We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities within the territory of the PRC and that affect the dividends payment to our shareholders.

REGULATIONS RELATING TO AUTOMOTIVE SERVICE

Regulations on Automotive Maintenance

Pursuant to the Road Transport Regulation of PRC（《中華人民共和國道路運輸條例》）promulgated by the State Council on 30 April 2004 and latest amended on 29 March 2022, whoever engages in the business operations of automotive maintenance shall meet the following conditions: (i) having a place for automotive maintenance, (ii) having necessary equipment, facilities and technicians, (iii) having a complete management system for automotive maintenance, and (iv) having necessary environmental protection measures. The Provisions on Automotive Maintenance and Repair（《機動車維修管理規定》） promulgated by the Ministry of Transport of the PRC on 24 June 2005 and latest amended on 11 August 2021 further requires that each of the automotive maintenance service providers shall file with the corresponding road transport administration at the county level where such providers located and be classified into Class I, Class II or Class III maintenance service according to its business and service capabilities. Pursuant to the Provisions on Automotive Maintenance and Repair, only Class I or Class II automotive maintenance services providers may engage in whole-vehicle maintenance and repair, unit repair, whole-vehicle maintenance, while all three classifications of automotive maintenance services providers may engage in comprehensive minor repairs for automobiles or engine maintenance and special motor vehicle maintenance and repair respectively. Any automotive maintenance operator shall conduct the automotive maintenance business in accordance with the national, industrial or local standards for automotive maintenance and the technical information for automotive maintenance published by the automobile manufacturer or importer. Moreover, automotive maintenance operator shall publicise its charging items, typical number of hours required to perform each service and rate at its business premises.

Pursuant to the Provisions on Automotive Maintenance and Repair, the administrative authorities in charge of road transportation at the county level or above may impose correction orders to whoever engages in the automotive maintenance business and fails to meet the regulatory standards for automotive maintenance formulated by the competent authorities of transportation under the State Council; if the circumstance is serious, the road transportation authority at the county level or above may order such entity or individual to suspend business for internal rectification. In addition, if any entity or individual engaging in the automotive maintenance business fails to file as required might be ordered to make corrections by the road transportation administration at the county level or above; anyone who fails to make corrections shall be subject to fines of not less than RMB5,000 but not more than RMB20,000.

Regulations on Second-hand Automobiles Sales

On 29 August 2005, the Ministry of Commerce, the Ministry of Public Security, State Administration for Industry and Commerce, and State Administration of Taxation together promulgated the Measures for the Administration of the Circulation of Second-hand Automobiles（《二手車流通管理辦法》）, which was amended on 14 September 2017. On 22 November 2005, the Ministry of Commerce further promulgated the Notice on Issues Concerning the Implementation of the Measures for the Administration of the Circulation of Second-hand Vehicles（《商務部辦公廳關於實施<二手車流通管理辦法>有關問題的通知》）. According to aforesaid regulations, any operator of a trading market for second-hand vehicles or operating entity of second-hand vehicles that has been legally registered with the relevant administrative authorities for industry and commerce and obtained the business licence shall report to the relevant competent commerce authorities at the provincial level for record-filing within two (2) months from the date of obtaining the business licence, and such operator shall regularly report information such as the trading volume and trading value of second-hand vehicles to the relevant competent commerce authorities at the provincial level through the competent commerce authorities at the domicile thereof. In addition, a retail enterprise of second-hand automobiles shall, when selling a second-hand automobile, provide the quality guarantee as well as the service after sales, which shall be clearly publicised in its business place.

REGULATIONS RELATING TO COMMERCIAL FRANCHISING

Pursuant to the Regulations on the Administration of Commercial Franchising（《商業特許經營管理條例》）, or the Franchising Regulations, which took effect on 1 May 2007, commercial franchising refers to the business activities where a franchisor, being an enterprise possessing registered trademarks, corporate logos, patents, proprietary technology, or other business resources, licences through contracts its business resources to the franchisees, being other business operators, and the franchisees carry out business operation under a uniform business model and pay franchising fees to the franchisor pursuant to the contracts. The Franchising Regulations requires that any enterprise engaging in trans-provincial franchise business shall register with the Ministry of Commerce, and any enterprise engaging in franchise business within one province shall register with the provincial counterpart of the Ministry of Commerce. The Franchising Regulations also set forth a number of requirements for the franchisors and to govern the franchise agreements. For example, the franchisors and franchisees are required to enter into franchising agreements containing certain required terms, and the franchise term thereunder shall be no less than three years unless otherwise agreed by the franchisee.

On 12 December 2011, the Ministry of Commerce promulgated the Administrative Measures for the Filing of Commercial Franchisees (《商業特許經營備案管理辦法》), which took effect on 1 February 2012 and sets forth in detail the procedures and documents required for such filing, including, among other things, within 15 days after executing the first franchise agreement, the franchisor shall file with the Ministry of Commerce or its local counterparts for record, and if there occurs any change to the franchisor's business registration, business resources, and the franchisee store network throughout China, the franchisor shall apply to the Ministry of Commerce for

alteration within 30 days after the occurrence of such change. Furthermore, within the first quarter of each year, the franchisor shall report the execution, revocation, termination, and renewal of the franchise agreements occurring in the previous year to the Ministry of Commerce or its local counterparts, the failure of which may subject the franchisor to an order of rectification and a fine up to RMB50,000. Furthermore, the franchisor is required to implement information disclosure system. The Administrative Measures on the Information Disclosure of Commercial Franchising（《商業特許經營信息披露管理辦法》）, which took effect on 1 April 2012, provides a list of information that the franchisor shall disclose to franchisees in writing at least 30 days prior to the execution of the franchising agreements.

REGULATIONS RELATING TO SINGLE-PURPOSE COMMERCIAL PREPAID CARDS

Pursuant to the Administrative Measures on Single-Purpose Commercial Prepaid Cards (Trial Implementation) (《單用途商業預付卡管理辦法(試行)》) (the "Administrative Measures on Single purpose Prepaid Cards"), which was promulgated by MOFCOM in 2012 and was amended in 2016, single-purpose commercial prepaid cards are prepaid certificates issued by an enterprise engaging in retail industry, accommodation and catering industry and residential services industry which are limited to be used as payment for goods or services by the enterprise or within the group to which the enterprise belongs or within the franchise system of the same brand, including physical cards in various forms such as magnetic stripe cards, chip cards, and paper coupons as well as virtual cards. Card-issuers shall complete filing formalities within 30 days from the date of carrying out single-purpose card businesses. Enterprises may issue registered and non-registered cards. The limit of a single registered card shall not exceed RMB5,000 and the limit of a single non-registered card shall not exceed RMB1,000. A registered card shall not have a validity period and a validity period of a non-registered card shall not be less than three years. Violation of the aforementioned regulations may result in an order of rectification. Where the card issuer fails to rectify within a stipulated period, a fine ranging from RMB10,000 to RMB30,000 may be imposed.

REGULATIONS RELATING TO FIRE PREVENTION

On 29 April 1998, the Standing Committee of the National People's Congress, or the SCNPC, promulgated the Fire Prevention Law of the PRC（《中華人民共和國消防法》）, which was latest amended on 29 April 2021. According to the Fire Prevention Law and other relevant laws and regulations of the PRC, the emergency management authority of the State Council and local counterparts at or above county level shall monitor and administer the fire prevention affairs, and the fire prevention and rescue authorities are responsible for implementation. The Fire Prevention Law provides that the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards. For a construction project that needs a fire prevention design under the national fire protection technical standards for project construction, the construction entity must submit the fire prevention design documents to the relevant housing and urban-rural development authority for approval or filing purposes (as the case may be), and when a construction project which is designed in accordance with the national standards of construction technology for

fire control is completed, such project must pass the required as-built acceptance check on fire prevention by, or file with, the relevant housing and urban- rural development authority.

On 12 August 2015, the Ministry of Public Security promulgated Eight Measures to Deepen Reform and Serve Economic and Social Development（《公安消防部門深化改革服務經濟社會發展八項措施》）, or the Eight Measures. According to the Eight Measures, construction projects with an investment of less than RMB300,000 or a construction area of less than 300 square metres is not required to obtain the as-built acceptance check on fire prevention or fire safety filing, and competent authorities of housing and urban-rural development at the provincial level may formulate detailed rules of implementation pursuant to these measures. According to the Interim Provisions of Construction Fire Design Review and Acceptance（《建設工程消防設計審查驗收管理暫行規定》）, which took effective on 1 June 2020, fire acceptance should be done for special construction projects which meet certain conditions, fire filing should be done for other types of construction projects. Pursuant to the Fire Prevention Law, the construction project that fails to complete the required as-built acceptance check on fire prevention shall be ordered by the relevant governmental authorities to close down and shall be imposed a fine of RMB30,000 up to RMB300,000. The construction project that fails to complete fire safety filing shall be ordered to rectify and be subject to a fine of up to RMB5,000. Even if the construction project has completed the fire safety filing, it may be randomly inspected by the relevant governmental authorities. If the constriction project failed to pass the random inspection, the construction entity shall stop using such construction project and organise rectification and apply for re-inspection after the rectification is completed, such construction project can only be used after it passed the re-inspection.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Environmental Protection Law

The Environmental Protection Law of the PRC（《中華人民共和國環境保護法》） was promulgated and effective on 26 December 1989, and most recently amended on 24 April 2014. The Environmental Protection Law has been formulated for the purpose of protecting and improving both the living and the ecological environment, preventing and controlling pollution and other public hazards and safeguarding people's health. According to the provisions of the Environmental Protection Law, in addition to other relevant laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts are responsible for administering and supervising environmental protection matters. Pursuant to the Environmental Protection Law, construction projects that have environmental impact shall be subject to environmental impact assessment.

