This section summarises the most significant laws, regulations, and rules that affect and govern our current major business activities and operation in the PRC.

LAWS AND REGULATIONS RELATING TO ADVERTISING BUSINESS

Advertising

Advertising activities in the PRC shall be subject to the Advertising Law of the PRC (《中華人民共和國廣告法》) (the "**Advertising Law**") which was promulgated by the National People's Congress Standing Committee (the "**SCNPC**") on 27 October 1994 and was last amended on 29 April 2021 and the Regulations on Administration of Advertisement (《廣告管理條例》) which was promulgated by the State Council on 26 October 1987 and became effective on 1 December 1987. According to the Advertising Law, the advertisers refer to the natural persons, legal persons or other organisations that, for the purpose of marketing products or services, design, produce and publish advertisements either by themselves or by commissioning others to do so. The advertising operators refer to the natural persons, legal persons or other organisations that on a commission basis provide advertisement designing, production and agent service. The advertisement publishers refer to the natural persons, legal persons or other organisations that publish advertisements for advertisers or advertising operators commissioned by advertisers.

An advertisement shall not contain any information that is false or causing misunderstanding, and shall not deceive or mislead consumers. Advertisers shall be responsible for the authenticity of the contents of their advertisements. An advertisement shall not involve any of the following circumstances: (1) using or using in a disguised manner the national flag, the national anthem, the national emblem, the army flag, the military song or army emblem of the PRC; (2) using or using in a disguised manner the names or images of the State organs or their functionaries; (3) using words such as the State-level, the highest-grade or the best; (4) impairing the dignity or interests of the State or disclosing the secrets of the State; (5) hindering social stability or harming public interests; (6) endangering the safety of the person or property, or disclosing personal privacy; (7) hindering the public order or violating the sound social morals; (8) having information suggesting pornography, eroticism, gamble, superstition, terror or violence; (9) carrying information of ethnic, racial, religious or sexual discrimination; (10) hindering the protection of environment, natural resources or cultural heritage; or (11) other circumstances prohibited by laws or administrative rules and regulations. In addition, an advertisement shall be readily identifiable. Where any law or regulation requires any content to be indicated expressly in an advertisement, such content shall be prominently and clearly indicated.

An advertising operator or an advertisement publisher shall, in accordance with relevant provisions of the State, establish and perfect a system of acceptance registration examination and verification, and record management for advertising business. An advertising operator or an advertisement publisher shall check relevant supporting documents and verify the contents of advertisements in accordance with laws and administrative rules and regulations. For an advertisement with untrue information or incomplete supporting documents, the advertising operator shall not provide designing, production and agent service, and the advertisement publisher shall not publish such advertisement. With respect to the publish of the advertisements for medical treatment, pharmaceuticals, medical devices, agricultural pesticides, veterinary drugs or health food, or other advertisements subject to examination as provided

by laws or administrative rules and regulations, the relevant departments shall, prior to the publishing, examine the contents of such advertisements; in the absence of such examination, such advertisements shall not be published.

For those who violating the Advertising Law, they may be subject to punishment, including but not limited to a fine up to RMB2 million or ten times of the advertising fee, confiscating advertising fees, suspension of advertisement publishing business, revocation of business licence, or revocation of registration certificates for advertisement publishing.

Internet advertising

On 25 February 2023, the SAMR promulgated the Administrative Measures for Online Advertising (《互聯網廣告管理辦法》), which became effective on 1 May 2023 and the Interim Administrative Measures for Online Advertising (《互聯網廣告管理暫行辦法》) issued under the Order of the (former) State Administration for Industry and Commerce No. 87 on 4 July 2016, was abolished simultaneously.

Pursuant to the Administrative Measures for Online Advertising, commercial advertising activities conducted within the territory of the PRC to directly or indirectly promote a product or service through text, images, audio, video, or any other form, using any website, web page, web application, or other online media, shall be governed by such measures and the Advertising Law.

An advertising agent or advertising publisher shall establish, improve and implement systems for the receipt and registration, moderation, file management in respect of their online advertising business. Furthermore, advertising agents and advertising publishers shall cooperate, in accordance with the law, with the investigation of the online advertising industry conducted by market regulatory authority, and provide truthful, accurate, and complete information in a timely manner.

The Administrative Measures for Online Advertising further provides that an online ad shall be identifiable so that it can be clearly identified by consumers as an advertisement. Any paid search ad for a product or service shall be prominently indicated as an "advertisement" by the advertising publisher to distinguish it from natural search results. When publishing an online ad in forms such as in pop-up form, the advertiser and the advertising publisher shall prominently display a close symbol to ensure that it can be closed in one click. It is prohibited to deceive or mislead users into clicking or browsing an ad through certain means.

For those who violating the Administrative Measures for Online Advertising, they may be subject to punishment, including but not limited to fines, confiscating advertising fees, suspension of advertisement publishing business, or revocation of business licence.

