A summary of the major PRC laws, rules and regulations applicable to our current business and operations is set out below.

REGULATIONS RELATED TO VALUE-ADDED TELECOMMUNICATION SERVICES

Regulations related to Foreign-invested Telecommunication Services

The Telecommunications Regulations of the PRC (中華人民共和國電信條例) (the "**Telecommunications Regulations**"), promulgated by the State Council on September 25, 2000 and amended on July 29, 2014 and February 6, 2016, provide a regulatory framework for telecommunications service providers in the PRC. The Telecommunications Regulations require telecommunications service providers to obtain an operating license prior to the commencement of their operations. The Telecommunications Regulations categorise telecommunications services into basic telecommunications services and value-added telecommunications services. According to the Catalogue of Telecommunications Business (2015 version) (電信業務分類目錄(2015年版)) attached to the Telecommunications Regulations, which was promulgated by the Ministry of Information Industry of the PRC ("**MII**"), which is the predecessor of the Ministry of Industry and Information Technology of the PRC ("**MIIT**"), on June 11, 2001, amended by MII on February 21, 2003 and further amended by MIIT on December 28, 2015 and June 6, 2019, Information services provided via fixed network, mobile network and internet fall within value-added telecommunications services.

Foreign direct investment in telecommunications companies in China is governed by the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (revised in 2016) (外商投資電信企業管理規定(2016修訂)), which was promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016. Such regulations require foreign-invested value-added telecommunications enterprises in China to be established as sino-foreign equity joint ventures, of which the foreign investors may acquire up to 50% of the equity interests. In addition, a major foreign investor, which is defined as an investor who contributes the largest amount of capital among all foreign investors and whose contributed capital accounts for more than 30% of the total capital contributions from all foreign investors, of a foreign-invested value-added telecommunications enterprise operating a value-added telecommunications business in China must demonstrate a good track record and experience in operating a value-added telecommunications business. Moreover, foreign investors that meet these requirements must obtain approvals from MIIT and MOFCOM or their authorised local counterparts, which retain considerable discretion in granting approvals, before the commencement of their value-added telecommunication business in China.

On July 13, 2006, the MII released the Notice on Strengthening the Administration of Foreign Investment in, and Operation of Value-added Telecommunications Business (信息產業部關於加強外商投資經營增值電信業務管理的通知) (the "**MII Notice**"), pursuant to which, if any foreign investor intends to invest in telecommunications business in China, a foreign-invested telecommunications enterprise must be established and such enterprise must apply for the relevant telecommunications business operation licenses. Furthermore, MIIT released the Circular on Regulating the Use of Domain Names in Internet Information Services (關於規範互聯網信息服務使用域名的通知) on November 27, 2017, which provides that the domain names used by the internet information service provider providing internet information service shall be registered and owned by such internet information service provider, and if the internet information service provider is a legal entity, the domain name registrant shall be the legal entity, any of its shareholders, its principal, or senior manager.

Regulations related to Internet Content Services

The Administrative Measures on Internet Information Services (互聯網信息服務管理辦法) (the "**Internet Measures**"), which was promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, set out guidelines on the provision of internet information services. The Internet Measures classified internet information services into commercial Internet information services and non-commercial internet information services, and a commercial operator of internet content provision services must obtain a value-added telecommunications business operating license for the provision of internet information services from the appropriate telecommunications authorities. The Administrative Measures for Telecommunications Business Operating Licensing (電信業務經營許可管理辦法), which was promulgated by MIIT on March 1, 2009 and amended on July 3, 2017 and became effective on September 1, 2017, regulates that a commercial operator of value-added telecommunications services must first obtain a value-added telecommunications business operating license (the "**ICP License**") from MIIT or its provincial level counterparts. According to the Administrative Measures for Telecommunications Businesses Operating Licensing, a telecom service operator that has obtained a permit for telecom service operation shall, within the first quarter of the year following the report year, participate in an annual inspection, which inspection MIIT or its provincial level counterpart shall examine thoroughly. Internet information service providers are required to monitor their websites. They may not post or disseminate any content that falls within prohibited categories provided by laws or administrative regulations and must stop providing any such content on their websites. The PRC government may order ICP License holders that violate the content restrictions to correct those violations and revoke their ICP Licenses under serious conditions. As of the Latest Practicable Date, we have obtained the relevant ICP Licenses for our internet information services business.

Regulations related to Mobile Internet Applications Information Services

Mobile internet applications (the "**APPs**") and the internet application store (the "**APP Store**") are specifically regulated by the Administrative Provisions on Mobile Internet Applications Information Services (移動互聯網應用程序信息服務管理規定) (the "**APP Provisions**"), which was promulgated by the Cyberspace Administration of China (the "**CAC**") on June 28, 2016 and became effective on August 1, 2016. The APP Provisions regulate the APP information service providers and the APP Store service providers, while the CAC and its local counterparts shall be responsible for the supervision and administration of nationwide or local APP information respectively. The APP information service providers shall acquire relevant qualifications required by laws and regulations and implement the information security management responsibilities strictly and fulfill their obligations provided by the APP Provisions. The APP Store service providers shall fulfill the administrative responsibilities over the application providers. For any application provider who violates the aforementioned provisions, the APP Store service providers shall take measures of warning, suspending the release or withdrawing the applications as the case may be, keep records and report such violation to relevant competent authorities.

Furthermore, on December 16, 2016, the MIIT promulgated the Interim Measures on the Administration of Pre-Installation and Distribution of Applications for Mobile Smart Terminals (移動智能終端應用軟件預置和分發管理暫行規定) (the "**Mobile Application Interim Measures**"), which took effect on July 1, 2017. The Mobile Application Interim Measures requires, among others, that internet information service providers must ensure that a mobile application, as well as its ancillary resource files, configuration files and user data can be uninstalled by a user on a convenient basis, unless it is a basic function software, which refers to a software that supports the normal functioning of hardware and operating system of a mobile smart device.

Regulations related to Internet Culture Operation Business

Pursuant to the Interim Administrative Provisions on Internet Culture (互聯網文化管理暫行規定) promulgated by the Ministry of Culture, adopted on February 11, 2011 and amended on December 15, 2017, internet cultural entities refer to entities which are engaged in internet cultural activities and internet cultural entities are classified into operational internet cultural entities and non-operational internet cultural entities. Operational internet cultural entities shall obtain the internet cultural business license, while non-operational internet cultural entities shall make filing with the competent culture administration authorities.