Regulations on Environment Impact Assessment

On 28 October 2002, the SCNPC promulgated the Environmental Impact Assessment Law of PRC（《中華人民共和國環境影響評價法》）, which was latest amended on 29 December 2018. According to the Environmental Impact Assessment Law, the State Council implemented the environmental impact assessment to classify construction projects according to the impact of the construction projects on the environment.

On 30 November 2020, Ministry of Ecology and Environment of the PRC promulgated the Classified Administration Catalogue of Environmental Impact Assessments for Construction Project (2021version) (《建設項目環境影響評價分類管理名錄（2021年版）》), or Classified Administration Catalogue (2021 version), which became effective on 1 January 2021. According to Classified Administration Catalogue (2021 version), automotive maintenance service provider with an operating area of more than 5,000 square metres using specific coatings (including solvent-based coatings) or car washing yards specially used for hazardous chemical transport vehicles shall file an environmental impact statement. According to the Environmental Impact Assessment Law, where a construction entity commenced construction prior to submission of the environmental impact report and environmental impact statement of the construction project or prior to resubmission of the environmental impact report and environmental impact statement, the ecological environment authorities at the county level or above shall order it to stop the construction, impose a fine of not less than 1% but not more than 5% of the overall investment amount for such construction project according to the seriousness and consequences of such violations, and order it to restore to the original status; and the person-in-charge and responsible personnel of the construction project shall be liable to administrative sanctions in accordance with laws.

Regulations on Hazardous Chemicals

According to the Work Safety Law of the PRC（《中華人民共和國安全生產法》), which was promulgated by the SCNPC in 2002 and was latest amended in June 2021, where dangerous goods are to be manufactured, sold, transported, stored, used or to be disposed of or scrapped, business operators shall abide by relevant laws and regulations, as well as the national standards or industrial specifications, establish a special system for safety control, adopt reliable safety measures, and subject themselves to supervision and control by the competent departments in accordance with law. The Regulation on the Safety Administration of Hazardous Chemicals（《危險化學品安全管理條例》), which was promulgated by the State Council and latest amended in 2013, has further stipulates that enterprises using hazardous chemicals shall, in accordance with the types and hazard characteristics of the used hazardous chemicals as well as the amount and mode of use, establish and perfect the safety administration regulations and safety operating rules for the use of hazardous chemicals so as to guarantee the safe use of hazardous chemicals, and shall comply with the provisions of laws and regulations regarding the storage hazardous chemicals. Enterprise fails to comply with such regulatory requirements shall be ordered to rectify, to suspend business operations, be imposed fines, or even has its permits or business licence be revoked by the relevant government authorities.

Pursuant to the Regulation on the Safety Administration of Hazardous Chemicals, enterprises engaging in road transportation of hazardous chemicals shall, according to the provisions of the laws and administrative regulations concerning road transportation, obtain the permits for road transportation of dangerous goods, and go through the registration formalities with the administration for industry and commerce. The Regulations on Governing the Road Transportation of Dangerous Goods（《道路危險貨物運輸管理規定》），which was promulgated by the Ministry of Transport in 1993, latest amended in 2019, has further stipulates where a shipper entrusts an entity

that has not obtained a permit for road transportation of dangerous goods in accordance with the law to carry dangerous chemicals, it shall be ordered to make corrections by the competent road transport administrative authority at or above the county level and shall be imposed a fine ranging from RMB100,000 to RMB200,000.

Regulations on Disposal of Hazardous Waste

Pursuant to the Law on the Prevention and Control of Environmental Pollution Caused by Solid Waste （《中華人民共和國固體廢物污染環境防治法》）, which was promulgated by the SCNPC in 1995 and was latest amended on 29 April 2020, entities generating hazardous waste shall store, utilise and dispose hazardous waste according to the relevant requirements of the state and environmental protection standards, and shall not dump or pile up hazardous waste without authorisation. Furthermore, it is forbidden to entrust hazardous waste to entities without a permit for disposal, or else the competent ecological and environmental authorities shall order it to make rectification, impose fines, confiscate illegal gains, and in serious circumstance, order it to suspend business or close down upon the approval of the government authorities.

Regulations on Urban Drainage and Sewage Treatment

According to the Regulation on Urban Drainage and Sewage Treatment（《城鎮排水與污水處理條例》）, which was promulgated by the State Council in 2013, and the Measures for the Administration of Permits for Discharging Urban Sewage into the Drainage Pipeline （《城鎮污水排入排水管網許可管理辦法》）, which was promulgated by the Ministry of Housing and Urban-Rural Development in 2015, enterprises, institutions and individually-owned businesses engaging in industry, construction, food and beverage, medical service and other activities which discharge sewage into urban drainage facilities shall apply to the competent urban drainage authorities for a permit for sewage discharge into the drainage pipe network, or the Drainage Permit. Discharging sewage into urban drainage facilities without obtaining a Drainage Permit shall be ordered by the relevant urban drainage authority to suspend illegal activities, take remedial measures within a time limit, re-apply the Drainage Permit, and may impose a fine of less than RMB500,000.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATIONS SERVICES

The PRC Telecommunications Regulations（《中華人民共和國電信條例》）, or the Telecommunications Regulations, promulgated on 25 September 2000 by the State Council and most recently amended on 6 February 2016, are the primary regulations governing telecommunications services. Under the Telecommunications Regulations, a telecommunications service provider is required to procure operating licences prior to the commencement of its operation. The Telecommunications Regulations categorise all telecommunication services in China as either basic telecommunications services or value-added telecommunications services, and value-added telecommunications services are defined as telecommunications and information services provided through public network infrastructures.

According to the Classification Catalogue of Telecommunications Services (2015 version)（《電信業務分類目錄（2015年版）》）, or the Classification Catalogue, which was promulgated by the Ministry of Industry and Information Technology, or the MIIT, in 2015, and latest amended in 2019, the services of online data processing and transaction processing include transaction processing services, electronic data exchange services and network/electronic equipment data processing service, which fall into the category II value-added telecommunications services. Therefore, a telecommunication services operator engaged in online data processing and transaction processing services shall obtain an operating licence for value-added telecommunication business, or the EDI Licence. As of the Latest Practicable Date, Shanghai Mengfan Trade Co., Ltd., one of our wholly-owned subsidiaries, holds an EDI licence for the provision of online data processing and transaction processing services (for-profit e-commerce) through our Qipeilong platform.

Pursuant to the Administrative Measures on Internet Information Service（《互聯網信息服務管理辦法》）, which was promulgated by the State Council in 2000 and was last amended in 2011, internet information services are divided into services of commercial nature and non-commercial nature. Commercial internet information services refer to for-profit services which provide information to or create web pages for online users through the Internet, and a commercial internet information services provider shall obtain a license to operate value-added telecommunications business in internet-based information services (the "**ICP License**"), while non-commercial internet information services refer to activities that provide open and shared information to online users free of charge through the Internet, and a non-commercial internet information services provider shall carry out record-filing procedures with counterparts of the MIIT at the provincial level (and Shanghai Lantu has duly made such filing as of the Latest Practicable Date).

We mainly provide automotive products and services through our Tuhu Automotive Service app, and we generate revenues from sales of automotive products and services to individual end customers and from providing franchise services to our franchisees pursuant to the respective franchisee agreements. However, we do not charge any additional service fee for facilitating sales of products and services on our Tuhu Automotive Service app to our stores or customers, which may otherwise fall into the category of value-added telecommunications services. We also provide digital toolkits of non-profit nature on Tuhu Automotive Service app to enhance store and product management and optimize customer experience. Considering that (i) only for-profit services which provide information to or create web pages for online users through the Internet are required to obtain an ICP License; (ii) revenues generated through services provided by Tuhu Automotive Service app are from sales of products and services rather than provision of commercial internet information services; and (iii) as the operator of Tuhu Automotive Service app, Shanghai Lantu does not receive any online information service fees from providing digital toolkits through Tuhu Automotive Service app, our PRC Legal Advisor is of the view that, such services the Company provides through its Tuhu Automotive Service app shall not be regarded as Information Services or Third Party Transaction Platform Business, and we are not required to obtain an ICP License or EDI License for providing such services. In addition, on 30 March 2022, our PRC Legal Advisor and the Joint Sponsors' PRC legal advisor conducted a consultation with an officer of Shanghai Communications Administration. During the consultation, the officer confirmed that an ICP license

is not required for our business operation since we do not engage in profit-making internet information services. Likewise, considering Blue Tiger only serves as an internal management and training system through which we do not provide any internet information services to the public, our PRC Legal Advisor is of the view that we are not required to obtain an ICP license for operating Blue Tiger.