DEVELOPMENT ON ADVERTISING INDUSTRY

On 26 February 2014, the State Council promulgated the Several Opinions of the State Council on Promoting the Integration Development of Cultural Creativity, Design Services and Related Industries (《國務院關於推進文化創意和設計服務與相關產業融合發展的若干意見》). The key work including strengthen advertising marketing and planning, increase the cultural connotation and added value of consumer products, improve the brand value system. On 22 April 2022, the SAMR promulgated the Plan for the Development of the Advertising Industry during the "14th Five-Year Plan" Period "十四五" 廣告產業發展規劃 (the "**Plan**"), which promotes the high-quality development of the advertising industry. The Plan includes development environment, guiding ideology, basic principles and development goals, key tasks, organisation and implementation and so on. Otherwise, on 30 October 2019, the Catalogue for Guiding Industry Restructuring (2019 Edition) (《產業結構調整指導目錄(2019年本)》) was promulgated by the NDRC and amended on 30 December 2021, according to which advertising creativity, advertising planning, advertising designing, advertising production, advertising agency and advertising publishing were categorised as encouraged industry.

LAWS AND REGULATIONS RELATING TO THE PROTECTION OF CYBER SECURITY, DATA AND PRIVACY PROTECTION

On 28 May 2020, the National People's Congress approved the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**"), which has come into effect on 1 January 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organisation or individual that need to obtain personal information of others shall obtain such information legally and ensure the security of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase, sell, provide or make public personal information of others.

The Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cyber Security Law**"), which was promulgated on 7 November 2016 and came into effect on 1 June 2017, requires that when constructing and operating a network, or providing services through a network, technical measures and other necessary measures shall be taken in accordance with laws, administrative regulations and the compulsory requirements set forth in national standards to ensure the secure and stable operation of the network, to effectively cope with cyber security events, to prevent criminal activities committed on the network, and to protect the integrity, confidentiality and availability of network data. The Cyber Security Law emphasises that any individuals and organisations that use networks must not endanger network security or use networks to engage in unlawful activities such as those endangering national security, economic order and social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others. The Cyber Security Law has also reaffirmed certain basic principles and requirements on personal information protection previously specified in other existing laws and regulations. Any violation of the provisions and requirements under the Cyber Security Law may subject an internet service provider to rectifications, warnings, fines, confiscation of illegal gains, revocation of licences, cancellation of qualifications, closedown of websites or even criminal liabilities.

The Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**") was passed by the SCNPC on 10 June 2021 and came into effect on 1 September 2021. The Data Security Law requires the data processor to establish and improve a whole-process data security management system, organise data security education and training, and take corresponding technical measures and other necessary measures to safeguard data security. In conducting data processing activities by using the internet or any other information network, the data processor shall perform the above data security protection obligations on the basis of the hierarchical cybersecurity protection system. Any violation of the provisions and requirements under the Data Security Law may subject a data processor to rectifications, warnings, fines, suspension of the related business, revocation of licences or even criminal liabilities.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**") was passed by the SCNPC on 20 August 2021 and has come into effect on 1 November 2021. The Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (i) the individual's consent has been obtained; (ii) the processing is necessary for the conclusion or performance of a contract to which the individual is a party; (iii) the processing is necessary to fulfil statutory duties and statutory obligations; (iv) the processing is necessary to respond to public health emergencies or protect natural persons' life, health and property safety under emergency circumstances; (v) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; (vi) the personal information that has been made public is processed within a reasonable scope in accordance with this Law; or (vii) under any other circumstance as provided by any law or regulation. It also stipulates the obligations of a personal information processor. Any violation of the provisions and requirements under the Personal Information Protection Law may subject a personal information processor to rectifications, warnings, fines, suspension of the related business, revocation of licences, being entered into the relevant credit record or even criminal liabilities. As advised by our PRC Legal Adviser, the collection of data through our Group's self-developed platform for analysing the responses of mobile users and performance data of mobile ads are not subject to the Personal Information Protection Law on the basis that personal information under the Personal Information Protection Law refers to any kind of information related to an identified or identifiable natural person which is recorded in electronic form or other manners, and the data we can obtain and analyse does not contain any information which enable us to identify a specific natural person as mobile user.

Pursuant to the Announcement of Launching Special Crackdown against Illegal Collection and Use of Personal Information by Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》) that was issued and took effect on 23 January 2019, the App operators shall check whether their privacy policies include the elements that are required to be disclosed to the users. On 28 November 2019, the Methods for Identifying Unlawful Acts of Applications (Apps) to Collect and Use Personal Information (《App違法違規收集使用個人信息行為認定方法》) was issued, which provides a reference for the supervision and management department to determine that Apps collect and use personal information in violation of laws and regulations, and provide guidance for App operators to self-check and self-correct and social supervision of netizens.

The CAC tested part of the prevalent Apps on their compliance with collection and use of personal information rules and issued a series of notices on illegal collection and use of personal information by those Apps, including the Notice on the Illegal Collection and Use of Personal Information by 33 Apps Such As 'IME' (《關於輸入法等33款App違法違規收集使用個人信息情況的通報》) on 1 May 2021, the Notice on the Illegal Collection and Use of Personal Information by 84 Apps Such As 'Tencent Mobile Manager' (《關於騰訊手機管家等84款App違法違規收集使用個人信息情況的通報》) on 10 May 2021, the Notice on the Illegal Collection and Use of Personal Information by 129 Apps Such As 'Keep' (《關於Keep等129款App違法違規收集使用個人信息情況的通報》 on 11 June 2021 and so on. Such notices restrict media platforms' capabilities to collect users' details and behaviours on their app platforms. The categories of app targeted in this notice include, among others, fitness, online shopping, education, dating and app store. This notice aims to enhance the CAC's scrutiny of the data collection use policy of leading technology companies so as to prohibit them from infringing the app users' personal information and their privacy. Operators of Apps listed in those notices were required to rectify those illegal behaviours within a prescribed time limit and report rectification results to the CAC.

