term capital gain or loss if you have held the ADSs or ordinary shares for more than one year. Long-term capital gains of non-corporate United States Holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Any gain or loss recognized by you will generally be treated as United States source gain or loss. However, if we were treated as a PRC resident enterprise for EIT Law purposes and PRC tax were imposed on any gain, and if you are eligible for the benefits of the Treaty, you may elect to treat such gain as PRC source gain under the Treaty. If you are not eligible for the benefits of the Treaty or you fail to make the election to treat any gain as PRC source, then you generally would not be able to use a foreign tax credit for any PRC tax imposed on the disposition of our ADSs or ordinary shares unless the credit can be applied (subject to applicable limitations) against United States federal income tax due on other foreign source income in the appropriate category for foreign tax credit purposes. However, pursuant to the Foreign Tax Credit Regulations, unless you are eligible for and elect to claim the benefits of the Treaty, any such PRC tax would generally not be a foreign income tax eligible for a foreign tax credit (regardless of any other income that you may have that is derived from foreign sources). In such case, the non-creditable PRC tax may reduce the amount realized on the disposition of our ADSs or ordinary shares. As discussed above, however, recent notices from the IRS provide temporary relief by allowing taxpayers that comply with applicable requirements to apply many aspects of the foreign tax credit regulations as they previously existed (before the release of the current Foreign Tax Credit Regulations) for

taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). If any PRC tax is imposed upon the disposition of ADSs or ordinary shares and you apply such temporary relief, such PRC tax may be eligible for a foreign tax credit or deduction, subject to the applicable conditions and limitations. You will be eligible for the benefits of the Treaty if, for purposes of the Treaty, you are a resident of the United States, and you meet other requirements specified in the Treaty. Because the determination of whether you qualify for the benefits of the Treaty is fact intensive and depends upon your particular circumstances, you are specifically urged to consult your tax advisors regarding your eligibility for the benefits of the Treaty. You are also urged to consult your tax advisors regarding the tax consequences in case any PRC tax is imposed on gain on a disposition of our ADSs or ordinary shares, including the availability of the foreign tax credit or a deduction and the election to treat any gain as PRC source, under your particular circumstances.

Information Reporting and Backup Withholding

In general, information reporting will apply to dividends in respect of our ADSs or ordinary shares and the proceeds from the sale, exchange or other disposition of our ADSs or ordinary shares that are paid to you within the United States (and in certain cases, outside the United States), unless you establish that you are an exempt recipient. A backup withholding tax may apply to these payments if you fail to provide a taxpayer identification number or, in the case of dividend payments, if you fail to make certain certifications or to report in full dividend and interest income.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is furnished to the IRS in a timely manner.

Certain United States Holders are required to report information relating to ADSs or ordinary shares, subject to certain exceptions (including an exception for ADSs or ordinary shares held in accounts maintained by certain financial institutions), by attaching a complete IRS Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold the ADSs or ordinary shares. You are urged to consult your own tax advisors regarding information reporting requirements relating to your ownership of the ADSs or ordinary shares.