On 27 December 2021, the National Development and Reform Commission and the Ministry of Commerce issued the Special Entry Management Measures (Negative List) for the Access of Foreign Investment (2021 version) (《外商投資准入特別管理措施（負面清單）（2021年版）》), or the 2021 Negative List, which took into effect on 1 January 2022. According to the 2021 Negative List, the equity ratio of foreign investment in the value-added telecommunications services (except for e-commerce, domestic multi-party communications, storage and re-transmission and call centres) shall not exceed 50%. As of the Latest Practicable Date, the Group is not subject to any foreign ownership or control restriction under the 2021 Negative List.

REGULATIONS RELATING TO ONLINE TRADING AND E-COMMERCE

On 26 January 2014, the State Administration for Industry and Commerce (the predecessor of the SAMR) promulgated the Administrative Measures for Online Trading (《網絡交易管理辦法》), or the Online Trading Measures, to regulate all operating activities for product sales and services provision via the internet (including mobile internet). Under the Online Trading Measures, e-commerce platform operators were required to examine, register and archive the identity information of the merchants applying for access to their platforms as sellers, and verify and update such information regularly. On 15 March 2021, the SAMR promulgated the Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》), or the Online Transaction Measures, which took into effect on 1 May 2021 and simultaneously repealed the Online Trading Measures. The Online Transaction Measures makes further provisions with regard to emerging models of online trading (such as online social networking and online live streaming), consumer rights protection, personal information protection, etc. It also imposes new obligations on the e-commerce platform operators, such as verifying and registering the identity of trading parties on the platform either that are required to registered with the SAMR or that are exempted from such registration, regular reporting of prescribed information of trading parties on the platform to the relevant branch of the SAMR, establishing a system of inspection and monitoring of information on the goods sold or services provided on the platform.

On 31 August 2018, the SCNPC promulgated the E-Commerce Law of the PRC (《中華人民共和國電子商務法》), or the PRC E- Commerce Law, which established the basic legal framework for the development of China's E-Commerce business and clarified the obligations of the operators of E-Commerce business and the possible legal consequences. Pursuant to the PRC E-Commerce Law, e-commerce platform operators are required to (i) take necessary actions or report to relevant competent governmental authorities when such operators notice any illegal production or services provided by merchants on the e-commerce platforms; (ii) verify the identity of the business operators on the platforms; (iii) provide identity and tax related information of merchants to local branches of SAMR and tax bureaus; and (iv) archive goods and service information and transaction information on the e-commerce platform.

REGULATIONS RELATING TO PRODUCT QUALITY

According to the Product Quality Law of the PRC（《中華人民共和國產品質量法》）, which was effective from 1 September 1993 and was latest amended by the SCNPC in 2018, products for sale must satisfy relevant safety standards and sellers shall adopt measures to maintain the quality of products for sale. For sellers, any violation of state or industrial standards for health and safety or other requirements may result in civil liabilities and administrative penalties, such as compensation for damages, fines, confiscation of products illegally manufactured or sold and the proceeds from the sales of such products and even revocation of business licence; in addition, severe violations may subject the responsible individual or enterprise to criminal liabilities.

According to the Product Quality Law of the PRC and the Civil Code of the PRC（《中華人民共和國民法典》）, or the PRC Civil Code, which was promulgated by the NPC in 2020 and took effect on 1 January 2021, where a defective product causes physical injury to another person or damage to another person's property, such person may claim compensation from the manufacturer or from the seller of the product. If the seller pays the compensation but it is the manufacturer that should bear the liability, the seller has a right of recourse against the manufacturer, and vice versa. The PRC Civil Code further stipulates that if any manufacturer or seller knowingly produces or sells defective products or fails to take effective remedial measures in accordance with the PRC Civil Code and thus causes death or serious injury to the health of another person, such person shall be entitled to claim punitive damages. If the product is defective due to the fault of a third party such as a transporter or a warehouser, causing damage to others, the manufacturer or seller of the product shall have the right to claim compensation from the third party after making compensation.

REGULATIONS RELATING TO CONSUMER PROTECTION

According to the Consumers Rights and Interests Protection Law of the PRC（《中華人民共和國消費者權益保護法》）, or the Consumer Protection Law, which was latest amended in 2013, business operators shall guarantee that the products and services they provide satisfy the requirements for personal or property safety, and provide consumers with authentic information about the quality, function, usage and term of validity of the products or services, failure of which may subject business operators to civil liabilities such as refunding purchase prices, exchange of commodities, repairing, ceasing damages, compensation, and restoring reputation, and even subject the business operators or the responsible individuals to criminal penalties if business operators commit crimes by infringing the legitimate rights and interests of consumers. The Consumer Protection Law also strengthens the protection of consumers and imposes more stringent requirements and obligations on business operators, especially on the business operators through the internet. For example, consumers are entitled to return goods purchased online, subject to certain exceptions, within seven days upon receipt of such goods for no reason. The consumers whose interests are harmed due to their purchase of goods or acceptance of services on online platforms may claim damages from the sellers or service providers. Operators of online platforms that clearly knew or should have known that sellers or service providers use their platforms to infringe the

legitimate rights and interests of consumers but fail to take necessary measures should not only compensate consumers for their losses, but also bear joint and several liabilities with the sellers or service providers.

REGULATIONS RELATING TO ADVERTISING SERVICES

On 24 April 2015, the SCNPC enacted the revised Advertising Law of the PRC（《中華人民共和國廣告法（2015修訂）》）, or the PRC Advertising Law, which was latest amended on 29 April 2021. The PRC Advertising Law increases the potential legal liability of providers of advertising services, and includes provisions intended to strengthen the identification of false advertising and the power of governmental authorities.

Pursuant to the Interim Measures on the Administration of Online Advertising（《互聯網廣告管理暫行辦法》）, or the Internet Advertising Measures, which was promulgated by the State Administration for Industry and Commerce in 2016, the "internet advertising" refers to commercial advertisements which directly or indirectly promote goods or services through websites, web pages, Internet applications and other Internet media in the forms of texts, pictures, audios, videos and others. Internet advertisers shall be responsible for the authenticity of the advertising contents.

The PRC Advertising Law and the Internet Advertising Measures require that online advertisements may not affect users' normal use of internet, and internet pop-up ads must display a "close" sign prominently and ensure one-key closing of the pop-up windows. In addition, the Internet Advertising Measures provides that all online advertisements must be marked "advertisement" so that consumers can distinguish them from non-advertisement information. Moreover, the Internet Advertising Measures requires that, among other things, sponsored search advertisements shall be prominently distinguished from normal research results and it is forbidden to send advertisements or advertisement links by email without the recipient's permission or induce internet users to click on an advertisement in a deceptive manner.

On 25 February 2023, the SAMR promulgated the Internet Advertising Administration Measures（《互聯網廣告管理辦法》） effective from 1 May 2023 and the Internet Advertising Measures shall be repealed simultaneously. The Internet Advertising Administration Measures further clarifies the responsibility of advertisers, online advertising operators and publishers, and online information service providers. It also refined the rules for the regulation of advertisements ranked by bidding, released by recommendation algorithm and others.

REGULATIONS RELATING TO INTERNET INFORMATION SECURITY AND PRIVACY PROTECTION

Regulations on Internet Information Security

The Decisions on Protection of Internet Security enacted by the SCNPC（《全國人民代表大會常務委員會關於維護互聯網安全的決定》） on 28 December 2000, as amended on 27 August 2009, provides that, among other things, the following activities conducted through the internet, if constituted a crime according to PRC laws, are subject to criminal punishment: (i) intrusion into a strategically significant computer or system; (ii) intentionally inventing and disseminating destructive programmes, such as computer viruses, to attack the computer system and the communications network, thereby destroying the computer system and the communications networks; (iii) violating national regulations, suspending the computer networks or the communication services without authorisation; (iv) leaking state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights through internet.

On 13 December 2005, the Ministry of Public Security promulgated the Provisions on Technical Measures for the Internet Security Protection（《互聯網安全保護技術措施規定》）, which provides that internet service providers to take proper measures including anti-virus, data back-up, keeping records of certain information such as the login-in and exit time of uses, and other related measures, and to keep records of certain information about their users for at least 60 days, and detect illegal information. According to these measures, operators that hold value-added telecommunications service licence must regularly update the information security and content control systems of their websites, and shall also report any public dissemination of prohibited content to the local public security authorities.