According to the Regulations for the Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which are promulgated by the State Council on 30 July 2021 and became effective on 1 September 2021, "critical information infrastructures" refer to important network facilities and information systems in important industries including public communications and information services, as well as those that may seriously endanger national security, national economy, people's livelihood, or public interests in the event of damage, loss of function, or data breach. The Regulations for the Security Protection of Critical Information Infrastructure also states that the relevant government authorities are responsible for stipulating rules for the identification of critical information infrastructures with reference to several factors set forth therein and further identifying the critical information infrastructure in the related industries in accordance with such rules. The relevant authorities must also notify operators of the determination as to whether they are categorised as critical information infrastructure operators. On 28 December 2021, the Cyber Administration of China, together with 12 other departments, promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》) (the "**New CAC Measures**"), which came into effect on 15 February 2022 and would repeal the previous version promulgated on 13 April 2020. According to the New CAC Measures, critical information infrastructure operators purchasing network products and services and network platform operators carrying out data processing activities that affect or may affect national security shall conduct a cybersecurity review. Network platform operators holding personal information of more than 1 million users seeking to be listed abroad must apply for a cybersecurity review as well. The New CAC Measures further elaborates the factors to be considered when assessing the national security risks of the relevant activities, including, among others, (i) the risk of core data, important data or a large amount of personal information being stolen, leaked, destroyed, and illegally used or exited the country; and (ii) the risk of critical information infrastructure, core data, important data or a large amount of personal information being affected, controlled, or maliciously used by foreign governments after listing abroad.

In addition, on 14 November 2021, the Administration Regulations on Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Regulation**") was proposed by the CAC for public comments. According to the Draft Regulation, these measures shall be applicable to such activities as the collection, storage, transmission, processing and use of data as well as the protection, supervision and administration of data security within the territory of the PRC. The Draft Regulation reiterate that data processors which process the personal information of at least 1 million users must apply for a cybersecurity review if they plan listing of companies in foreign countries, and the Draft Regulation further require the data processors that carry out the following activities to apply for cybersecurity review in accordance with the relevant laws and regulations: (i) the merger, reorganisation or division of internet platform operators that have gathered a large number of data resources related to national security, economic development and public interests affects or may affect national security; (ii) the listing of the data processor in Hong Kong affects or may affect the national security; and (iii) other data processing activities that affect or may affect national security. Any failure to comply with such requirements may lead to, among others, suspension of services, fines, revoking relevant business permits or business licences and penalties. However, the Draft Regulation provides no further explanation or interpretation for "affects or may affect national security", and there is substantial uncertainty as to its eventual introduction and entry. The exact scope of "affects or may affect national security" under the Draft Regulation and the current regulatory regime remains unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws. The Draft Regulation also requires data processors to be responsible for the security of the data processed and perform data security protection obligations. As our Group processes data received from our media partners, such as behaviour data of mobile users and ad performance data, our Group may be subject to the Draft Regulation, if implemented in its current form. The Draft Regulation (especially its operative provisions) and its anticipated adoption or effective date are subject to further changes with substantial uncertainty. We cannot determine whether the Draft Regulation could put an adverse impact on us upon enactment. Further details, see "Business — Cyber data security" in this document.

We have put in place appropriate internal procedures to safeguard the information and data obtained by us including prevention of unauthorised access and regular review of system security and data cleaning. For details regarding our measures in ensuring the information security, see "Business — Risk management and internal control — Information technology risk management" in this document. During the Track Record Period and up to the Latest Practicable Date, we had not engaged in the businesses relating to cyber security or collecting personal information. We rely on our media partners' platforms to collect online ad performance data for optimising our mobile advertising solutions. If such regulations were implemented on our media partners' platforms, it may indirectly affect our business and financial performance.

COMPANY LAW AND LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

Companies established and operating in the PRC shall be subject to PRC Company Law, which was promulgated by the SCNPC on 29 December 1993, newly amended on 29 December 2023 and will become effective on 1 July 2024. The PRC Company Law provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in the PRC. Unless otherwise provided in the PRC foreign investment laws, the provisions in the PRC Company Law shall prevail. The PRC Company Law stipulates that a limited company shall prepare a shareholders' register, which shall record the following matters: (1) The name and address of each shareholder; (2) The capital contribution made by each shareholder; and (3) The serial number of each capital contribution certificate. The shareholders recorded in the shareholders' register may, pursuant to the shareholders' register, claim and exercise shareholders' rights. A company shall register each shareholder's name and its capital contribution at the company registration authority. The company shall carry out the amendment of the registration in the event of any change in the registered details. Any registration detail that fails to be amended or registered shall not be valid against any third-party.