To further clarify, "internet cultural products" refer to the cultural products produced, spread and distributed through the internet, which mainly include: (i) internet cultural products specially produced for the internet, including but not limited to, online music entertainment, online games, online shows and plays (programs), online performances, online artworks and online cartoons; and (ii) internet cultural products produced from cultural products described in (i) above by using certain technological means and reproduced on the internet for dissemination. "Internet cultural activities" refer to the activities carried out for providing internet cultural products and services, which mainly include: (i) the activities of producing, reproducing, importing, publishing or broadcasting internet cultural products; (ii) the online distribution acts of publishing cultural products on the internet or sending cultural products through the internet, mobile communication networks and other information networks to such user terminals as computers, telephones, mobile phones, televisions and game players, and internet cafes and other business premises of internet service for users to browse, use or download; and (iii) exhibition and competition activities of internet cultural products.

REGULATIONS RELATED TO ADVERTISEMENT

The Advertising Law of the People's Republic of China (中華人民共和國廣告法) (the "**Advertising Law**"), which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on October 27, 1994 and was amended on April 24, 2015 and October 26, 2018, requires advertisers, advertising operators and advertising distributors to ensure that the content of the advertisements they produce or distribute are true and in full compliance with applicable laws and regulations. In addition, where a special government review is required for certain categories of advertisements before publishing, the advertisers, advertising operators and advertising distributors are obligated to confirm that such review has been duly performed and that the relevant approval has been obtained. Without prior consent or request, the advertisers, advertising operators and advertising distributors shall not deliver advertisement to any person's accommodation or transportation. If the advertisers, advertising operators and advertising distributors display any pop-up advertisement, they shall show the close button clearly to make sure that the viewers can close the advertisement in one-click.

On July 4, 2016, the State Administration for Industry and Commerce (the "**SAIC**") promulgated the Interim Measures on Internet Advertisement (互聯網廣告管理暫行辦法) (the "**Internet Advertisement Measures**"), which became effective on September 1, 2016. The Internet Advertisement Measures regulate any advertisement published on the Internet, including but not limited to, through websites, webpage and APPs, in the form of word, picture, audio and video and provides more detailed guidelines to the advertisers, advertising operators and advertising distributors. The following activities are prohibited under the Internet Advertisement Measures: (i) providing or using applications and hardware to block, filter, skip over, tamper with, or cover up lawful advertisements provided by others; (ii) using network access, network equipment and applications to disrupt the normal transmission of lawful advertisements provided by others or adding or uploading advertisements without permission; or (iii) harming the interests of others by using fake statistics or traffic data.

REGULATIONS RELATED TO RADIO AND TELEVISION PROGRAMS

On August 11, 1997, the State Council promulgated the Administrative Regulations on Radio and Television (廣播電視管理條例), which came into effect on September 1, 1997 and was amended on December 7, 2013 and March 1, 2017. According to the Administrative Regulations on Radio and Television, units for the production and management of radio television programs are established upon the approval of the administrative departments for radio and television under the people's governments at or above the provincial level. Only radio stations, television stations and units for the production and management of radio and television programs can produce radio and television programs. No radio or television station may broadcast any program produced by units which are not licensed to produce and manage radio or television programs.

According to the Provisions for the Administration of the Production and Distribution of Radio and Television Programs (廣播電視節目製作經營管理規定) promulgated by the State Administration of Press, Publication, Radio, Film and Television of the PRC (the "**SAPPRFT**") on July 19, 2004, which took into effect on August 20, 2004 and was amended on August 28, 2015, October 31, 2018 and October 29, 2020, any business that produces or operates radio or television programs must first obtain a Radio and Television Programs Production and Operation Permit. Entities holding such permits shall conduct their business within the permitted scope as provided in their permits. In addition, foreign-invested enterprises are not allowed to engage in the above-mentioned services.

REGULATIONS RELATED TO INFORMATION SECURITY AND CONFIDENTIALITY OF USER INFORMATION

The PRC government authorities have enacted laws and regulations with respect to internet information security and protection of personal information from any abuse or unauthorised disclosure, including the Decision on Maintaining Internet Security (全國人民代表大會常務委員會關於維護互聯網安全的決定) enacted by the SCNPC on December 28, 2000 and amended on August 27, 2009, the Provisions on the Technical Measures for Internet Security Protection (互聯網安全保護技術措施規定) issued by the Ministry of Public Security of the PRC (the "**MPS**") on December 13, 2005 and effective on March 1, 2006, the Decision on Strengthening Network Information Protection (全國人民代表大會常務委員會關於加強網絡信息保護的決定) promulgated by the SCNPC on December 28, 2012, the Several Provisions on Regulating the Market Order of Internet Information Services (規範互聯網信息服務市場秩序若干規定) issued by MIIT on December 29, 2011 and effective on March 15, 2012, and the Provisions on Protection of Personal Information of Telecommunication and Internet Users (電信和互聯網用戶個人信息保護規定) issued by MIIT on July 16, 2013 and effective on September 1, 2013.

The Provisions on Protection of Personal Information of Telecommunication and Internet Users regulate the collection and use of users' personal information in the provision of telecommunication services and internet information services in the PRC. Telecommunication business operators and internet service providers are required to constitute their own rules for the collecting and use of users' information. Telecommunication business operators and internet service providers must specify the purposes, manners and scopes of information collection and uses, obtain consent of the relevant citizens, and keep the collected personal information confidential. Telecommunication business operators and internet service providers are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. Telecommunication business operators and internet service providers are required to take technical and other measures to prevent the collected personal information from any unauthorised disclosure, damage or loss.

On November 7, 2016, the SCNPC released the Network Security Law of the PRC (中華人民共和國網絡安全法) (the "**Network Security Law**"), which became effective on June 1, 2017. The Network Security Law requires network operators to perform certain functions related to network security protection and strengthen the network information management. For instance, no network operator may disclose, tamper with or destroy personal information that it has collected, or disclose such information to others without prior consent of the person whose personal information has been collected, unless such information has been processed to prevent a specific person from being identified and such information from being restored. On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋) (the "**Interpretations**"). The Interpretations clarify several concepts regarding the crime of "infringement of citizens personal information" stipulated by the Criminal Law of the People's Republic of China (中華人民共和國刑法).

The Consultation Draft of the New Measures for Data Security Management (數據安全管理辦法(徵求意見稿)) (the "**Draft Measures for Data Security**") was published by the CAC on May 28, 2019 but has not yet been finalized and effective. The Draft Measure for Data Security regulates online data collection, storage, transmission, processing, usage and other data-related activities as well as data security protection, supervision and management. Pursuant to the Draft Measure for Data Security, website operators shall respectively formulate and disclose rules for the collection and use of personal information through their websites, apps and other products. Website operators who collect important data or personal sensitive information for business purpose shall make filings with the local counterparts of the CAC and shall designate a person in charge of data security who shall possess pertinent management experience and data security expertise as required, and will participate in important decision-making process for data-related activities.