On 7 November 2016, the SCNPC promulgated the Cybersecurity Law of PRC（《中華人民共和國網絡安全法》）, or the Cybersecurity Law, effective as of 1 June 2017, which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. The Cybersecurity Law defines "network" as a system comprising computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging and processing information in accordance with specific rules and procedures. Network operators, who are broadly defined as owners and administrators of networks and network service providers, are subject to various security protection-related obligations, including: (i) complying with security protection obligations under graded system for cybersecurity protection requirements, which include formulating internal security management rules and operating instructions, appointing cybersecurity responsible personnel and their duties, adopting technical measures to prevent computer viruses, cyber-attack, cyber-intrusion and other activities endangering cybersecurity, adopting technical measures to monitor and record network operation status and cybersecurity events; (ii) formulating an emergency plan and promptly responding and handling security risks, initiating the emergency plans, taking appropriate remedial measures and reporting to regulatory authorities in the event comprising cybersecurity threats; and (iii) providing

technical assistance and support to public security and national security authorities for protection of national security and criminal investigations in accordance with the law.

On 10 June 2021, SCNPC promulgated the Data Security Law of PRC（《中華人民共和國數據安全法》）, or the Data Security Law, which became effective on 1 September 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organisations and individuals carrying out data activities and implementing data security protection responsibility.

On 30 July 2021, the State Council promulgated the Regulations on Protection of Critical Information Infrastructure（《關鍵信息基礎設施安全保護條例》）, which became effective on 1 September 2021. Pursuant to the Regulations on Protection of Critical Information Infrastructure, critical information infrastructure shall mean any important network facilities or information systems of the important industry or field such as public communication and information service, energy, communications, water conservation, finance, public services, e-government affairs and national defence science, which may endanger national security, people's livelihood and public interest in case of damage, function loss or data leakage. In addition, competent departments and administration departments of each important industry and field, or the Protection Departments, shall be responsible to formulate determination rules and determine the critical information infrastructure operator in the respective important industry or field. The result of the determination of critical information infrastructure operator shall be informed to the operator. As of the Latest Practicable Date, we have not been informed as a critical information infrastructure operator by any competent departments or administration departments.

On 16 August 2021, the CAC, together with the Ministry of Transport, the NDRC, the MIIT, and the Mistry of Public Security, promulgated Several Provisions on Regulation of Automobile Data Security (for Trial Implementation), （《汽車數據安全管理若干規定（試行）》）, or the Automobile Data Security Provisions, to regulate the processing of automobile data, which became effective on 1 October 2021. Relevant automobile data processors including automobile manufacturers, component and software providers, dealers, maintenance providers like us are required to process personal information and critical data in accordance with applicable laws during the automobile design, manufacture, sales, operation, maintenance and management. Pursuant to the Automobile Data Security Provisions, for the important data that processed during the use, operation or maintenance of automobile, such as personal information of more than 100,000 people, or the Important Data, the automotive data processor of such Important Data needs to submit a risk assessment report to the competent cyberspace administration regarding the important data processing activities to be carried out by it, and to annually report and submit the safety management status of the important data. The Automobile Data Security Provisions also dictated that when Important Data need to be provided to overseas parties due to business needs, a security assessment organised by the CAC in concert with the relevant departments of the State Council is required, and an automotive data processor shall not provide overseas parties with any Important Data for any

reason beyond the purpose, scope and method, as well as the type and scale of the data, etc. specified for risk assessment of cross-border transfer of data. As of the Latest Practicable Date, we have reported and submitted the safety management status of the important data accordingly. See "Risk Factors — Risks Related to Doing Business in the Country Where We Operate — Our business is subject to complex and evolving laws and regulations regarding cybersecurity, privacy, data protection and information security in China. Any privacy or data security breach or failure to comply with these laws and regulations could damage our reputation and brand and substantially harm our business and results of operations."

On 14 November 2021, the CAC published the Regulations on Cyber Data Security Management (Draft for Comments) （《網絡數據安全管理條例（徵求意見稿）》）(the "Draft Regulations on Cyber Data Security Management"), which specified that data processor who seeks to go public in Hong Kong, which affects or may affect national security, shall apply for cybersecurity review. In addition, the Draft Regulations on Cyber Data Security Management also regulate other specific requirements in respect of the data processing activities conducted by data processors through the internet in view of personal data protection, important data safety, cross-broader data safety management and obligations of network platform operators. For example, in one of the following situations, data processors shall delete or anonymise personal information within 15 business days: (i) the purpose of processing personal information has been achieved or the purpose of processing is no longer needed; (ii) the storage term agreed with the users or specified in the personal information processing rules has expired; (iii) the service has been terminated or the account has been cancelled by the individual; or (iv) unnecessary personal information or personal information unavoidably collected due to the use of automatic data collection technology but without the consent of the individual. For the processing of important data, specific requirements shall be complied with. For example, processors of important data shall specify the responsible person of data safety, establish a data safety management department and make filing to the cyberspace administration at the districted city level within 15 business days after the identification of their important data.

Data processors processing personal information of more than one million people shall also comply with the provisions for processing of important data stipulated in Draft Regulations on Cyber Data Security Management for important data processors. Data processors dealing with important data or listing overseas (including Hong Kong) should carry out an annual data security assessment by themselves or by entrusting data security service agencies, and each year before 31 January data security assessment report for the previous year shall be submitted to the districted city level cyberspace administration department. When data collected and generated within the PRC are provided to the data processors overseas, if such data includes important data, or if the relevant data processor is a critical information infrastructure operator or processes personal information of more than one million people, the data processor shall go through the security assessment of cross-border data transfer organised by the national Cyberspace Administration. Any failure to comply with such requirements may subject us to, among others, suspension of services, fines, revoking relevant business permits or business licenses and penalties. Since the Draft Regulations on Cyber Data Security Management has not been formally adopted as of the Latest Practicable Date, the revised

draft (especially its operative provisions) and its anticipated adoption or effective date are subject to further changes with substantial uncertainty.

On 28 December 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), or the Cybersecurity Review Measures, which became effective on 15 February 2022, and the Measures for Cybersecurity Review (《網絡安全審查辦法》) which took effect on 1 June 2020 will be abolished at the same time. The Cybersecurity Review Measures provides that, among others, (i) the purchase of cyber products and services by critical information infrastructure operators (the "CIIOs") and the network platform operators (the "Network Platform Operators") which engage in data processing activities that affects or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office (網絡安全審查辦公室), the department which is responsible for the implementation of cybersecurity review under the CAC; and (ii) the Network Platform Operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office. If (i) our data processing activities are deemed to affect or may affect national security under the Cybersecurity Review Measures, or (ii) the Draft Regulations on Cyber Data Security Management is fully implemented as-is, and our Listing is deemed to affect or may affect national security, we may be subject to cybersecurity review and failure to conduct such review could result in severe penalties and/or action by the competent government authority. As of the Latest Practicable Date, we have not received any notification from relevant regulatory authorities regarding our identification as CIIO, and as advised by our PRC Legal Advisor, the distinction made under Article 13 of the Draft Regulations on Cyber Data Security Management between "listing in Hong Kong" and "listing in a foreign country" further clarifies that the obligations to proactively apply for cybersecurity review by an entity seeking listing in a foreign country shall not be applicable to the proposed Listing.

During the Track Record Period and up to the date of this document, we had not experienced any material data or personal information leakage or loss, infringement of data or personal information, or information security incident, nor had we been subject to or involved in any official inquiry, examination, warning, interview on cybersecurity, data security and personal information protection by relevant competent regulatory authorities.

On 31 December 2021, the CAC, the MIIT, the Ministry of Public Security, the Ministry of State Security jointly promulgated the Administrative Provisions on Internet Information Service Algorithm Recommendation (《互聯網信息服務算法推薦管理規定》), which came into effect on 1 March 2022. The Administrative Provisions on Internet Information Service Algorithm Recommendation implements classification and hierarchical management for algorithm recommendation service providers based on various criteria, stipulates that algorithm recommendation service providers shall inform users of their provision of algorithm recommendation services in a conspicuous manner, and publicise the basic principles, purpose intentions, and main operating mechanisms of algorithm recommendation services in an appropriate manner, and that algorithm recommendation service providers selling goods or providing services to consumers shall protect consumers' rights of fair trade, and are prohibited from carrying out illegal conducts such as

unreasonable differential treatment on transaction conditions based on consumers' preferences, purchasing habits, and other such characteristics. In addition, algorithm recommendation service providers with public opinion attributes or social mobilization capabilities shall file with the CAC within ten business days from the date of providing such services. Algorithmic recommendation service providers violating such rules may subject us to warnings, be ordered by authorities to correct its incompliance within a given period of time or impose fines on us. The Internet information service algorithm record-filing system was launched on 1 March 2022 and we have submitted our filing report through such system.