On 15 March 2019, the National People's Congress approved the PRC Foreign Investment Law (《中華人民共和國外商投資法》) (the "**FIL**"), which came into effect on 1 January 2020 and replaced three existing laws on foreign investments in the PRC, namely, the PRC Equity Joint Venture Law (《中華人民共和國中外合資經營企業法》), the PRC Cooperative Joint Venture Law (《中華人民共和國中外合作經營企業法》) and the Law of the PRC on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》). On 26 December 2019, the State Council issued the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which came into effect on 1 January 2020 and replaced the Regulations on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法實施條例》), Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業合營期限暫行規定》), the Regulations on Implementing the Wholly Foreign-Owned Enterprise Law (《中華人民共和國外資企業法實施細則》) and the Regulations on Implementing the Sino-Foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法實施細則》). The FIL embodies a predictable PRC regulatory trend to rationalise its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the PRC's corporate legal requirements for both foreign and domestic invested enterprises. The FIL establishes the basic framework for the access to, and the promotion, protection and administration of foreign investments in view of investment protection and fair competition.

On 30 December 2019, the MOFCOM and the SAMR issued the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) which became effective on 1 January 2020. According to the Measures on Reporting of Foreign Investment Information, foreign investors or foreign investment enterprises shall submit investment information to the commerce administrative authorities through the Enterprise Registration System and the National Enterprise Credit Information Publicity System. Foreign investment enterprises shall also submit the annual report for the preceding year during 1 January to 30 June annually through the National Enterprise Credit Information Publicity System.

The Catalogue of Industries for Encouraged Foreign Investment (2022 Edition) (《鼓勵外商投資產業目錄(2022年版)》) (the "**Encouraging Catalogue**") was jointly promulgated by the NDRC and the MOFCOM on 26 October 2022 and it came into effect on 1 January 2023. The Special Administrative Measures for Access of Foreign Investment (Negative List) (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the "**2021 Negative List**") was jointly promulgated by the NDRC and the MOFCOM on 27 December 2021 and took effect on 1 January 2022. The Encouraging Catalogue and the 2021 Negative List categorises the industries into 3 categories, including "encouraged", "restricted", and "prohibited" (all industries that are not listed under one of "encouraged", "restricted" or "prohibited" categories are deemed to be "permitted"). The Encouraging Catalogue and the 2021 Negative List is subject to review and update by the Chinese government from time to time. According to the Encouraging Catalogue and the 2021 Negative List, our Company's business does not fall into such categories in which foreign investment is encouraged, restricted or prohibited.

LAWS AND REGULATIONS RELATING TO DIVIDEND DISTRIBUTIONS

Pursuant the FIL, foreign investors, according to the present PRC Law, may freely remit into or out of the PRC, in RMB or any other foreign currency, their capital contributions, profits, capital gains, income from asset disposal, intellectual property royalties, lawfully acquired compensation, indemnity or liquidation income and so on within the territory of PRC. In addition, pursuant to the PRC Company Law, a wholly foreign-owned enterprise in PRC must set aside at least 10% of its after-tax profit based on PRC accounting standards each year to its general reserves until its cumulative total reserve funds reach 50% of its registered capital. These reserve funds, however, may not be distributed as cash dividends.

LAWS AND REGULATIONS RELATING TO LEASING PROPERTY

Pursuant to the Law of the PRC on the Administration of the Urban Real Estate (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on 5 July 1994 and last amended on 26 August 2019 and effective on 1 January 2020, in the lease of a house, the lessor and the lessee shall conclude a written lease contract defining such matters as the term, purpose and price of the lease, liability for repair, as well as other rights and obligations of both parties. They shall register the lease contract with the department of housing administration for the record. Pursuant to the Administrative Measures on Commodity Housing Leasing (《商品房屋租賃管理辦法》), issued by Ministry of Housing and Urban-Rural Development on 1 December 2010 and became effective on 1 February 2011, without the mentioned registration above, the lessor and the lessee may be imposed a fine by the development (real estate) department.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise income tax ("EIT")

In accordance with the EIT Law (promulgated on 16 March 2007 and became effective from 1 January 2008 and newly amended on 29 December 2018) and the Regulation on the Implementation of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) (promulgated on 6 December 2007 and became effective from 1 January 2008, and revised on 23 April 2019), enterprises are classified as either "resident enterprises" or "non-resident enterprises". The "resident enterprises" are defined as enterprises set up in the PRC under the PRC laws or set up according to the foreign country/region's law whereas whose actual or de facto control is administered from within the PRC. Enterprises established under the foreign country/region's law with "de facto management bodies" outside the PRC, but have set up institutions or establishments in the PRC or, without institutions or establishments set up in the PRC, have income originating from the PRC, shall be considered as "non-resident enterprises". A resident enterprise shall pay EIT on its income originating from both inside and outside the PRC at an EIT rate of 25%. A non-resident enterprise that has establishments or places of business in the PRC shall pay EIT on its income originating from the PRC obtained by such establishments or places of business, and on its income which deriving outside PRC but has an actual connection with such establishments or places of business, at the EIT rate of 25%. A non-resident enterprise that does not have an establishment or place of business in the PRC, or it has an establishment or place of business in the PRC but the income has no actual connection with such establishment or place of business, shall pay EIT on its passive income derived from the PRC at a reduced rate EIT of 10%.