The Draft Measure for Data Security, among others, further requires that (i) collection of personal information of a minor under the age of 14 shall be subject to his/her guardian's consent; (ii) website operators shall take such measures as data classification, backup, and encryption to strengthen protection of personal information and important data, (iii) a compliant management system shall be built by a website operator, which enables such website operator to respond promptly upon requests for inquiry, correction or deletion of personal information, cancelation of a user account, or receipt of complaints; and (iv) a website operator shall make a filing with its local cyberspace administration authority with respect to its collection of important data or personal sensitive information for business purpose.

The Draft Measure for Data Security embodies an expected PRC regulatory trend to rationalize its online data protection policies in line with prevailing global practice and the legislative efforts to strengthen online protection of personal information and important data. Only Netjoy Network within our Group will be deemed as a website operator under the Draft Measure for Data Security and therefore it will be required to comply with the Draft Measure for Data Security if enacted, as for Netjoy Network having been operating two websites, namely *Huabian* Platform and hepai.video, which are involved in online data activities of website users' data collection, storage and usage. Our Group has developed and implemented a series of data security protection policies and taken technical measures to protect our data. Furthermore, during the Track Record Period and up to the Latest Practicable Date, we have not been imposed any administrative penalty, or convicted of any criminal offense, or involved in any investigation proceeding related to data security. Based on the above, our PRC Legal Advisors are of the view that, except for the requirement in the Draft Measure for Data Security that "a website operator shall make a filing with its local cyberspace administration authority with respect to its collection of important data or personal sensitive information for business purpose", which could not be satisfied due to the Draft Measure for Data Security having not been enacted and the local cyberspace administration authority has not yet issued any filing guidelines, our online data activities are in compliance with the Draft Measures in all material aspects.

REGULATIONS RELATED TO INTELLECTUAL PROPERTY

The PRC government authorities have adopted regulations related to intellectual property rights, including copyrights, trademarks and patents. In addition, China is a signatory party to major intellectual property conventions, including the Paris Convention for the Protection of Industrial Property, the Madrid Agreement on the International Registration of Marks and Madrid Protocol, the Patent Cooperation Treaty, the Universal Copyright Convention, the Berne Convention for the Protection of Literary and Artistic Works and the Agreement on Trade-Related Aspects of Intellectual Property Rights.

Regulations Related to Copyrights

Copyrights in the PRC are protected by the Copyright Law of the PRC (中華人民共和國著作權法) (the "**Copyright Law**") which was enacted by the SCNPC on September 7, 1990, and amended respectively on October 27, 2001 and February 26, 2010. The Copyright Law provides that works developed by Chinese citizens, legal persons or other organizations is automatically protected immediately upon its creation, with no need to make any application or obtain any approval.

The Computer Software Protection Regulations (計算機軟件保護條例), which was promulgated by the State Council on December 20, 2001 and amended respectively on January 8, 2011 and January 30, 2013, provides for the rights of software copyright owners and relevant matters associated with the protection, registration, licencing and transfer of software copyright, and stipulates that software copyright owners may obtain registration from the software registration authority acknowledged by the copyright administrative department under the State Council. The registration certificate issued by the software registration authority shall be the preliminary evidence for the registration. The Computer Software Copyright Registration Measures (計算機軟件著作權登記辦法) (the "**Software Copyright Measures**") which was promulgated by the National Copyright Administration of the PRC (the "**NCA**") on February 20, 2002 regulates the registrations of software copyright, exclusive licencing contracts for software copyright and transfer contracts. The NCA shall be the competent authority for the nationwide administration of software copyright registration and the Copyright Protection Centre of China is designated as the software registration authority.

Regulations Related to Trademarks

The Trademark Law of the PRC (中華人民共和國商標法) (the "**Trademark Law**") was enacted by the SCNPC on August 23, 1982 and amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019, respectively, and the Implementation Regulations on the Trademark Law of the PRC (中華人民共和國商標法實施條例) were promulgated on August 3, 2002 by the State Council and were amended on April 29, 2014. These laws and regulations provide the basic legal framework for the regulations of trademarks in China. In the PRC, registered trademarks include commodity trademarks, service trademarks, collective marks and certificate marks. The Trademark Office under the SAIC is responsible for the registration and administration of trademarks throughout the country. Trademarks are granted on a term of ten years. An applicant can renew the application and reapply for trademark protection 12 months prior to the expiration of the ten-year term.

Regulations Related to Domain Names

Internet domain name registration and related matters are primarily regulated by the Administrative Measures for Internet Domain Names (互聯網域名管理辦法) issued by the MIIT on August 24, 2017 and effective as of November 1, 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Regulations Related to Patents

According to the Patent Law of the PRC (中華人民共和國專利法) (the "**Patent Law**") which was promulgated by the SCNPC on March 12, 1984 and amended on September 4, 1992, August 25, 2000 and December 27, 2008, with the last amendment effective on October 1, 2009, patent protection is divided into three categories, namely, invention patents, utility model patents and design patents. Invention patents are valid for twenty years from the date of application, while design patents and utility patents are valid for ten years from the date of application. Once an invention patent, or an utility model patent is granted, unless otherwise permitted by law, no individual or entities are permitted to engage in the manufacture, use, sale, or import of the product protected by such patent or otherwise engage in the manufacture, use, sale, or import of the product directly derived from applying the production technology or method protected by such patent, without consent of the patent holder.

REGULATIONS RELATED TO ANTI-MONOPOLY

Pursuant to the Anti-Monopoly Law of the PRC (中華人民共和國反壟斷法) (the "**Anti-Monopoly Law**"), which was promulgated by the SCNPC on August 30, 2007 and effective from August 1, 2008, "dominant market position" shall refer to a position where an operator may manipulate the price, volume and other trade conditions of commodity on a relevant market, or may obstruct or otherwise affect the entrance of other operators into relevant markets. Operators who hold a dominant market position shall be prohibited from engaging in such practices which may be classified as an abuse of said position as: (a) selling products at unfairly high or unfairly low prices, (b) selling products at a price lower than cost without legitimate grounds, (c) refusing to trade with the other trading party without legitimate grounds, (d) forcing the other trading party to trade only with said operator or other operators specified by said operator without legitimate grounds, (e) conducting tie-in sales or adding other unreasonable conditions on a deal without legitimate grounds, (f) discriminating among trading parties of the same qualifications with regard to trade price, etc. without legitimate grounds, or (g) other practices recognised by the Anti-Monopoly Law enforcement authorities as abuse of dominant market position. Furthermore, where an operator violates the provisions of the Anti-Monopoly Law by abusing dominant market position, the Anti-Monopoly Law enforcement authorities shall order a halt to the offending behaviour, confiscate the illegal earnings, and impose a fine of 1% to 10% of the previous year's sales revenue.