On 7 July 2022, the CAC promulgated the Security Assessment Measures for Outbound Data Transfer (《數據出境安全評估辦法》) (the "Security Assessment Measures"), effective from 1 September 2022, to regulate outbound data transfer activities, protect the rights and interests of personal information, safeguard national security and social public interests, and promote the cross-border security and free flow of data. Furthermore, the Security Assessment Measures provide that the security assessment for outbound data transfers shall follow principles of the combination of pre-assessment and continuous supervision and the combination of risk self-assessment and security assessment, so as to prevent the security risks arising from outbound data transfers, and ensure the orderly and free flow of data according to the law. Considering the nature of our daily operations and the presence of our online interfaces and offline service network, we will not trigger outbound data transfer during our daily operations. We do not expect the Security Assessment Measures to have material impact on our daily operations in respect of the outbound data transfer.

Regulations on Privacy Protection

Under 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 the MIIT on 29 December 2011, an internet information service provider may not collect any users' personal information or provide any such information to third parties without the consent of the user, unless otherwise provided by laws or regulations. And the Internet information service provider must expressly inform the users of the method, content and purpose of the collection and processing of such user's personal information and may only collect and use such information as necessary for the provision of its services. An Internet information service provider is also required to properly maintain the user's personal information, and in case of any leak or possible leak of the user's personal information, the Internet information service provider must take immediate remedial measures and, in severe circumstances, make an immediate report to the relevant telecommunication regulatory authority. In addition, pursuant to the Decision on Strengthening the Protection of Online Information issued by the SCNPC（《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》） on 28 December 2012 and the Order for the Protection of Telecommunication and Internet User Personal Information（《電信和互聯網用戶個人信息保護規定》） issued by the MIIT on 16 July 2013, any collection and use of a user's personal information must be subject to the consent of the user, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scopes. An internet information service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering or destroying any such information, or selling or

providing such information to other parties. An internet information service provider is required to take technical and other measures to prevent the collected personal information from any unauthorised disclosure, damage or loss.

On 4 February 2015, the CAC promulgated the Administrative Provisions on the Account Names of Internet Users（《互聯網用戶賬號名稱管理規定》） which became effective on 1 March 2015. Pursuant to the Administrative Provisions on the Account Names of Internet Users, Internet information service providers shall fulfil security management responsibilities including but not limited to improving user service agreements, stating that Internet information service users shall not include illegal or harmful information in the registration information such as account names, profile photos, and brief introductions etc. in an explicit and clear way, staffing with professionals suitable for the scale of services in charge of reviewing the registration information submitted by Internet users so as to make sure those that contain illegal or harmful information shall not be registered, protecting users' information and citizens' personal privacy, consciously accepting social supervision, and dealing with illegal or harmful accounts and information reported by the public in a timely manner. On 27 June 2022, the CAC promulgated the Administrative Provisions on the Account Information of Internet Users (《互聯網用戶帳號信息管理規定》), or the Account Information Provisions, effective from 1 August 2022, which applies to the registration, use, and management of internet users' account information by internet information service providers. The Account Information Provisions stipulates that internet information service providers shall, in accordance with laws, administrative regulations and relevant state regulations, formulate and disclose internet user account management rules and platform conventions, sign service agreements with internet users, and clarify the rights and obligations related to account information registration, use, and management. The Account Information Provisions also requires that the internet information service providers shall protect and handle internet users' account information in accordance with law, and take measures to prevent unauthorised access and leakage, tampering, and loss of personal information. The internet information service providers shall set up convenient complaints and reporting portals in prominent locations, publicise complaints and reporting methods, improve mechanisms for acceptance, screening, disposal, and feedback, clarify processing procedures and time limits for feedback, and promptly handle complaints and reports from users and the public. Failure to comply with the above requirements may subject to warning, be ordered to rectify within a prescribed time limit and may be imposed a fine ranging from RMB10,000 to RMB100,000.

On 29 August 2015, the SCNPC issued the Ninth Amendment to the Criminal Law of the PRC（《中華人民共和國刑法修正案（九）》）, or the Ninth Amendment, which became effective on 1 November 2015. Pursuant to the Ninth Amendment, any internet service provider that fails to fulfil the obligations related to Internet information security as required by applicable laws and refuses to take corrective measures, will be subject to criminal liability for (i) any large-scale dissemination of illegal information; (ii) any severe effect due to the leakage of users' personal information; (iii) any serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (a) sells or provides personal information to others unlawfully or (b) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

The Cyber Security Law reaffirms the basic principles and requirements specified in other existing laws and regulations on personal data protection, such as the requirements on the collection, use, processing, storage and disclosure of personal data, and internet information service providers being required to take technical and other necessary measures to ensure the security of the personal information they have collected and prevent the personal information from being divulged, damaged or lost. Any violation of the Cyber Security Law may subject the internet information service provider to warnings, fines, confiscation of illegal gains, revocation of licences, cancellation of filings, shutdown of websites or criminal liabilities. On 22 July 2020, the MIIT issued the Notice on Carrying out Special Rectification Actions in Depth against the Infringement upon Users' Rights and Interests by Apps（《工業和信息化部關於開展縱深推進APP侵害用戶權益專項整治行動的通知》）, which further provides a list of rectification tasks in which APP service providers are prohibited from illegally processing personal information of users, setting up obstacles and frequently harassing users, and cheating or misleading users.

On 20 August 2021, the SCNPC promulgated the Law of Personal Information Protection of PRC（《中華人民共和國個人信息保護法》）, or the Personal Information Protection Law, which became effective on 1 November 2021. Pursuant to the Personal Information Protection Law, the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information, and before processing personal information, personal information processors should truthfully, accurately and completely inform individuals of the following matters in a conspicuous manner and in clear and easy-to-understand language: (i) the name and contact information of the personal information processor; (ii) purpose of processing personal information, processing method, type of personal information processed, and retention period; (iii) methods and procedures for individuals to exercise their rights under this law; and (iv) other matters that should be notified as required by laws and administrative regulations. Personal information processors should also take the following measures to ensure that personal information processing activities comply with laws and administrative regulations based on the processing purpose, processing methods, types of personal information, impact on personal rights and interests, and possible security risks, etc., and to prevent unauthorised access and personal information leakage, tampering, and loss: (i) formulate internal management systems and operating procedures; (ii) implement classified management of personal information; (iii) adopt corresponding security technical measures such as encryption and de-identification; (iv) reasonably determine the operating authority for personal information processing, and regularly conduct safety education and training for practitioners; (v) formulate and organise the implementation of emergency plans for personal information security incidents; and (vi) other measures stipulated by laws and administrative regulations.

Where personal information is processed in violation of the provisions of the Personal Information Protection Law, or the processing of personal information fails to fulfil the personal information protection obligations hereunder, the department performing personal information protection duties shall order corrections, give warnings, confiscate illegal gains, and apply programmes for illegal processing of personal information, order to suspend or terminate the provision of services; if the personal information processor refuses to make corrections, a fine of not

more than RMB1 million shall be imposed; the directly responsible person in charge and other directly responsible personnel shall be fined not less than RMB10,000 but not more than RMB100,000. If the aforesaid illegal act and the circumstances are serious, the department performing personal information protection duties at or above the provincial level shall order the personal information processor to make corrections, confiscate the illegal gains, and impose a fine of less than RMB50 million or less than 5% of the previous year's turnover. It can also order the suspension of relevant business or suspend business for rectification, notify the relevant competent authority to revoke the relevant permits or the business licence; impose a fine of RMB100,000 up to RMB1 million on the directly responsible person in charge and other directly responsible personnel, and may decide to prohibit he serves as a director, supervisor, senior manager and person in charge of personal information protection of related companies within a certain period of time.

Regulations on Mobile Internet Applications

On 28 June 2016, the CAC promulgated the Administrative Provisions on Mobile Internet Application Information Services（《移動互聯網應用程序信息服務管理規定》）, or the Mobile Application Administrative Provisions, which became effective on 1 August 2016. Pursuant to the Mobile Application Administrative Provisions, a mobile internet app refers to an app software that runs on mobile smart devices providing information services after being pre-installed, downloaded or embedded through other means. Mobile internet app providers refer to the owners or operators of mobile internet apps. Internet app stores refer to platforms which provide services related to online browsing, searching and downloading of app software and releasing of development tools and products through the internet.

Pursuant to the Mobile Application Administrative Provisions, an internet app programme provider must verify a user's mobile phone number and other identity information under the principle of mandatory real name registration at the back-office end and voluntary real name display at the front-office end. An internet app provider must not enable functions that can collect a user's geographical location information, access user's contact list, activate the camera or recorder of the user's mobile smart device or other functions irrelevant to its services, nor is it allowed to conduct bundle installations of irrelevant app programmes, unless it has clearly indicated to the user and obtained the user's consent on such functions and app programmes. On 14 June 2022, the CAC issued a revised version of the Administrative Provisions on Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》), or the revised version of Mobile Application Administrative Provisions, which basically reflected the regulatory development since 2016 and further emphasises that mobile internet app providers shall comply with relevant provisions on the scope of necessary personal information when engaging in personal information processing activities. According to the revised version of Mobile Application Administrative Provisions, mobile internet app providers shall not compel users to agree to non-essential personal information collection out of any reason, and are prohibited from banning users from their basic functional services due to the users' refusal of providing non-essential personal information. As of the Latest Practicable Date, we have adopted real-name registration system and established the user

information security protection mechanism pursuant to the Mobile Application Administrative Provisions. We will closely monitor and assess any development in the rule-making process.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Patent

Patents in the PRC are principally protected under the Patent Law of the PRC（《中華人民共和國專利法》）, which was most recently amended on 17 October 2020 and became effective on 1 June 2021. The Chinese patent system adopts a first-to-file principle. To be patentable, an invention or a utility model must meet three criteria: novelty, inventiveness and practicability. The duration of a patent right is 10 years, 15 years or 20 years from the date of application, depending on the type of patent right.