According to the EIT Law, high-tech enterprises to which the State need to give key support are given the reduced enterprise income tax rate of 15%. Announcement of the State Administration of Taxation on Issues concerning the Implementation of Preferential Income Tax Policies for High-tech Enterprises (《國家税務總局關於實施高新技術企業所得税優惠政策有關問題的公告》) further provides that after being accredited as a high-tech enterprise ("**HTE**"), an enterprise shall be entitled to tax incentives from the year of the accreditation as indicated on its HTE certificate. Pursuant to the Administrative Measures for the Accreditation of High and New-Tech Enterprises (《高新技術企業認定管理辦法》) came into effect on 1 January 2016, HTE certificate is valid for 3 years.

According to the Notice on Preferential Enterprise Income Tax Policies for the Two Special Economic Development Zones in Khorgos, Kashgar, Xinjiang (《關於新疆喀什霍爾果斯兩個特殊經濟開發區企業所得税優惠政策的通知》), which was issued by the MOF and the SAT on 29 November 2011 and came into effect on the same day, from 1 January 2010 to 31 December 2020, the newly opened enterprises that fall into the Catalogue of Preferential Enterprise Income Taxes for Encouraged Industries in Difficult Areas in Xinjiang (《新疆困難地區重點鼓勵發展產業企業所得税優惠目錄》) ("**the Catalogue**") shall be exempted from enterprise income tax for 5 years starting from the tax year of the first production and operating income.

Dividend withholding tax

The EIT Law provides that an income tax rate of 10% will normally be applicable to dividends declared to investors that are "non-resident enterprises", and gains derived by such investors, which (a) do not have an establishment or place of business in the PRC or (b) have such establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends and gains are derived from sources within the PRC. Such income tax on the dividends may be reduced pursuant to a tax treaty between the PRC and the jurisdictions in which our foreign shareholders reside.

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Tax 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》) (the "**Double Tax Avoidance Arrangement**"), and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent tax authority in the PRC to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a mainland China resident enterprise may be reduced to 5% upon receiving approval from the in-charge tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) (the "**Notice No. 81**") issued on 20 February 2009 by the SAT, 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. Based on Notice of the SAT on How to Understand and Determine the "Beneficial Owners" in Tax Agreements (《國家稅務總局關於如何理解和認定稅收協定中"受益所有人"的通知》) (the "**Notice No. 601**"), issued on 27 October 2009 by the SAT, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, shall not be recognised as beneficial owners and thus are not entitled to the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement. On 3 February 2018, SAT issued the Announcement of the SAT on Issues Relating to "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》), which became effective on 1 April 2018 and "the Notice 601" was repealed simultaneously. The Announcement of the SAT on Issues Relating to "Beneficial Owner" in Tax Treaties stipulates issues relating to the determination of "beneficial owner" status in clauses of tax treaties on dividends, interest, and royalties.

Value-added tax ("VAT")

According to Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (the "**VAT Regulations**") (promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and newly amended on 19 November 2017), and The Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (Revised in 2011) (《中華人民共和國增值稅暫行條例實施細則(2011修訂)》) (promulgated by the MOF and was last amended on 28 October 2011 and came into effect on 1 November 2011), organisations and individuals engaging in the sale of goods or processing, repair and assembly services, the sale of services, intangible assets, immovables and importation of goods in the PRC shall be taxpayers of VAT, and shall pay VAT pursuant to the VAT Regulations. The amount of VAT payable is calculated as "output VAT" minus "input VAT". Pursuant to the VAT Regulations, the rate of VAT is 17% for those engaging in the sale

of goods or labour services or tangible personal property leasing services or importation of goods except as otherwise provided by the VAT Regulations. The tax rate of VAT is 11% for the sales of the service of transportation, posting, basic telecommunications, construction and leasing real estate, the sale of real estate and the transfer of land use right, or sell or import the goods listed in the VAT Regulations.

On 4 April 2018, MOF and SAT jointly promulgated the Circular of the MOF and the SAT on Adjustment of Value-Added Tax Rates (《關於調整增值税税率的通知》), or Circular 32, according to which for VAT taxable sales acts or importation of goods originally subject to VAT rates of 17% and 11% respectively, such tax rates shall be adjusted to 16% and 10%, respectively. Circular 32 became effective on 1 May 2018 and shall supersede existing provisions inconsistent with Circular 32. On 20 March 2019, MOF, SAT and General Administration of Customs("**GAC**") jointly promulgated the Announcement on Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》), or Circular 39, according to which for general VAT payers' sales activities or imports that are subject to VAT at a current applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9%, respectively. This Announcement came into force on 1 April 2019.