In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the MOFCOM, the NDRC and the SAIC, respectively. Since its inception, the SAMR has continued to strengthen its anti-monopoly enforcement. The SAMR issued the Notice on Anti-monopoly Enforcement Authorization (關於反壟斷授權執法的通知) on December 28, 2018, which grants authorizations to the SAMR's province-level branches for anti-monopoly enforcement within their respective jurisdictions, and issued the Anti-monopoly Compliance Guideline for Operators (經營者反壟斷合規指南) on September 11, 2020, which applies to operators under the Anti-Monopoly Law for establishing an anti-monopoly compliance management system and preventing anti-monopoly compliance risks.

On June 26, 2019, the SAMR issued the Interim Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions (禁止濫用市場支配地位行為暫行規定), which took effect on September 1, 2019 to further prevent and prohibit the abuse of dominant market positions. In November 2020, the SAMR published a discussion draft of the Guideline on Anti-monopoly of Platform Economy (關於平台經濟領域的反壟斷指南(徵求意見稿)) (the "**Draft Guideline**") aiming to improve anti-monopoly administration on online platforms. The Draft Guideline, if enacted, will operate as a compliance guidance under the existing PRC anti-monopoly laws and regulations for platform economy operators. As advised by our PRC Legal Advisors, the Draft Guideline was released for consultation purposes, there is substantial uncertainty regarding the Draft Guideline, including with respect to its final content, adoption timeline or effective date.

REGULATIONS RELATED TO FOREIGN INVESTMENT

Regulations related to Foreign Investment Industrial Policy

The Guidance Catalogue of Industries for Foreign Investment (2017 Revision) (外商投資產業指導目錄(2017年修訂)) (the "**2017 Catalogue**") was jointly promulgated by the NDRC and the MOFCOM on June 28, 2017 and became effective on July 28, 2017. The 2017 Catalogue divides industries into four categories in terms of foreign investment: (i) encouraged projects, (ii) permitted projects, (iii) restricted projects, and(iv) prohibited projects. If the industry in which the investment is to occur falls into the encouraged category, foreign investment, in certain cases, may enjoy preferential policies or benefits. If restricted, foreign investment may be conducted in accordance with applicable legal and regulatory restrictions. If prohibited, foreign investment of any kind is not allowed. The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2018) (外商投資准入特別管理措施(負面清單)(2018年版)) (the "**2018 Negative List**") was promulgated by the NDRC and the MOFCOM on June 28, 2018 and became effective on July 28, 2018. The negative list for access of foreign investment specified in the 2017 Catalogue was repealed simultaneously. If foreign investment falls into areas prescribed in the 2018 Negative List, special administrative measures shall apply. The Catalogue of Industries in which Foreign Investment is Encouraged (2019 Revision) (鼓勵外商投資產業目錄(2019年版)) (the "**2019 Catalogue**") and the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2019) (外商投資準入特別管理措施(負面清單)(2019年版)) (the "**2019 Negative List**"), which both become effective on July 30, 2019 and replace the 2017 Catalogue and the 2018 Negative List, further reduce restrictions on the foreign investment. According to the 2019 Negative List and the 2019 Catalogue, the proportion of foreign investments in entities engaged in value-added telecommunications business shall not exceed 50% and the radio and television programs production business remains as prohibited areas for foreign investment.

Regulation related to Foreign-Invested Enterprises

The Company Law of the PRC (中華人民共和國公司法) (the "**Company Law**"), which was promulgated by the SCNPC on December 29, 1993 and came into effect on July 1, 1994, subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018, provides that companies established in the PRC may take form of company of limited liability or company limited by shares. Each company has the status of a legal person and owns its assets itself. Assets of a company may be used in full for the company's liability. The Company Law applies to foreign-invested companies unless relevant laws provide otherwise.

The Wholly Foreign-Owned Enterprises Law of the PRC (中華人民共和國外資企業法) (the "**Wholly Foreign-Owned Enterprises Law**"), last amended on September 3, 2016 and came into force on October 1, 2016 and the Implementation Rules on the Wholly Foreign-Owned Enterprises Law of the PRC (中華人民共和國外資企業法實施細則) (the "**Wholly Foreign-Owned Enterprises Implementation Rules**"), last amended on February 19, 2014 and came into force on March 1, 2014 stipulate the establishment procedure of a wholly foreign-owned enterprise, regulations on registered capital, affairs of foreign exchange, accounting practise, taxation and labour service, and other relevant issues. The Decisions by the SCNPC on the Modification of the Wholly Foreign-Owned Enterprises Law of the PRC and Other Four Laws (全國人民代表大會常務委員會關於修改〈中華人民共和國外資企業法〉等四部法律的決定) issued by the SCNPC on September 3, 2016 has modified the procedures of investment by foreign investor in China, so that foreign investor investing in commercial industry which is not under the restriction of special access administrative measures shall make record-filing with the relevant authorities, which replaced the approval process.

The Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (中華人民共和國中外合資經營企業法) last amended on September 3, 2016 and came into effect on October 1, 2016, and the Regulations for the Implementation of the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (中華人民共和國中外合資經營企業法實施條例) last amended on March 2, 2019 and came into effect on March 2, 2019, stipulate the establishment procedures, registered capital requirements, foreign exchange matters, finance and accounting, taxation and labor services, and other relevant issues.

In accordance with the Interim Measures on Management of Establishment and Change of Foreign-Owned Enterprises (外商投資企業設立及變更備案管理暫行辦法, "**Interim Measures**") last amended by the MOFCOM on June 29, 2018 and became effective on June 30, 2018, if the establishment and changes of foreign-invested enterprises does not involve the special access administrative measures prescribed by the PRC government, the examination and approval process is now being replaced by the record-filing administration process with the relevant local authorities of the MOFCOM. On December 30, 2019, the MOFCOM and the SAMR promulgated the Measures on Reporting of Foreign Investment Information (外商投資信息報告辦法), which came into effect on January 1, 2020. After the Measures on Reporting of Foreign Investment Information came into effect, the Interim Measures have been repealed simultaneously. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the relevant commerce administrative authorities according to the Measure on Reporting of Foreign Investment Information.