Copyright

Copyright in the PRC, including copyrighted software, is principally protected under the Copyright Law of the PRC（《中華人民共和國著作權法》）, last amended on 11 November 2020 and became effective as of 1 June 2021 and related rules and regulations. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the Copyright Law of the PRC, constitute infringements of copyrights. The latest Copyright Law extends copyright protection to internet activities, products disseminated over the internet and software products. In China, there is a voluntary registration system administered by the Copyright Protection Centre of the PRC.

In order to further implement the Computer Software Protection Regulations（《計算機軟件保護條例》）, promulgated by the State Council on 4 June 1991 and latest amended on 30 January 2013, the National Copyright Administration issued Computer Software Copyright Registration Procedures（《計算機軟件著作權登記辦法》） on 20 February 2002, which specify detailed procedures and requirements with respect to the registration of software copyrights.

According to the latest Copyright Law, an infringer will be subject to various civil liabilities, including cessation of the infringement and apologising to and compensating the loss. In the case that the actual loss of the copyright owner is difficult to calculate, the income received by the infringer as a result of the infringement shall be deemed as the actual loss. Furthermore, if such illegal income is difficult to calculate as well, compensation may be paid ranging from one to five times the amount determined pursuant to the aforesaid method. Where it is difficult to compute the actual losses of the holder of rights, the illegal income of the infringer or the royalties, the competent people's court shall decide the amount of the actual loss at its own discretion but in no case exceed RMB5,000,000.

Trademark

Registered trademarks are protected under the Trademark Law of the PRC（《中華人民共和國商標法》）, promulgated by SCNPC in 1982 and latest amended on 23 April 2019, and related rules and regulations. Trademarks are registered with the Trademark office of National Intellectual Property Administration under the SAMR, formerly the Trademark Office of the SAMR. The Trademark Office grants a ten-year term to registered trademarks and the term may be renewed upon request by the trademark registrant, the validity period of each renewal shall be ten years. A trademark registrant may licence its registered trademarks to another party by entering into trademark licence agreements, which must be filed with the Trademark Office for its record. As with trademarks, the Trademark Law has adopted a first-to-file principle with respect to trademark registration. If a trademark applied for is identical or similar to another trademark which has already been registered or subject to a preliminary examination and approval for use on the same or similar kinds of products or services, such trademark application may be rejected. Any person applying for the registration of a trademark may not injure existing trademark rights first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a sufficient degree of reputation through such party's use.

Domain Name

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

REGULATIONS RELATING TO FOREIGN EXCHANGE

Regulations on Foreign Currency Exchange

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

The SAFE released the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-

invested Enterprises（《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》）, or the SAFE Circular 19, on 30 March 2015, and it became effective on 1 June 2015 and was partially repealed on 30 December 2019. In accordance with the SAFE Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the "discretional foreign exchange settlement" approach. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital of a foreign-invested enterprise is temporarily determined to be 100%, while SAFE can adjust the aforementioned proportion in due time based on the situation of international balance of payments. On 9 June 2016, the SAFE published the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts（《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》）, or the SAFE Circular 16, and it took effect on the same date. According to the SAFE Circular 16, enterprises that have registered in the PRC may also discretionally determine to convert their foreign debts from foreign currency to RMB.

Regulations on Offshore Investment

On 4 July 2014, the SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles（《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》）, or the SAFE Circular 37, which regulates the relevant matters involving foreign exchange registration for round-trip investment. Under SAFE Circular 37, a PRC resident must register with the local SAFE counterpart before contributing assets or equity interests in an offshore special purpose vehicle, that is directly established or indirectly controlled by such PRC resident for the purpose of overseas investment and financing, with such PRC residents' legally owned onshore or offshore assets or interests, as a "special purpose vehicle" under SAFE Circular 37. In addition, following the initial registration, in the event of any major change in respect of the offshore special purpose vehicle, including, among other things, any increase or reduction of the offshore special purpose vehicle's capital, share transfer or swap, and merger or division, the PRC resident shall complete the change of foreign exchange registration procedures for offshore investment with the local SAFE counterpart. According to the procedural guideline as attached to SAFE Circular 37, the principle of review has been changed to "the domestic individual resident shall only register the offshore special purpose vehicle directly established or controlled (first level)." 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》） with respect to the procedures for SAFE registration under SAFE Circular 37, which became effective on 4 July 2014 as an attachment to SAFE Circular 37. Under the relevant rules, failure to comply with the registration procedures set out in SAFE Circular 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliate, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations. PRC residents who hold any shares in the company from time to time are required to register with the SAFE in connection with their investments in the company.

On 13 February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving the Foreign Exchange Management Policies for 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》）, latest amended on 30 December 2019 and became effective on the same date, which further amended SAFE Circular 37 by requiring domestic residents to register with qualified banks rather than the SAFE or its local counterpart in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing.

On 30 March 2015, the SAFE issued the Circular on the Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises（《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》）, or the SAFE Circular 19, which took effect on 1 June 2015, which expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. On 9 June 2016, SAFE further promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardising the Foreign Exchange Settlement Management Policy of Capital Account（《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》）, or the SAFE Circular 16, which, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the RMB capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

Regulations on Stock Incentive Plans

The Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Used for Domestic Individuals' Participation in Equity Incentive Plans of Companies Listed Overseas（《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》）, or the SAFE Circular 7, was enacted by SAFE on 15 February 2012 and became effective on the same date. Under the SAFE Circular 7 and other relevant rules, domestic employees, directors, supervisors, consultants and other senior management taking part in any equity incentive plan of an overseas publicly-listed company who is a PRC citizen or non-PRC citizen residing in China for a continuous period of no less than one year shall complete the registration and other several procedures with SAFE and its local branch. The PRC residents joining in the same equity incentive plan of an overseas listed company shall, through their domestic company, collectively entrust one domestic qualified agent to handle the registration in SAFE, opening of bank account, capital transfer and other procedures relevant to the equity incentive plan. At the same time, an overseas institution shall be entrusted, as well, to perform the exercise, trade the corresponding shares or equities, capital transfer and other issues. The income of foreign exchange PRC residents by selling out the shares according to the equity incentive plan and the dividend distributed by the overseas-listed company shall be distributed to the PRC residents after being remitted to the bank account in China opened by the domestic institutions. In addition, SAFE Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with SAFE or its local branches before he/she would exercise the rights of share incentive plans.

Failure to complete the SAFE registrations may result in fines and legal sanctions on such domestic individuals and may also limit their capability to contribute additional capital into the wholly foreign-owned subsidiary in China and further limit such subsidiary's capability to distribute dividends.

REGULATIONS RELATING TO TAXATION

Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), or the EIT Law, which was promulgated on 16 March 2007, became effective from 1 January 2008 and amended on 24 February 2017 and 29 December 2018, respectively, an enterprise established outside the PRC with de facto management bodies within the PRC is considered a resident enterprise for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. The Implementing Rules of the Enterprise Income Law of the PRC, or the Implementing Rules of the EIT Law (《中華人民共和國企業所得税法實施條例》), which was enacted on 23 April 2019, defines a de facto management body as a managing body that in practise exercises "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise.

Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as the PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家税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》) (the "Circular 82") promulgated by the SAT on 22 April 2009 and amended on 29 December 2017, sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC. According to Circular 82, a Chinese-controlled offshore incorporated enterprise will be regarded as a PRC tax resident by virtue of having a "de facto management body" in the PRC and will be subject to PRC EIT on its worldwide income only if all of the following criteria are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organisations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders meeting minutes are located or maintained in the PRC; and (iv) 50% or more of voting board members or senior executives habitually reside in the PRC.

Under the EIT Law and relevant implementing regulations, a uniform enterprise income tax rate of 25% is applied. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from inside the PRC.

Pursuant to the EIT Law, the EIT tax rate of a high and new technology enterprise is 15%. According to the Administrative Measures on Accreditation of High-tech Enterprises (2016 Revision)(《高新技術企業認定管理辦法(2016修訂)》), the qualifications of an accredited high-tech enterprise shall be valid for three years from the date of issuance of the certificate. After the enterprise obtains the high-tech enterprise qualification, it will enjoy the preferential tax rate starting from the year of the issuance of the high-tech enterprise certificate.