On 9 January 2023, the MOF and the SAT issued the Announcement on Clarifying the Value-added Tax Reduction and Exemption Policy for Small-scale VAT Taxpayers and Other Policies (《關於明確增值税小規模納税人減免增值税等政策的公告》), from 1 January 2023 to 31 December 2023, taxpayers in productive service industries are allowed to deduct the tax payable by 5% of the deductible input tax for the current period. Taxpayers in productive service industries refer to taxpayers whose sales amount from the provision of postal services, telecommunication services, modern services, and life services accounts for more than 50% of the total sales amount.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

Under the Administrative Regulations of the PRC on Foreign Exchange (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Administrative Regulations**") (promulgated by the State Council on 29 January 1996, newly amended on 5 August 2008), Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but is not freely convertible for capital account items, such as direct investment or engaging in the issuance or trading of negotiable securities or derivatives unless the prior approval by the competent authorities for the administration of foreign exchange is obtained. In accordance with the Foreign Exchange Administrative Regulations, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of the SAFE for paying dividends by providing certain evidencing documents (board resolutions, tax certificates, etc.), or for trade and service-related foreign exchange transactions by providing commercial documents evidencing such transactions. They are also allowed to retain foreign currency (subject to a cap approval by the SAFE) to satisfy foreign exchange liabilities. In addition, foreign exchange transactions involving overseas direct investment or investment and trading in securities, derivative products abroad are subject to registration with the competent authorities for the administration of foreign exchange and approval or filings with the relevant government authorities (if necessary).

According to the Circular of the SAFE on Relevant Issues concerning Foreign Exchange Administration of the Overseas Investment and Financing and Roundtrip Investments by Domestic Residents through Special Purpose Vehicles (Hui Fa [2014] No. 37) (《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》) (匯發[2014]37號) (the "**Circular No. 37**"), which was promulgated by the SAFE and came into effect on 4 July 2014, the SAFE and its branch carry out registration management for domestic resident's establishment of special purpose vehicles (the "**SPV**"). An SPV is defined as "an offshore enterprise directly established or indirectly controlled by the domestic resident (including domestic institution and individual resident) with their legally owned assets and equity of the domestic enterprise, or legally owned offshore assets or equity, for the purposes of investment and financing." Before a domestic resident contributes its legally owned onshore or offshore assets and equity to an SPV, the domestic resident shall conduct foreign exchange registration for offshore investment with the local branch of the SAFE. If SPV registered offshore has any change of basic information such as the individual shareholder, name, operation term, or if there is a capital increase, decrease, equity transfer or swap, merge, spin-off, or other amendments of the material items, they shall complete foreign exchange alteration of the registration formality for offshore investment in the SAFE. According to the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (Hui Fa [2015] No.13) (《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》) (匯發[2015]13號) (the "**Circular 13**"), which was promulgated by the SAFE on 13 February 2015 and came into effect on 1 June 2015, and was amended on 30 December 2019, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment are directly reviewed and handled by banks in accordance with the Circular 13. The SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

According to the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**") (promulgated by SAFE on 30 March 2015, and became effective on 1 June 2015 and partially repealed on 30 December 2019 and amended on 23 March 2023), the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretional Foreign Exchange Settlement (the "**Discretional Foreign Exchange Settlement**"). The Discretional Foreign Exchange Settlement refers to the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution has 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. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital of a foreign-invested enterprise is temporarily determined as 100%. The Renminbi converted from the foreign exchange capital will be kept in a designated account. If a foreign-invested enterprise needs to make a further payment from such assigned accounts, it still needs to provide supporting documents and go through the banks' review process.

Pursuant to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《關於改革和規範資本項目結匯管理政策的通知》 (Hui fa [2016] No.16) (匯發[2016]16號)), or "**the Circular 16**" (promulgated by the SAFE on 9 June 2016, which became effective simultaneously), enterprises registered in the PRC (including Chinese-funded enterprises and foreign-invested enterprises, excluding financial institutions) may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. The Circular 16 provides an integrated standard for converting foreign exchange under capital account items (including but not limited to foreign exchange capital and foreign debts) on a discretionary basis which applies to all enterprises registered in the PRC. The Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, and such converted Renminbi shall not be provided as loans to its non-affiliated entities, except where it is expressly permitted in the business licence.

In accordance with the Circular on Further Promoting Cross-border Trade and Investment Facilitation (Hui Fa [2019] No. 28) (《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》) (匯發[2019]28號), which was issued and came into effect on 23 October 2019 by the SAFE, foreign-invested enterprise engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to laws and regulations under the condition that the current Special Administrative Measures (Negative List) for Foreign Investment Access are not violated and the relevant domestic investment projects are true and compliant.

According to the Notice on Further Optimising the Cross-border RMB Policy and Supporting the Stabilisation 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》) issued by the People's Bank of China, the NDRC, the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the China Banking and Insurance Regulatory Commission and the SAFE on 31 December 2020 which came into effect on 4 February 2021, the RMB income from the capital account of domestic institutions could be used within the business scope approved by the relevant state departments when the following requirements are met: (1) it shall not be used directly or indirectly for expenditures outside the business scope of the enterprise or the expenditures prohibited by national laws and regulations; (2) unless expressly provided otherwise, it shall not be used directly or indirectly for securities investment; (3) unless expressly permitted in the business scope, it shall not be used for giving out loans to the non-associated enterprises; and (4) it shall not be used for constructing or purchasing the real estate for non-self-use (except for real estate development enterprises). In addition, the non-investment oriented foreign investment enterprises could make domestic reinvestment with RMB capital in accordance with the law, provided they comply with current regulations and the domestic investment projects are true and compliant.