The Foreign Investment Law (中華人民共和國外商投資法) (the "**FIL 2019**") was adopted by the National People's Congress of the PRC on March 15, 2019 and will become effective on January 1, 2020. The FIL 2019 is formulated to further expand opening-up, vigorously promote foreign investment and protect the legitimate rights and interests of foreign investors. According to the FIL 2019, foreign investments are entitled to pre-entry national treatment and are subject to negative list management system. The pre-entry national treatment means that the treatment given to foreign investors and their investments at the stage of investment access is not lower than that of domestic investors and their investments. The negative list management system means that the State implements special administrative measures for access of foreign investment in specific fields. Foreign investors shall not invest in any forbidden fields stipulated in the negative list and shall meet the conditions stipulated in the negative list before investing in any restricted fields. Foreign investors' investment, earnings and other legitimate rights and interests within the territory of the PRC shall be protected in accordance with the law, and all national policies on supporting the development of enterprises shall equally apply to foreign-invested enterprises. The State guarantees that foreign-invested enterprises participate in the formulation of standards in an equal manner. The State guarantees that foreign-invested enterprises participate in government procurement activities through fair competition in accordance with the law. The State shall not expropriate any foreign investment except under special circumstances. In special circumstances, the State may levy or expropriate the investment of foreign investors in accordance with the law for the needs of the public interest. The expropriation and requisition shall be conducted in accordance with legal procedures and timely and reasonable compensation shall be given. In carrying out business activities, foreign-invested enterprises shall comply with relevant provisions on labour protection, social insurance, tax, accounting, foreign exchange and other matters stipulated in the PRC laws and regulations. Upon the FIL 2019 taking effect on January 1, 2020, the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (中華人民共和國中外合資經營企業法), the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC (中華人民共和國中外合作經營企業法) and the Wholly Foreign-Owned Enterprises Law shall repealed accordingly.

Regulations related to M&A

The Provisions on the Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the "**M&A Rules**") issued by six PRC governmental authorities effective from September 8, 2006 and amended on June 22, 2009, provide rules related to acquisition of domestic enterprises by foreign investors. According to the M&A Rules, a foreign investor is required to obtain the necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes for increased capital in a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise. The M&A Rules, among other things, further require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange, especially if the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for shares of offshore companies.

In addition, pursuant to the Circular of the General Office of the State Council on the Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知), which was promulgated on February 3, 2011 and became effective on March 3, 2011, and the Rules of MOFCOM on the Implementation of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (商務部實施外國投資者併購境內企業安全審查制度的規定), which was promulgated on August 25, 2011 and became effective on September 1, 2011, where foreign investors initiate mergers and acquisitions of domestic entities related to the national security, which may result in the actual controlling power of foreign investors over those acquired domestic enterprises, the foreign investors shall apply for the security review of the concerned mergers and acquisitions. Please refer to "Risk Factors — Risks Relating to the PRC — The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China" for more information about the above-mentioned regulations.

REGULATIONS RELATED TO TAXATION

Regulations related to Enterprise Income Tax

According to the Law of the PRC on Enterprise Income Tax (中華人民共和國企業所得稅法) (the "**EIT Law**"), which was promulgated by the National People's Congress of the PRC on March 16, 2007 and became effective on January 1, 2008 and amended on February 24, 2017 and December 29, 2018, and the Implementation Rules to the EIT Law (中華人民共和國企業所得稅法實施條例) (the "**Implementation Rules**"), which was promulgated by the State Council on December 6, 2007 and became effective on January 1, 2008 and amended on April 23, 2019, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in the PRC in accordance with PRC laws, or that are established in accordance with the laws of foreign countries (regions) but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries (regions) and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. A resident enterprise shall pay enterprise income tax on its income deriving from both inside and outside China at the rate of enterprise income tax of 25%. A non-resident enterprise that has an establishment or place of business in the PRC shall pay enterprise income tax on its

income deriving from inside China and obtained by such establishment or place of business, and on its income which derives from outside China but has actual relationship with such establishment or place of business, at the rate of enterprise income tax of 25%. A non-resident enterprise that does not have an establishment or place of business in China, or has an establishment or place of business in China but the income has no actual relationship with such establishment or place of business, shall pay enterprise income tax on its income deriving from inside China at the reduced rate of enterprise income tax of 10%.

According to the EIT Law and the Implementation Rules, an enterprise certified as a high and new technology enterprise was subject to a preferential enterprise income tax rate of 15%. In accordance with the Measures for Administration of Recognition of High and New Technology Enterprise (高新技術企業認定管理辦法) promulgated on January 29, 2016, an enterprise certified as a high and new technology enterprise is subject to review by the relevant PRC authorities and shall submit the information about the relevant intellectual property, scientific and technical personnel, research and development expense, operating revenue of previous year and other annual status on the required official website.

The Notice on Income Tax Policies for Further Encouraging the Development of Software Industry and Integrated Circuit Industry (關於進一步鼓勵軟件產業和集成電路產業發展企業所得稅政策的通知) (the "**2012 Policy**"), which was promulgated by the MOF and the STA on April 20, 2012 and took effect on January 1, 2011 and the Notice on Issues concerning Preferential Enterprise Income Tax Policies for Software and Integrated Circuit Industries (關於軟件和集成電路產業企業所得稅優惠政策有關問題的通知) (the "**2016 Policy**") promulgated by the MOF, the STA, the NDRC and the MIIT on May 4, 2016 and took effect on January 1, 2015, provides that newly established integrated circuit design enterprises and eligible software enterprises shall be exempt from the EIT for the first two years of the preferential period, and shall be levied thereon at half of the statutory rate of 25% for the next three years until the expiration of the preferential period. On May 17, 2019, the MOF and the STA issued the Notice on Enterprise Income Tax Policies for the Integrated Circuit Design and Software Industries (關於集成電路設計和軟件產業企業所得稅政策的公告) (the "**2018 Policy**"), which also provides that legally established and eligible integrated circuit design enterprises and software enterprises shall be exempted from the enterprise income tax for the first and second year after it makes profits and shall be levied thereon at half of the statutory rate of 25% for the third to fifth year until the expiration of the preferential period. The preferential period shall be calculated from the profitable year prior to December 31, 2018. The 2018 Policy further provides that the eligibility criteria set out in 2012 Policy and the 2016 Policy will continue to apply.

According to the Notice of the State Administration of Taxation on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) issued by the STA on April 22, 2009 and December 29, 2017, the determination of de facto management body shall accord with the principle of substance over form and if an overseas Chinese-funded enterprise concurrently satisfies the certain prescribed conditions, it shall be determined as a resident enterprise whose de facto management body is within China and it shall be subject to the corresponding tax administration and pay the enterprise income tax on its incomes derived from both within and outside China.