On 3 February 2015, the SAT issued the Announcement on Several Issues Concerning the Enterprise Income Tax on Indirect Transfer of Assets by Non-Resident Enterprises(《國家税務總局關於非居民企業間接轉讓財產企業所得税若干問題的公告》), or the SAT Circular 7. The SAT Circular 7 repeals certain provisions in the Notice of the State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax on Income from Equity Transfer by Non-Resident Enterprises(《國家税務總局關於加強非居民企業股權轉讓所得企業所得税管理的通知》), or the SAT Circular 698, issued by SAT on 10 December 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税管理若干問題的公告》) issued by SAT on 28 March 2011, and clarifies certain provisions in the SAT Circular 698. The SAT 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 organisations and premises in the PRC, immovable property in the PRC, equity investments in PRC resident enterprises) or the 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 SAT Circular 7 allows 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 SAT 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 harbours under the SAT Circular 7 may not be subject to PRC tax under the SAT Circular 7. The safe harbours include qualified group restructurings, public market trades and exemptions under tax treaties or arrangements.

On 17 October 2017, SAT 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》）, or the SAT Circular 37, which took effect on 1 December 2017. Certain provisions of the SAT Circular 37 were repealed by the Announcement of the State Administration of Taxation on Revising Certain Taxation Normative Documents（《國家税務總局關於修改部分税收規範性文件的公告》）. According to the SAT 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 rules 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, 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.

Under the SAT Circular 7 and the Law of the PRC on the Administration of Tax Collection（《中華人民共和國税收徵收管理法》）promulgated by the SCNPC on 4 September 1992 and newly amended on 24 April 2015, in the case of an indirect transfer, entities or individuals obligated to pay the transfer price to the transferor shall act as withholding agents. If they fail to make withholding or withhold the full amount of tax payable, the transferor of equity shall declare and pay tax to the relevant tax authorities within seven days from the occurrence of tax payment obligation. Where the withholding agent does not make the withholding, and the transferor of the equity does not pay the tax payable amount, the tax authority may impose late payment interest on the transferor. In addition, the tax authority may also hold the withholding agents liable and impose a penalty ranging from 50% to 300% of the unpaid tax on them. The penalty imposed on the withholding agents may be reduced or waived if the withholding agents have submitted the relevant materials in connection with the indirect transfer to the PRC tax authorities in accordance with the SAT Circular 7.

Withholding Tax on Dividend Distribution

The EIT Law prescribes a standard withholding tax rate of 20% on dividends and other China-sourced income of non-PRC resident enterprises which have no establishment or place of business in the PRC, or if established, the relevant dividends or other China-sourced income are in fact not associated with such establishment or place of business in the PRC. However, the Implementing Rules of the EIT Law reduced the rate from 20% to 10%, effective from 1 January 2008. However, a lower withholding tax rate might be applied if there is a tax treaty between China and the jurisdiction

of the foreign holding company, for example, pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income, or the 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 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% upon receiving approval from the tax authority in charge.

Based on the Notice on Relevant Issues Relating to the Enforcement of Dividend Provisions in Tax Treaties（《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》） issued on 20 February 2009 by the SAT, if the relevant PRC tax authorities determine, at 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 State Administration of Taxation on Issues concerning "Beneficial Owners" 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》), promulgated by the SAT on 3 February 2018 and took effect on 1 April 2018, further clarifies the analysis standard when determining one's qualification for beneficial owner status.

Value-Added Tax

Pursuant to the Interim Regulations on Value-Added Tax of the PRC（《中華人民共和國增值税暫行條例》）, which was promulgated by the State Council on 13 December 1993 and amended on 10 November 2008, 6 February 2016 and 19 November 2017, respectively, and the Implementation Rules for the Interim Regulations on Value- Added Tax of the PRC（《中華人民共和國增值税暫行條例實施細則》）, which was promulgated by the Ministry of Finance and SAT on 15 December 2008 and became effective on 1 January 2009 and as amended on 28 October 2011, entities or individuals engaging in sale of goods, provision of processing services, repairs and replacement services or importation of goods within the territory of the PRC shall pay value- added tax, or VAT. Unless provided otherwise, the rate of VAT is 17% on sales and 6% on the services. On 4 April 2018, the Ministry of Finance and SAT jointly promulgated the Circular of the Ministry of Finance and the State Administration of Taxation on Adjustment of 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》）, or the SAT Circular 32, according to which (i) for VAT taxable sales acts or import of goods originally subject to VAT rates of 17% and 11%, respectively, such tax rates shall be adjusted to 16% and 10%, respectively; (ii) for purchase of agricultural products originally subject to tax rate of 11%, such tax rate shall be adjusted to 10%; (iii) for purchase of agricultural products for the purpose of production and sales or consigned processing of goods subject to tax rate of 16%, such tax shall be calculated at the tax rate of 12%; (iv) for exported goods originally subject to tax rate of 17% and export tax refund rate of 17%, the export tax refund rate shall be adjusted to 16%; and (v) for exported goods and cross-border taxable acts originally subject to tax rate of 11% and export tax refund rate of 11%, the export tax refund rate shall be adjusted to 10%. SAT Circular 32 became effective on 1 May 2018 and shall supersede existing provisions which are inconsistent with SAT Circular 32.

Since 16 November 2011, the Ministry of Finance and the SAT have implemented the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax（《營業税改徵增值税試點方案》）, or the VAT Pilot Plan, which imposes VAT in lieu of business tax for certain "modern service industries" in certain regions and eventually expanded to nation-wide application in 2013. According to the Implementation Rules for the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax（《營業税改徵增值税試點實施辦法》） released by the Ministry of Finance and the SAT on the VAT Pilot Programme, the "modern service industries" include research, development and technology services, information technology services, cultural innovation services, logistics support, lease of corporeal properties, attestation and consulting services. The Notice on Comprehensively promoting the Pilot Plan of the Conversion of Business Tax to Value-Added Tax（《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 was promulgated on 23 March 2016, became effective on 1 May 2016 and amended on 11 July 2017 and 20 March 2019, respectively, sets out that VAT in lieu of business tax be collected in all regions and industries.

On 20 March 2019, the Ministry of Finance, SAT and the General Administration of Customs jointly promulgated 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》）, which became effective on 1 April 2019 and provides that (i) with respect to VAT taxable sales acts or import of goods originally subject to VAT rates of 16% and 10% respectively, such tax rates shall be adjusted to 13% and 9%, respectively; (ii) with respect to purchase of agricultural products originally subject to tax rate of 10%, such tax rate shall be adjusted to 9%; (iii) with respect to purchase of agricultural products for the purpose of production or consigned processing of goods subject to tax rate of 13%, such tax shall be calculated at the tax rate of 10%; (iv) with respect to export of goods and services originally subject to tax rate of 16% and export tax refund rate of 16%, the export tax refund rate shall be adjusted to 13%; and (v) with respect to export of goods and cross-border taxable acts originally subject to tax rate of 10% and export tax refund rate of 10%, the export tax refund rate shall be adjusted to 9%.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

Labour Contract Law

The PRC Labour Contract Law（《中華人民共和國勞動合同法》）, which became effective on 1 January 2008 primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labour contracts. Pursuant to the Labour Contract Law, labour contracts must be executed in writing if labour relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

In December 2012, the Labour Contract Law was amended to impose more stringent requirements on the use of employees of temp agencies, who are known in China as "dispatched

workers". Dispatched workers are entitled to equal pay with fulltime employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. According to the Interim Provisions on Labour Dispatch, which came into effect on 1 March 2014, the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees.

Social Insurance

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 (《關於發佈<企業職工生育保險試行辦法>的通知》) implemented on 1 January 1995, the Decisions on the Establishment of a Unified Programme for 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製度的決定》) issued on 16 July 1997, the Decisions on the Establishment of the Medical Insurance Programme for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險製度的決定》) promulgated on 14 December 1998, the Unemployment Insurance Measures (《失業保險條例》) promulgated on 22 January 1999, and the PRC Social Insurance Law (《中華人民共和國社會保險法》) implemented on 1 July 2011 and amended on 29 December 2018, employers are required to provide their employees in China with welfare benefits covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, and medical insurance. These payments are made to local administrative authorities. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue. On 20 July 2018, the Plan for Reforming the State and Local Tax Collection and Administration Systems (《國税地税征管體制改革方案》) was issued, which stipulated that the SAT will become responsible for the collection of social insurance premiums.

Housing Provident Fund

In accordance with the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), which was promulgated by the State Council on 3 April 1999 and amended on 24 March 2002 and 24 March 2019, employers must register at the designated administrative centres and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time.

REGULATIONS RELATING TO LEASING

Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on 5 July 1994 and amended in 2007, 2009, and 2019, when leasing premises, the lessor and lessee are required to enter into a written lease contract,

containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties.

On 1 December 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing（《商品房屋租賃管理辦法》）. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, a fine ranging from RMB1,000 to RMB10,000 could be imposed.