LAWS AND REGULATIONS RELATING TO LABOUR AND SOCIAL WELFARE

Labour protection

According to the Labour Law of the PRC (《中華人民共和國勞動法》) (promulgated by the SCNPC on 5 July 1994, became effective as at 1 January 1995, and as amended on 27 August 2009 and 29 December 2018), enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by State rules and standards on workplace safety, educate employee in labour safety and sanitation in the PRC. Labour safety and sanitation facilities shall comply with national standards. The enterprises and institutions shall provide employees with workplace safety and sanitation conditions, which comply with State stipulations and relevant labour protection articles.

According to the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated on 29 June 2007 and came into effect on 1 January 2008, and was amended on 28 December 2012 and came into effect on 1 July 2013, and the Regulation on the Implementation of the Labour Contract Law of the PRC (No. 535 Order of the State Council) (《中華人民共和國勞動合同法實施條例》), which was promulgated and came into effect on 18 September 2008, labour contracts must be concluded in written form. Upon reaching an agreement after due negotiation, an employer and an employee may conclude a fixed-term labour contract, a non-fixed-term labour contract, or a labour contract that concludes upon the completion of certain work assignments. Upon reaching an agreement after due negotiation with employees or under other circumstances in line with legal conditions, an employer may terminate a labour contract and dismiss its employees in accordance with the PRC laws. Labour contracts concluded before the issuance of Labour Law and existing during its effective term shall continue to be acknowledged.

Social insurance and housing fund

As required under the Regulation of Insurance for Labour Injury (《工傷保險條例》) implemented on 1 January 2004 and amended on 20 December 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) implemented on 1 January 1995, the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued on 16 July 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on 14 December 1998, The Unemployment Insurance Measures (《失業保險條例》) promulgated on 22 January 1999, the Interim Regulations Concerning the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) implemented on 22 January 1999 and amended on 24 March 2019 and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated on 28 October 2010 and amended on 29 December 2018, enterprises are obliged to provide their employees in mainland China with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labour injury insurance and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit. Employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency* (社會保險費徵收機構) to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine

computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from 1 to 3 times the amount of the amount in arrears.

In accordance with the Regulations on the Administration of Housing Provident Fund of the PRC (《住房公積金管理條例》) (promulgated by the State Council on 3 April 1999 and was amended on 24 March 2002 and 24 March 2019), enterprises must register at the competent managing centre for housing funds and upon the examination by such managing centre of housing funds, these enterprises shall complete procedures for opening an account for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner. In violation of the Regulations on Administration of Housing Provident Fund, an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management centre shall order it to make the payment and deposit within a prescribed time limit; where the payment and deposit have not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Copyright

China is a signatory to some major international conventions on the protection of copyright and became a member of the Berne Convention for the Protection of Literary and Artistic Works in October 1992, the Universal Copyright Convention in October 1992, and the Agreement on Trade-Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organization in December 2001. Furthermore, China has enacted various laws and regulations relating to the protection of copyright. The Copyright Law of the PRC (《中華人民共和國著作權法》) (the "**Copyright Law**"), promulgated on 7 September 1990 and newly revised on 11 November 2020 and became effective from 1 June 2021. The Implementation of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) (the "**Copyright Implementation**") promulgated on 2 August 2002, revised on 30 January 2013. Under the Copyright Law, works of citizens, legal persons or unincorporated organisations of China, whether published or not, shall enjoy copyright. The natural person, legal person or unincorporated organisation named on a work as its author shall be the author of the work and have the corresponding rights to the said work, unless proven to the contrary. Authors and other copyright owners may complete the registration of their works with a registration agency recognised by the State copyright authority.

Software copyright

The Copyright Law extends copyright protection to internet activities, products disseminated over the internet and software products. To address the problem of copyright infringement related to the content posted or transmitted over the internet, the National Copyright Administration and the Ministry of Information Industry jointly promulgated the Measures on Administrative Protection of Copyright Related to the Internet (《互聯網著作權行政保護辦法》) on 29 April 2005 and this measure became effective on 30 May 2005. In order to further implement the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on 4 June 1991, and most recently amended on 30 January 2013 and taking into effect on 1 March 2013, the State Copyright Bureau issued the Measures for Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) on 6 April 1992 (amended on 20 February 2002), which applies to software copyright registration, licence contract registration and transfer contract registration. The National Copyright Administration of the

PRC shall be the competent authority for the nationwide administration of software copyright registration and the Copyright Protection Centre of China or the CPCC, is designated as the software registration authority. The CPCC shall grant registration certificates to the Computer Software Copyrights applicants which conforms to the provisions of both the Computer Software Copyright Registration Procedures and the Computer Software Protection Regulations (Revised in 2013).

Trademark

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) (promulgated by the SCNPC on 23 August 1982, came into effect on 1 March 1983 and revised on 22 February 1993, 27 October 2001, 30 August 2013 and 23 April 2019) and the PRC Trademark Law Implementing Regulations(《中華人民共和國商標法實施條例》) (promulgated by the State Council on 29 April 2014 and came into effect on 1 May 2014). The trademark bureaus under the General Administration for Industry and Commerce are responsible for trademark registration and authorising registered trademarks for a validity period of 10 years. Trademark registrants may apply for renewal of registration, and the validity of a renewed registered trademark is the following 10 years. Trademark registrants may, by signing a trademark licence contract, authorise others to use their registered trademark. The trademark licence contract shall be submitted to the trademark office for filing. For trademarks, trademark law adopts the principle of "prior application" while handling trademark registration. Where a trademark under registration application is identical with or similar to the trademark of another party that has, in respect of the same or similar goods or services, been registered or, after examination, preliminarily approved, the application for trademark registration shall be rejected. Anyone who applies for trademark registration shall not impair any existing prior right of anyone else, or forestall others in registering a trademark which others have already begun to use and which has "some influence".

Domain names

The MIIT promulgated the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) (the "**Domain Name Measures**") on 24 August 2017 and forced on 1 November 2017. According to the Domain Name Measures, domain name owners are required to register their domain names and the MIIT is in charge of the administration of PRC internet domain names. The domain name services follow a "first come, first file" principle. Applicants for registration of domain names shall provide their true, accurate and complete information of such domain names to and enter into registration agreements with domain name registration service institutions. The applicants will become the holders of such domain names upon the completion of the registration procedure.

OVERSEAS LISTING

On 6 July 2021, the relevant PRC governments released the Opinions on Lawfully and Strictly Cracking Down Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》), among which, it is mentioned that the administration and supervision of overseas listed China-based companies will be strengthened, and the special provisions of the State Council on overseas issuance and listing of shares by such companies will be revised, clarifying the responsibilities of relevant domestic industry regulatory authorities and other regulatory authorities. Such opinion are subject to further changes with substantial uncertainty. We cannot determine whether it would put an adverse impact on us upon enactment.

On 17 February 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (being the Overseas Listing Trial Measures) and relevant supporting guidelines (collectively, the "**New Administrative Rules Regarding Overseas Listings**"), which took effect on 31 March 2023. The New Administrative Rules Regarding Overseas Listings refine the regulatory system for domestic company's overseas offering and listing by subjecting both direct and indirect overseas offering and listing activities to the filing-based administration, and clearly defines the circumstances where provisions for direct and indirect overseas offering and listing apply and relevant regulatory requirements.

According to the Overseas Listing Trial Measures, among other things, a domestic company in the PRC that seeks to offer and list securities in overseas markets shall fulfil the filing procedure with the CSRC as per requirement of the Overseas Listing Trial Measures. Where a domestic company seeks to directly offer and list securities in overseas markets, the issuer shall fulfil the filing procedure with the CSRC. Where a domestic company seeks to indirectly offer and list securities in overseas markets, the issuer shall designate a major domestic operating entity, which shall, as the domestic responsible entity, fulfil the filing procedure with the CSRC. Initial public offerings or listings in overseas markets shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas.

The Overseas Listing Trial Measures also provides that if the issuer both meets the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering by PRC domestic companies: (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 is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China.

According to the Overseas Listing Trial Measures, if a domestic company fails to fulfil filing procedure, or offers and lists securities in an overseas market in violation of the measures, the CSRC shall order rectification, issue warnings to such domestic company, and impose relevant fines. Directly liable persons-in-charge and other directly liable persons shall be warned and each imposed relevant fine. Besides, controlling shareholders and actual controllers of the domestic company that organise or instruct the aforementioned violations as well as directly liable persons-in-charge and other directly liable persons shall be imposed fines according to the measures. Our Company has submitted the filing application with the CSRC as required.

On 24 February 2023, the CSRC promulgated the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Confidentiality and Archives Administration Provisions**"), which took effect on 31 March 2023. According to the Confidentiality and Archives Administration Provisions, domestic companies that carry out overseas offering and listing (either in direct or indirect means) and the securities companies and securities service providers (either incorporated domestically or overseas) that undertake relevant businesses shall institute a sound confidentiality and archives administration system, and take necessary measures to fulfil confidentiality and archives administration obligations. They shall not leak any state secret and working secret of government agencies, or harm national security and public interest. Therefore, a domestic company that plans to, either directly or through its overseas listed entity, publicly disclose or

provide to relevant individuals or entities including securities companies, securities service providers and overseas regulators, any documents and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level. Moreover, if documents and materials that, if leaked, will be detrimental to national security or public interest, are involved, the domestic company shall strictly fulfil relevant procedures stipulated by applicable regulations.

Furthermore, the Confidentiality and Archives Administration Provisions stipulates that a domestic company that provides accounting archives or copies of accounting archives to any entities including securities companies, securities service providers and overseas regulators and individuals shall fulfil due procedures in compliance with applicable regulations. Working papers produced in the mainland China by securities companies and securities service providers in the process of undertaking businesses related to overseas offering and listing by domestic companies shall be retained in the mainland China. Where such documents need to be transferred or transmitted to outside the mainland China, relevant approval procedures stipulated by regulations shall be followed.