On February 3, 2015, STA issued the Announcement on Several Issues Concerning Enterprise Income Tax on Indirect Transfer of Assets by Non-Resident Enterprises (關於非居民企業間接轉讓財產企業所得稅若干問題的公告) (the "**Circular 7**"), which was amended on October 17, 2017 and December 29, 2017. The Circular 7 repeals certain provisions in the Notice of the STA on Strengthening the Administration of Enterprise Income Tax on Income from Equity Transfer by Non-Resident Enterprises (國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知) (the "**Circular 698**") issued by the STA on December 10, 2009 and the Announcement on Several Issues Relating to the Administration of Income Tax on Non-resident Enterprises (關於非居民企業所得稅管理若干問題的公

告) issued by the STA on March 28, 2011 and clarifies certain provisions in the Circular 698. The Circular 7 provides comprehensive guidelines relating to, and heightening the Chinese tax authorities' scrutiny on, indirect transfers by a non-resident enterprise of assets (including assets of organizations and premises in PRC, immovable property in the PRC, equity investments in PRC resident enterprises) ("**PRC Taxable Assets**"). For instance, when a non-resident enterprise transfers equity interests in an overseas holding company that directly or indirectly holds certain PRC Taxable Assets and if the transfer is believed by the Chinese tax authorities to have no reasonable commercial purpose other than to evade enterprise income tax, the Circular 7 allows the Chinese tax authorities to reclassify the indirect transfer of PRC Taxable Assets into a direct transfer and therefore impose a 10% rate of PRC enterprise income tax on the non-resident enterprise. The Circular 7 lists several factors to be taken into consideration by tax authorities in determining if an indirect transfer has a reasonable commercial purpose. However, regardless of these factors, the overall arrangements in relation to an indirect transfer satisfying all the following criteria will be deemed to lack a reasonable commercial purpose: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from PRC Taxable Assets; (ii) at any time during the one year period before the indirect transfer, 90% or more of the asset value of the intermediary enterprise (excluding cash) is comprised directly or indirectly of investments in the PRC, or during the one year period before the indirect transfer, 90% or more of its income is derived directly or indirectly from the PRC; (iii) the functions performed and risks assumed by the intermediary enterprise and any of its subsidiaries and branches that directly or indirectly hold the PRC Taxable Assets are limited and are insufficient to prove their economic substance; and (iv) the foreign tax payable on the gain derived from the indirect transfer of the PRC Taxable Assets is lower than the potential PRC tax on the direct transfer of those assets. On the other hand, indirect transfers falling into the scope of the safe harbors under the Circular 7 may not be subject to PRC tax under the Circular 7. The safe harbors include qualified group restructurings, public market trades and exemptions under tax treaties or arrangements.

On October 17, 2017, STA issued the Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (國家税務總局關於非居民企業所得税源泉扣繳有關問題的公告) (the "**STA Circular 37**"), which took effect on December 1, 2017. According to the STA Circular 37, the balance after deducting the equity net value from the equity transfer income shall be the taxable income amount for equity transfer income. Equity transfer income shall mean the consideration collected by the equity transferor from the equity transfer, including various income in monetary form and non-monetary form. Equity net value shall mean the tax computation basis for obtaining the said equity. The tax computation basis for equity shall be: (i) the capital contribution costs actually paid by the equity transferor to a Chinese resident enterprise at the time of investment and equity participation, or (ii) the equity transfer costs actually paid at the time of acquisition of such equity to the original transferor of the said equity. Where there is reduction or appreciation of value during the equity holding period, and the gains or losses may be confirmed pursuant to the provisions of the finance and tax authorities of the State Council, the equity net value shall be adjusted accordingly. When an enterprise computes equity transfer income, it shall not deduct the amount in the shareholders' retained earnings such as undistributed profits etc. of the investee enterprise, which may be distributed in accordance with the said equity. In the event of partial transfer of equity under multiple investments or acquisitions, the enterprise shall determine the costs corresponding to the transferred equity in accordance with the transfer ratio, out of all costs of the equity.

According to the Several Opinions of the State Council on Supporting the Construction of Kashgar and Horgos Economic Development Zones (關於支持喀什霍爾果斯經濟開發區建設的若干意見) promulgated by the State Council on September 30, 2011, and the Notice of the Preferential EIT Policies in relation to Kashgar and Horgos as Two Special Economic Development Zones in 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) promulgated by the MOF and the STA on November 29, 2011, from January 1, 2010 to December 31, 2020, the enterprises newly established in Kashgar and Horgos within the Catalogue of EIT Incentives for Industries Particularly Encouraged in Underprivileged Areas of Xinjiang for Development (新疆困難地區重點鼓勵發展產業企業所得税優惠

目錄) shall be granted the preferential treatment of five-year EIT exemption since the taxable year when the first business income is obtained.

Based on the Notice of Further Strengthening the Catalogue of EIT Incentives for Industries Particularly Encouraged in Underprivileged Areas of Xinjiang for Development (關於完善新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄的通知) issued by the MOF, the STA, the NDRC and the MIIT on July 29, 2016, advertising creative, advertising planning, advertising design and advertising production industries are included in the Catalogue of EIT Incentives for Industries Particularly Encouraged in Under privileged Areas of Xinjiang for Development (for Trial Implementation) (2016 Edition) (新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄(試行)(2016年版)), which enjoy the above-mentioned preferential income tax policies.

Regulations related to Value-Added Tax

Pursuant to the Provisional Regulations on Value-Added Tax of the PRC (中華人民共和國增值稅暫行條例) last amended on November 19, 2017, and its Implementation Rules (中華人民共和國增值稅暫行條例實施細則) promulgated by the MOF and last amended on October 28, 2011, tax payers engaging in sale of goods, provision of processing services, repairs and replacement services, sales of services, intangible assets or real property, or importation of goods within the territory of the PRC shall pay value-added tax (the "**VAT**").

On November 16, 2011, the MOF and the STA jointly promulgated the Pilot Plan for Levying Value-Added Tax in lieu of Business Tax (營業税改徵增值税試點方案). Starting from January 1, 2012, the PRC government has been gradually implementing a pilot program in certain provinces and municipalities, to levy a 6% VAT on revenue generated from certain kinds of services in lieu of the business tax. Further, on March 23, 2016, the MOF and the STA jointly issued the Circular of Full Implementation of Business Tax to Value-added Tax Reform (財政部、國家税務總局關於全面推開營業税改徵增值税試點的通知) which confirms that business tax would be completely replaced by the VAT from May 1, 2016.