According to the PRC Civil Code, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

REGULATIONS RELATING TO COMPETITION AND ANTI-MONOPOLY

On 30 August 2007, the SCNPC adopted the PRC Anti-Monopoly Law（《中華人民共和國反壟斷法》）, or the Anti-Monopoly Law, which became effective on 1 August 2008 and was latest amended on 24 June 2022 and provides the regulatory framework for the PRC anti-monopoly. Under the Anti-Monopoly Law, the prohibited monopolistic acts include monopolistic agreements, abuse of a dominant market position and concentration of businesses that may have the effect to eliminate or restrict competition.

Pursuant to the Anti-Monopoly Law, a business operator that possesses a dominant market position is prohibited from abusing its dominant market position, including conducting the following acts: (i) selling commodities at unfairly high prices or buying commodities at unfairly low prices; (ii) without justifiable reasons, selling commodities at prices below cost; (iii) without justifiable reasons, refusing to enter into transactions with their trading counterparts; (iv) without justifiable reasons, allowing trading counterparts to make transactions exclusively with itself or with the business operators designated by it; (v) without justifiable reasons, tying commodities or imposing unreasonable trading conditions to transactions; (vi) without justifiable reasons, applying differential prices and other transaction terms among their trading counterparts who are on an equal footing; and (vii) other acts determined as abuse of dominant market position by the relevant governmental authorities.

Pursuant to the Anti-Monopoly Law and relevant regulations, when a concentration of undertakings occurs and reaches any of the following thresholds, the undertakings concerned shall file a prior notification with the anti-monopoly agency (i.e., the SAMR), (i) the total global turnover of all operators participating in the transaction exceeded RMB10 billion in the preceding fiscal year

and at least two of these operators each had a turnover of more than RMB400 million within China in the preceding fiscal year, or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB2 billion in the preceding fiscal year, and at least two of these operators each had a turnover of more than RMB400 million within China in the preceding fiscal year) are triggered, and no concentration shall be implemented until the anti-monopoly agency clears the anti-monopoly filing. "Concentration of undertakings" means any of the following: (i) merger of undertakings; (ii) Anti-monopoly Commission of the State Council acquisition of control over another undertaking by acquiring equity or assets; or (iii) acquisition of control over, or exercising decisive influence on, another undertaking by contract or by any other means. On 27 June 2022, the SAMR issued the revision draft of the Rules of the State Council on Declaration Threshold for Concentration of Undertakings (《國務院關於經營者集中申報標準的規定（修訂草案徵求意見稿）》) for public comments, which raises the reporting thresholds for concentration of undertakings, and adds circumstances that need an advanced declaration. The deadline for public comments of such revision draft is 27 July 2022.

On 7 February 2021, the Anti-monopoly Commission of the State Council promulgated the Anti- monopoly Guidelines on Platform Economy（《國務院反壟斷委員會關於平臺經濟領域的反壟斷指南》）, which provides that the calculation of turnover in the field of platform economy may be different depending on the business model of the operators: for platform operators who only provide information matchings and collect commissions, their turnovers should be calculated including the service fee charged by the platform and other platform income; for the platform operators who participate in the market competition on the platform side, their turnovers shall be calculated including the transaction amount involved in the platform and other platforms. Where the concentration of undertakings meets the declaration standards set by the State Council in Rules of the State Council on Declaration Threshold for Concentration of Undertakings (Revised in 2018)（《國務院關於經營者集中申報標準的規定（2018修訂）》）, the operators shall declare to the Anti-monopoly Law Enforcement Agency of the State Council in advance, and the concentration shall not be implemented if such operators have not filed the declaration. According to the latest amended Anti-Monopoly Law, effective from 1 August 2022, if business operators fail to comply with the mandatory declaration requirement and the concentration has or may have the effect of eliminating or restricting competition, the anti-monopoly authority is empowered to terminate and/or unwind the transaction, dispose of relevant assets, shares or businesses within certain periods or take other necessary measures to restore the status before such concentration, and impose fines of no more than 10% of the sale amount of the previous year; if the concentration does not has the effect of eliminating or restricting competition, a fine up to RMB5 million will be imposed.

Competition among business operators is generally governed by the Anti-unfair Competition Law of the PRC（《中華人民共和國反不正當競爭法》）, or the Anti-unfair Competition Law, which was promulgated by SCNPC on 2 September 1993 and amended on 4 November 2017 and 23 April 2019 respectively. According to the Anti-unfair Competition Law, when trading on the market, operators must abide by the principles of voluntariness, equality, fairness and honesty and observe laws and business ethics. Acts of operators constitute unfair competition where they contravene the provisions of the Anti-unfair Competition Law and disturb market competition with a result of

damaging the lawful rights and interests of other operators or consumers. When the lawful rights and interests of an operator are damaged by the acts of unfair competition, it may institute proceedings in a people's court. In comparison, where an operator commits unfair competition in contravention of the provisions of the Anti-unfair Competition Law and causes damage to another operator, it will be responsible for compensating for the damages. Where the losses suffered by the injured operator are difficult to calculate, the amount of damages will be the profit gained by the infringer through the infringing act. If an operator seriously infringes a trade secret in bad faith, the amount of compensation the operator will undertake will be up to not more than five times the amount of such damages. The infringer will also bear all reasonable costs paid by the injured operator to prevent the infringement.

REGULATIONS RELATING TO M&A AND OVERSEAS LISTINGS

On 8 August 2006, six PRC governmental and regulatory agencies, including the Ministry of Commerce and the China Securities Regulatory Commission, or the CSRC, promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors（《關於外國投資者併購境內企業的規定》）, or the M&A Rules, governing the mergers and acquisitions of domestic enterprises by foreign investors that became effective on 8 September 2006 and was revised on 22 June 2009. The M&A Rules, among other things, requires that if an overseas company established or controlled by PRC companies or individuals, or PRC Citizens, intends to acquire equity interests or assets of any other PRC domestic company affiliated with the PRC Citizens, such acquisition must be submitted to the Ministry of Commerce for approval. The M&A Rules also requires that an offshore special vehicle, or a special purpose vehicle formed for overseas listing purposes and controlled directly or indirectly by the PRC companies or individuals, shall obtain the approval of the CSRC prior to overseas listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

The M&A Rules also establish procedures and requirements that could make some acquisitions of PRC companies by foreign investors more time-consuming and complex, including requirements in some instances that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors issued by the Ministry of Commerce（《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》） in 2011 specify that mergers and acquisitions by foreign investors that raise "national defence and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the Ministry of Commerce, and prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement.

On February 17, 2023, the CSRC released several regulations regarding the filing requirements for overseas offerings and listings by domestic companies, including 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》) (the "Trial Measures") together with five supporting guidelines (together with the Trial Measures, the "New Regulations on Filing"), effective from March 31, 2023.

According to the Trial Measures, domestic companies that seek to offer or list securities overseas, both directly and indirectly, shall fulfill the filing procedure and report relevant information to the CSRC. If a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines.

According to the New Regulations on Filing, initial public offering or listing in overseas market shall be filed with the CSRC within three working days after the relevant application is submitted overseas. Furthermore, domestic enterprises offering and listing overseas will need to comply with continuous filing and reporting requirements with the CSRC after its filing, including (i) a reporting obligation in respect of any material event which arose prior to such offering and listing; (ii) filing for follow-on offerings after the initial offering and listing; (iii) filing for transactions by which a domestic company's assets seek to list in overseas markets; and (iv) a reporting obligation for material events after the initial offering and listing. Meanwhile, overseas securities offering and listing by domestic company are explicitly prohibited under any of the following circumstances: (i) where such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) where the domestic company intending to make the securities offering and listing, or its controlling shareholders and actual controller have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; or (v) where there are material ownership disputes over equity held by the controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller.

According to the Notice on the Filing Management Arrangements for the Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), if an application of indirect overseas offering and listing by a domestic company has been approved by overseas regulators or overseas stock exchanges (e.g., has passed the hearing in the Hong Kong market) by the effective date of Trial Measures and such overseas offering and listing will be completed before 30 September 2023, no immediate filing with the CSRC will be required for the domestic company with respect to such overseas offering and listing as long as no re-hearing is required. If a re-hearing for such application is required or if the domestic company fails to complete the offering and listing before 30 September 2023, the domestic company will be subject to the filing requirements under the New Regulations on Filing. However, since the New Regulations on Filing

was newly promulgated, there remains uncertainties as to their interpretation, implementation and enforcement and how they will affect our operations and our future financing.

To our best knowledge and our PRC Legal Advisor's due inquires, we and our PRC Legal Advisor are not aware of the existence of any circumstances that would prohibit us from conducting overseas securities offering and listing under the New Regulations on Filing as of the Latest Practicable Date. Therefore, if we are required to file with the CSRC for the Global Offering and the Listing, other than the uncertainties regarding to the further implementation and interpretation of the New Regulations on Filing, we do not foresee any impediment for us to comply with the New Regulations on Filing in any material respect.