Pursuant to the Notice of the MOF and the STA on the Adjustment to Value-added Tax Rates (財政部、國家税務總局關於調整增值税税率的通知) issued on April 4, 2018 and came into effect on May 1, 2018, the tax rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. Further, pursuant to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (關於深化增值税改革有關政策的公告) jointly issued by the MOF, the STA and the General Administration of Customs on March 20, 2019 and came into effect on April 1, 2019, the tax rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

Regulations related to Urban Maintenance and Construction Tax and Education Surcharges

According to the Circular of the State Council on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (國務院關於統一內外資企業和個人城市維護建設税和教育費附加制度的通知) promulgated by the State Council on October 18, 2010 and implemented on December 1, 2010, foreign-invested enterprises, foreign enterprises and foreign individuals are applicable to the Provisional Regulations of the PRC on City Maintenance and Construction Tax (中華人民共和國城市維護建設税暫行條例) (the "**Provisional Regulations on City Maintenance and Construction Tax**") promulgated by the State Council on February 8, 1985 and implemented on January 1, 1985, and then revised and implemented on January 8, 2011, and the Provisional Regulations for Imposition of Education Surcharges (徵收教育費附加的暫行規定) promulgated by the State Council on April 28, 1986 and implemented on July 1, 1986, revised on June 7, 1990 and implemented on August 1, 1990, revised on August 20, 2005 and implemented on October 1, 2005, and then revised and implemented on January 8, 2011.

Pursuant to the Provisional Regulations on City Maintenance and Construction Tax, any taxpayer, whether an entity or individual, of consumption tax, value-added tax or business tax shall be required to pay urban maintenance and construction tax based on the total amount of consumption tax, value-added tax or business tax paid by such taxpayer. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town.

According to the Provisional Regulations for Imposition of Education Surcharges, all units and individuals who pay the consumption tax, value-added tax and business tax shall pay education surcharges, except the units that pay rural surcharges of operating expenses of education in accordance with the regulations of the Circular of the State Council on Raising Funds for Running Schools in Rural Areas (國務院關於籌措農村學校辦學經費的通知). The computation of education surcharges shall be based on the amount of value-added tax, business tax, and consumption tax paid by each unit and individual. The education surcharges rate is 3%, and the tax shall be paid together with the payment of value-added tax, business tax, and consumption tax.

Tax Treaties

According to the EIT Law and the Implementation Rules, dividends paid to its foreign investors are subject to a withholding tax rate of 10%, unless relevant tax agreements entered into by the PRC government provide otherwise. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation 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 "**Hong Kong Double Tax Avoidance Arrangement**") and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under the Hong Kong Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends that the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% if the Hong Kong resident holds more than 25% capital of the PRC resident enterprise.

Pursuant to the Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Agreements (國家税務總局關於執行税收協定股息條款有關問題的通知) (the "**Circular 81**"), which was promulgated by the STA on February 20, 2009 and became effective on February 20, 2009, all of the following requirements shall be satisfied where a fiscal resident of the other party to a tax agreement needs to be entitled to such tax agreement treatment as being taxed at a tax rate specified in the tax agreement for the dividends paid to it by a Chinese resident company: (i) such a fiscal resident who obtains dividends should be a company as provided in the tax agreement; (ii) owner's equity interests and voting shares of the Chinese resident company directly owned by such a fiscal resident reaches a specified percentage; and (iii) the equity interests of the Chinese resident company directly owned by such a fiscal resident, at any time during the twelve months prior to the obtainment of the dividends, reach a percentage specified in the tax agreement. The Circular 81 further stipulates that, 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.

The Announcement of the STA on Issues Relating to "Beneficial Owner" in Tax Treaties (國家税務總局關於税收協定中「受益所有人」有關問題的公告) (the "**Announcement of Beneficial Owner**") issued by the STA on February 3, 2018 and came into effect on April 1, 2018. The Announcement of Beneficial Owner provided that the "beneficial owner" shall mean a person who has ownership and control over the income and the rights and property from which the income is derived. When an individual who is a resident of the treaty counterparty derive dividend income from China, the individual may be determined as a "beneficial owner".

REGULATIONS RELATED TO DIVIDEND DISTRIBUTION

Under the Company Law and the Wholly Foreign-Owned Enterprises Law, foreign-invested enterprises may not distribute after-tax profits unless they have contributed to the funds as required by the PRC laws and regulations and have set off financial losses of previous accounting years. For example, the Implementation Regulations of the Wholly Foreign-Owned Enterprises Law of the PRC stipulates that, a wholly foreign-owned enterprises shall retain certain amount from its after-tax profits as reserve fund and employee bonus & welfare fund. The amount retained for the reserve fund shall not be less than 10% of the after-tax profits and the retainment could be stopped when the accumulated retained amount has been reached 50% of its registered capital amount. The amount retained for employee bonus & welfare fund shall be determined by the foreign-invested enterprise itself.

REGULATIONS RELATED TO OFFSHORE INVESTMENT

On July 4, 2014, the SAFE promulgated the Circular Concerning Relevant Issues on the Foreign Exchange Administration of Offshore Investing and Financing and Round-Trip Investing by Domestic Residents through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the "**SAFE Circular 37**"). The SAFE Circular 37 supersedes the Circular Concerning Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicle and Investing Back in China by Domestic Residents (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) and revises and regulates the relevant matters involving foreign exchange registration for round-trip investment. At the same time, the SAFE has issued the Operation Guidance for the Issues Concerning Foreign Exchange Administration over Round-trip Investment (返程投資外匯管理所涉業務操作指引) (the "**SAFE Circular 13**") with respect to the procedures for SAFE registration under the SAFE Circular 37, which became effective on July 4, 2014 as an attachment to SAFE Circular 37. The SAFE Circular 13 has further amended SAFE Circular 37 by requiring domestic residents to register with qualified banks rather than the SAFE or its local counterparts in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing.

REGULATIONS RELATED TO STOCK INCENTIVE PLANS

On February 15, 2012, the SAFE promulgated the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知), which became effective immediately, and stipulated that individuals participating in any stock incentive plan of any overseas publicly listed company who are PRC citizens or non-PRC citizens who reside in China for a continuous period of not less than one year, subject to a few exceptions are required to register with the SAFE or its local counterparts and complete certain other procedures through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company. Under the Circular of the State Administration of Taxation on Issues Concerning Individual Income Tax in Relation to Equity Incentives (國家税務總局關於股權激勵有關個人所得税問題的通知) promulgated and became effective on August 24, 2009 by the STA, listed companies and their domestic organizations will, according to the individual income tax calculation methods for "wage and salary income" and stock option income, lawfully withhold and pay individual income tax on such income.

REGULATIONS RELATED TO FOREIGN EXCHANGE

According to the Regulations of the PRC on Foreign Exchange Administration (中華人民共和國外匯管理條例) which was promulgated by the State Council on January 29, 1996, became effective on April 1, 1996 and amended on January 14, 1997 and August 5, 2008, together with various regulations issued by the SAFE and other relevant PRC governmental authorities, RMB is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments, payment of interests and dividends. The conversion of RMB into other currencies and remittance of the converted foreign currency outside the PRC for the purpose capital account items, such as direct equity investments, loans and repatriation of investment, require the prior approval from the SAFE or its local branches.

In light of the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (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) (the "**Circular 13**") promulgated by the SAFE on February 13, 2015, effective as of June 1, 2015, the direct investment related foreign exchange registration will be handled directly by banks that have obtained the financial institution identification codes issued by the foreign exchange regulatory authorities and that have opened the capital account information system at the foreign exchange regulatory authority in the place where they are located and the foreign exchange regulatory authorities shall perform indirect regulation over the direct investment-related foreign exchange registration via banks. According to the Circular of the SAFE on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital at Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the "**Circular 19**"), which was promulgated by the SAFE on March 30, 2015, became effective on June 1, 2015 and amended on December 30, 2019, the foreign exchange capital in the capital account of a foreign-invested enterprise, for which the foreign-invested enterprise has obtained confirmation from the local SAFE branches regarding the rights and interests of monetary contribution (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operation needs of such foreign-invested enterprise. The proportion of discretionary settlement of foreign exchange capital is temporarily determined as 100%, subject to the adjustment of the SAFE.

On June 9, 2016, the SAFE promulgated the Circular on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (the "**Circular 16**"). Circular 16 unifies the Discretional Foreign Exchange Settlement for all the domestic institutions. The Discretional Foreign Exchange Settlement refers to the foreign exchange capital in the capital account which has been confirmed by the relevant policies subject to the Discretional Foreign Exchange Settlement (including foreign exchange capital, foreign loans and funds remitted from the proceeds from the overseas listing) can be settled at the banks based on the actual operational needs of the domestic institutions. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital is temporarily determined as 100%. Violations of Circular 19 or Circular 16 could result in administrative penalties in accordance with the Regulations of the PRC on Foreign Exchange Administration and relevant provisions.

Furthermore, Circular 16 stipulates that the use of foreign exchange incomes of capital accounts by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The foreign exchange incomes of capital accounts and capital in Renminbi obtained by the foreign-invested enterprises from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities or financial schemes other than bank guaranteed products unless otherwise provided by relevant laws and regulations; (iii) used for granting loans to non-connected enterprises, unless otherwise permitted by its business scope; and (iv) used for the construction or purchase of real estate that is not for self-use (except for the real estate enterprises).

REGULATIONS RELATED TO FOREIGN DEBT

A loan made by foreign investors as shareholders in a foreign invested enterprise is considered to be foreign debt in China and is regulated by various laws and regulations, including the Regulation of the PRC on Foreign Exchange Administration, The Interim Provisions on the Management of Foreign Debts (外債管理暫行辦法) effective on March 1, 2003, the Statistical Monitoring of Foreign Debts Tentative Provisions (外債統計監測暫行規定) effective on August 27, 1987 and the Detailed Rules for the Implementation of Provisional Regulations on Statistics and Supervision of External Debt (外債統計監測實施細則) effective on January 1, 1998, and the Administrative Measures for Registration of Foreign Debts (外債登記管理辦法) effective on May 13, 2013.

Under these rules and regulations, a shareholder loan in the form of foreign debt made to a PRC entity does not require the prior approval of SAFE. However, such foreign debt must be registered with and recorded by SAFE or its local branches. Pursuant to the Interim Provisions of the State Administration for Industry and Commerce on the Ratio of the Registered Capital to the Total Investment of a Sino-Foreign Equity Joint Venture Enterprise (國家工商行政管理局關於中外合資經營企業註冊資本與投資總額比例的暫行規定) effective from March 1, 1987, if the amount of foreign exchange debt of a foreign-invested enterprise exceeds its borrowing limits, the enterprise is required to apply to the relevant PRC regulatory authorities to increase the total investment amount and registered capital to allow the excess foreign exchange debt to be registered with SAFE.

On January 11, 2017, the People's Bank of China (the "**PBOC**") issued the Circular on the Matters Relating to the Macro-prudential Management of Full-covered Cross-border Financing (關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "**PBOC Circular No.9**"), which repealed the previous circulars of PBOC. Under PBOC Circular No.9, the outstanding cross-border financings of an enterprise or financial institution shall be calculated using a risk-weight approach and not exceed the specified upper limited, which was determined by the capital or assets of such entities, the cross-border financing leverage ratio and the macro-prudential regulation parameter.

Pursuant to the Notice of the National Development and Reform Commission on Promoting the Administrative Reform of the Filing and Registration System for Enterprises' Issuance of Foreign Debts (國家發改委關於推進企業發行外債備案登記制管理改革的通知) issued by NDRC on September 14, 2015, foreign debts refer to debt instruments with a term of one year or more that are borrowed from overseas by domestic enterprises or their controlled overseas enterprises or branch offices. An enterprise that plans to issue foreign debts shall apply to NDRC in advance for filing and if the NDRC decides to accept the filing application, it will issue the Certificate on the Filing and Registration of Foreign Debts Issued by Enterprises. Within ten working days after the completion of each issuance, the issuing enterprise shall report issuance information to the NDRC.

REGULATIONS RELATED TO EMPLOYMENT AND SOCIAL WELFARE

Regulations related to Employment

The Labour Contract Law of the PRC (中華人民共和國勞動合同法) (the "**Labour Contract Law**"), which was promulgated by the SCNPC on June 29, 2007 and became effective on January 1, 2008 and whose amendments made on December 28, 2012 and became effective on July 1, 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employment contract. The Labour Contract Law stipulates that employment contracts must be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

Regulations related to Social Welfare

Under the applicable PRC laws and regulations, including the Social Insurance Law of The PRC (中華人民共和國社會保險法), which was promulgated by the SCNPC on October 28, 2010 and became effective on July 1, 2011 and amended on December 29, 2018, and the Regulations on the Administration of Housing Fund (住房公積金管理條例), which was amended by the State Council on March 24, 2002 and March 24, 2019, employers and/or employees (as the case may be) are required to contribute to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing funds. These payments are made to local administrative authorities and employers who fail to contribute may be fined and ordered to rectify within a stipulated time limit.

RECIPROCAL RECOGNITION AND ENFORCEMENT OF CIVIL AND COMMERCIAL JUDGMENTS

Pursuant to the Arrangement of the Supreme People's Court for the Reciprocal Recognition and Enforcement by the Courts of the Mainland and of the Hong Kong Special Administrative Region of the Judgments of Civil and Commercial Cases Under Consensual Jurisdiction (最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排), signed on July 14, 2006 and became effective as of August 1, 2008, a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in PRC. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute.