REGULATIONS ON COMPANY AND FOREIGN INVESTMENT RESTRICTIONS

According to the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"), which was approved by the Standing Committee of the National People's Congress (the "**SCNPC**") on 29 December 1993 and subsequently amended in 1999, 2004, 2005, 2013 and 2018, and the latest amended version of which was effective on 26 October 2018, a company established under the PRC laws and within the territory of the PRC may take the form of a limited liability company or a joint stock company. The Company Law of the PRC shall also be applicable to foreign-invested limited liability companies and joint stock companies, unless otherwise provided by relevant laws and regulations.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "Foreign Investment Law") was adopted by the National People's Congress (the "**NPC**") on 15 March 2019 and became effective on 1 January 2020. After the Foreign Investment Law came into force, the Law on Wholly Foreign-owned Enterprises of the PRC (《中華人民共和國外資企業法》), the Law on Sino-foreign Equity Joint Ventures of the PRC (《中華人民共和國中外合資經營企業法》) and the Law on Sino-foreign Contractual Joint Ventures of the PRC (《中華人民共和國中外合作經營企業法》) were repealed simultaneously.

On 30 December 2019, the MOFCOM and the SAMR issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on 1 January 2020. After the Measures for the Reporting of Foreign Investment Information came into effect, the Interim Measures on the Administration of Filing for Establishment and Change of Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) was repealed simultaneously. Since 1 January 2020, for foreign investors carrying out investment activities directly or indirectly within the PRC, the foreign investors or foreign-invested enterprises shall submit investment information to the competent authorities for commerce pursuant to these measures.

Investment activities by foreign investors in the PRC are regulated by Provisions on Guiding the Orientation of Foreign Investment (《指導外商投資方向規定》), which was promulgated by the State Council on 11 February 2002 and came into effect on 1 April 2002, and the Negative List (2021). The Negative List (2021) sets out in a unified manner the restrictive measures, such as the requirements on shareholding percentages and management, for the access of foreign investments, and the industries that are prohibited for foreign investment. The Negative List (2021) covers 12 industries, and any field not covered by the Negative List (2021) shall be administrated under the principle of equal treatment for domestic and foreign investment. According to the Negative List (2021), value-added telecommunications services which fall within China's commitment to the WTO (excluding e-commerce, domestic multi-party communications, data collection and transmission services, and call centres) is a restricted industry for foreign investment, and the shareholding ratio of foreign investors shall not exceed 50%. Foreign investment is generally not permitted in the types of value-added telecommunications services that do not fall within China's commitment to WTO to open up, which include the internet data center services, internet access services and content delivery network services.

According to the Provisions on Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) issued by the State Council on 11 December 2001 and amended on 10 September 2008, 6 February 2016 and 29 March 2022, unless otherwise stipulated by the State, the maximum proportion of capital contributed by a foreign investor in a foreign-

invested telecommunications enterprise which operates basic telecommunications services (other than radio paging services) shall not exceed 49%, and the maximum proportion of capital contributed by a foreign investor in a foreign-invested telecommunications enterprise which operates value-added telecommunications services (including radio paging services under basic telecommunications services) shall not exceed 50%.

According to the Mainland and Hong Kong Closer Economic Partnership Arrangement (《內地與香港關於建立更緊密經貿關係的安排》) entered into by the MOFCOM and the Financial Secretary of Hong Kong Special Administrative Region on 29 June 2003 and the Mainland and Macau Closer Economic Partnership Arrangement (《內地與澳門關於建立更緊密經貿關係的安排》) entered into by the MOFCOM and the Secretariat for Economy and Finance of Macau Special Administrative Region on 17 October 2003 together with their supplements, services providers from Hong Kong and Macau are permitted to set up foreign-invested enterprises in the form of a Sino-foreign equity joint venture in mainland to provide five types of specific value-added telecommunications services, including internet data centre services, and the maximum capital contribution percentage held by the services provider from Hong Kong and Macau is restricted to 50% or less.

On 13 July 2006, the Ministry of Information Industry of the PRC (predecessor of the Ministry of Industry and Information Technology of the PRC ("**MIIT**") issued the Circular of the Ministry of Information Industry on Intensifying the Administration of Foreign Investment in Value-added Telecommunications Services (《信息產業部關於加強外商投資經營增值電信業務管理的通知》). A domestic telecommunications enterprise: (1) shall not, through any form, lease, transfer or sell a telecommunications businesses license to a foreign investor, or provide other conditions such as resources, offices and working places, facilities for any foreign investor to engage in any illegal telecommunications operation in any form within the PRC; (2) value added telecommunications enterprises or their shareholders shall directly own the domain names and trademarks required for their daily operations; (3) each value-added telecommunications enterprise shall have the facilities required for its approved business operations and maintain such facilities in the regions covered by its license; and (4) all value-added telecommunications services providers shall maintain network and information security in accordance with the standards specified by relevant PRC regulations. If a license holder fails to comply with the requirements in the Circular and to rectify up to the requirements within a prescribed period, the MIIT or its local counterparts have the discretion to take measures against such license holder, including revoking its value-added telecommunications business operation permit.

REGULATIONS ON TELECOMMUNICATIONS SERVICES

Among all of the applicable laws and regulations, the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) ("the **Telecommunications Regulations**"), which were promulgated by the State Council on 25 September 2000 and amended on 29 July 2014 and 6 February 2016, respectively, is the primary governing law, which sets out the general framework of the regulations for the provision of telecommunications services by domestic PRC companies in the PRC. Under the Telecommunications Regulations, a telecommunications service provider shall

obtain an operation license prior to the commencement of operations. The Telecommunications Regulations distinguish basic telecommunications services from value-added telecommunications services.

The Classification Catalogue of Telecommunications Services (《電信業務分類目錄》) was issued as an attachment to the Telecommunications Regulations, and amended on 28 December 2015 (which became effective on 1 March 2016 and was further amended on 6 June 2019). It classifies the basic telecommunications services into the first category and the second category of basic telecommunications services, of which the domestic data transmission service of the fixed network is classified as the second category of data communication services under the second category of basic telecommunication services; and classifies the value-added telecommunications services into the first and the second category of value-added telecommunication business, of which the internet data centres, content distribution network business, domestic Internet virtual private network and Internet access service business are classified as the first category of value-added telecommunications services and online data and transaction processing, domestic multi-party communications services, store-and-forward services, call centres, and information services business and coding and protocol conversion business are classified as the second category of value-added telecommunications business. According to the Classification Catalog of Telecommunication Services, (1) the "internet data centre" services refer to the placement, agency maintenance, system configuration and management services provided for users' servers or other internet or network-related equipment in a form of outsourced lease by utilising the corresponding machine room facilities, as well as the lease of database systems, servers and other equipment, lease of the storage spaces of such equipment, lease of communication lines and export bandwidth on an agency basis, and other application services; (2) the "content distribution network (CDN)" services refer to the provision of decentralised storage and caching of contents to the user through a network platform for traffic distribution management established by node server groups located in different regions, and distributes the contents to a fast and stable cache server based on the network dynamic traffic and load so as to speed up the server response time and the availability of services to the users; (3) the "internet access" services refer to the establishment of business nodes with the access servers and corresponding software and hardware resources and the connection of the business nodes to the internet backbone network with the public communication infrastructure so as to provide internet access services to various users. Users can use the public communication network or other access means to connect to their business nodes, and access the Internet through those nodes; (4) the "domestic call centre" services refer to the establishment of a call centre in the PRC to provide domestic and foreign entities with call centre service (mainly for domestic users); (5) the "information service business" refers to the provision of information services to users via public communication networks or the internet through the data collection, development and processing, and the construction of information platforms. The information services are classified based on the types of technical services such as information compilation or delivery, mainly including information release platforms and delivery services, information search services, information community platform services, real-time data exchange services, data protection and processing services; (6) the "domestic data transmission service of the fixed network" refers to the domestic wired end-to-end data transmission service provided in a fixed network, other than the data

transmission service via the internet. It mainly includes data transmission services based on IP bearer network, ATM network, X.25 packet switching network, DDN network and frame relay network.

The Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the "Internet Information Measures")was issued by the State Council on 25 September 2000 and amended on 8 January 2011. According to the Internet Information Measures, internet information services refer to the service activities of providing information to internet users through the internet, and can be divided into two categories: operational and non-operational. Operational internet information services refer to the provision of information, web page production or other services to internet users through the internet for fees. Non-operational internet information services refer to the provision of public and commonly shared information to web users through the internet free of charge. Operational internet information services provider shall obtain an ICP Licence covering the business scope of internet information services from relevant government authorities before engaging in any operational internet information services business in the PRC.

On 3 July 2017, the MIIT issued the Administrative Measures for Telecommunications Business Operating Licence (《電信業務經營許可管理辦法》), which became effective on 1 September 2017 and replaced the original Administrative Measures for Telecommunications Business Operating Licence. The Administrative Measures for Telecommunications Business Operating Licence sets forth more specific provisions regarding the types of licences required for operating value-added telecommunications services, the qualifications and procedures for obtaining the licences and the administration and supervision of these licences. According to the Measures, an operator of telecommunications services shall obtain a licence for value-added telecommunications services from the telecommunications administrative department in accordance with the law. Otherwise, such operator may be subject to penalties, including but not limited to rectification orders and fines.

On 30 November 2012, the MIIT issued the Circular of the Ministry of Industry and Information Technology on Further Standardising the Market Access-related Work for Businesses Concerning Internet Data Centres and Internet Service Providers (《工業和信息化部關於進一步規範因特網數據中心業務和因特網接入服務業務市場准入工作的通告》), which clarifies The application qualifications and licensing procedures for IDC and ICP licences, which clarify that an ICP licence is required for the operation of these two businesses, and further clarifies the requirements regarding capital, personnel, venues, facilities and others for enterprises applying for the provision of internet data centre and internet access services. With effect on and from 1 December 2012, telecommunications enterprises intending to operate internet data centres and providing internet access services shall apply to competent telecommunications department for an operation licence in accordance with the Circular.

The Interim Measures for the Supervision and Administration of Telecom Service Quality (《電信服務質量監督管理暫行辦法》) issued by the MIIT on 11 January 2001 and amended on 23 September 2014 apply to the supervision and administration of licensed telecommunications operators in the PRC. Pursuant to the Measures, the MIIT supervises and administers the quality of

the telecommunications services provided by telecommunications service providers in accordance with applicable laws and regulations. Where a telecommunication services provider violates the telecommunications service standards and infringes upon the lawful rights and interests of users, the provider may be subject to a rectification order within a prescribed period, a warning or fines ranging from RMB500 to RMB10,000.

On 8 June 2020, MIIT promulgated the Notice of the Ministry of Industry and Information Technology on Strengthening the Administration of Call Centre Services (《工業和信息化部關於加強呼叫中心業務管理的通知》) (the "**Call Centre Services Notice**"), which has further strengthened the administration on admittance, codes, access, operation activities and certain other matters. According to the Call Centre Services Notice, for a call centre services provider, instant revisiting, information consulting and other outbound call services shall only be provided with the consent of the users.

REGULATIONS ON INFORMATION SECURITY AND USER'S INFORMATION PROTECTION

Overview of the Regulations

According to the Decision on the Maintenance of Internet Security (《關於維護互聯網安全的決定》) issued by the SCNPC on 28 December 2000, which was amended on 27 August 2009, any person who uses the internet to jeopardise the security of Internet operation, national security and social stability, the economic order of the socialist market and the social order, and the legal rights of other individuals, legal persons and other entities, such as personal right and property right, constitute an offence and shall be subject to criminal responsibility in accordance with the criminal law.

On 16 December 1997, the Ministry of Public Security issued the Measures for the Administration of the Security and Protection of Computer Information Networks with International Interconnections (《計算機信息網絡國際聯網安全保護管理辦法》), which took effect on 30 December 1997 and were amended by the State Council on 8 January 2011. According to the aforementioned measures, no entity or individual shall make use of international interconnections to sabotage national security, leak state secrets, infringe on the national, social or collective interests or the legal rights and interests of citizens, or engage in other illegal or criminal activities. If relevant entities violate any provisions of the measures, such entities may be subject to penalties such as the order of rectification within a specified period, warnings, confiscation of illegal gains, cancellation of operating license or interconnection qualifications.

The Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cyber Security Law**"), which was promulgated on 7 November 2016 and came into effect on 1 June 2017, states that construction and operation of a network, or provision of services through a network shall be carried out in accordance with laws, administrative regulations and the compulsory requirements set forth in national standards, and technical measures and other necessary measures shall be taken to ensure safe and stable operation of the network, to effectively cope with cyber security events, to prevent criminal activities committed on the network, and to protect the integrity, confidentiality and availability of network data. The Cyber Security Law emphasises that any individuals and

organisations that use networks must not jeopardise network security or use networks to engage in unlawful activities such as those jeopardising national security, economic order and social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others. The Cyber Security Law has also reaffirmed certain basic principles and requirements on personal information protection previously specified in other existing laws and regulations. An internet service provider who violates any provisions and requirements under the Cyber Security Law may be subject to orders of rectification, warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of qualifications, closedown of websites or even being held criminally liable.

On 15 September 2018, the Ministry of Public Security issued the Regulations for Internet Security Supervision and Inspection by Public Security Authorities (《公安機關互聯網安全監督檢查規定》) (the "**Inspection Regulations**") which took effect on 1 November 2018. Pursuant to the Inspection Regulations, public security authorities shall conduct supervision and inspection on the internet service operators that provide the following services: (1) internet connection, internet data centres, content distribution and domain name services; (2) internet information services; (3) public internet access services; and (4) other internet services. The inspection may cover whether the internet service operators have fulfilled their cyber security obligations as stipulated under the Cyber Security Law and other applicable laws and regulations, such as to formulate and implement cyber security management systems and operational procedures, determine the person responsible for cyber security, and to take technical measures to record and retain user registration information and online log information.

On 22 June 2007, the Ministry of Public Security, the State Secrecy Bureau and other relevant authorities jointly issued the Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》), which divides information systems into five grades and requires the operators of information systems ranking above Grade II to file an application with the local Bureau of Public Security within 30 days of the date of its security protection grade determination or since its operation.

On 15 December 2019, the Cyberspace Administration of China (the "**CAC**"), issued the Provisions on Ecological Governance of Network Information Content (《網絡信息內容生態治理規定》) (the "**CAC Order No. 5**"), which became effective on 1 March 2020, to further strengthen the regulation of network information content. Pursuant to the CAC Order No. 5, a network information content service platform is required (1) not to disseminate any information prohibited by laws and regulations, such as information jeopardising national security; (2) to strengthen the examination of advertisements placed on the advertisement space of or published on such network information content service platform; (3) to formulate and publish management rules and platform convention, improve user agreement, clarify users' rights and obligations and perform management responsibilities required by laws, regulations, rules and convention; (4) to establish convenient channels in conspicuous position for complaints and reports; and (5) to prepare annual work report on its management of network information content ecology. In addition, a network information content service platform must not (1) utilise new technologies and applications such as deep-learning and virtual reality to commit activities prohibited by laws and administrative regulations; (2) commit online traffic fraud, malicious traffic rerouting and other activities related to fraudulent

account, illegal transaction account or manoeuvre of users' account with manual or technical means; and (3) infringe a third party's legitimate rights or seek illegal interests by way of interfering with information display.

On 28 December 2021, the CAC and certain other administrative departments jointly promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》) (the "**Measures for Cybersecurity Review**"), which became effective on 15 February 2022 and provides that (1) internet platform operators holding over one million users' personal information shall apply with the Cybersecurity Review Office for a cybersecurity review when listing abroad; (2) operators of critical information infrastructure that intend to purchase internet products and services that will or may affect national security shall apply for a cybersecurity review, and (3) internet platform operators carrying out data processing that affects or may affect national security shall apply for a cybersecurity review. The PRC government authorities have wide discretion in the interpretation and enforcement of these laws and regulations, including identifying any entity which meets the above cybersecurity review criteria.

On 14 November 2021, the CAC promulgated the Network Data Security Management Regulations (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Network Data Regulations (Draft for Comments)**") which further expands the scope of the application for security review, establishes the data classification and protection system, and defines the relevant rules for cross-border data management. It provides that data processors conducting the following activities shall apply for cybersecurity review: (1) merger, reorganisation or separation of Internet platform operators that maintain a large number of data resources related to national security, economic development or public interests that affect or may affect national security; (2) listing abroad (國外上市) of data processors processing over one million users' personal information; (3) listing in Hong Kong of data processors that affect or may affect national security; (4) other data processing activities that affect or may affect national security. The Network Data Regulations (Draft for Comments) also provides that where operators of large Internet platforms set up headquarters, operation centres or R&D centres overseas, they shall report to the national cyberspace administration and competent authorities. In addition, the Network Data Regulations (Draft for Comments) requires data processors processing over one million users' personal information to comply with the regulations on important data processors, including, among others, appointing a person in charge of data security and establishing a data security management body, filing with the competent authority within 15 working days after identifying its important data, formulating data security training plans and organising data security education and training for all staff every year, and that the education and training time for data security related technical and management personnel shall not be less than 20 hours each year. The Network Data Regulations (Draft for Comments) also requires that internet platform operators, when they formulate platform rules or privacy policies or make any amendments thereto that may have a significant impact on users' rights and interests, shall establish a disclosure policy for their platform rules, privacy policies and algorithm strategies related to data, and solicit public comments on their official websites and the internet platform of the industry association of personal information protection for no less than 30 working days. Platform rules and privacy policies formulated by operators of large Internet platforms with more than 100 million daily active users, or amendments to such rules or policies by operators of large Internet platforms with more than 100 million daily active users that

may have significant impacts on users' rights and interests shall be evaluated by a third-party organisation designated by the national cyberspace administration authorities and reported to competent provincial authorities for cyberspace administration and telecommunications or above for approval.

On 7 July 2022, the CAC issued the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》), which came into effect on 1 September 2022. On 22 March 2024, the CAC issued the Regulations on Promoting and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》), which became effective on 22 March 2024, to adjust the Measures for the Security Assessment of Outbound Data Transfer. At present, a data processor shall apply to the national cyberspace administration for the security assessment of the outbound data transfer through the local provincial cyberspace administration if it provides data to abroad under any of the following circumstances: (i) provision of personal data or material data to abroad as a crucial information infrastructure operator; (ii) provision of material data to abroad as a data processor other than a crucial information infrastructure operator, or having provided personal data (excluding sensitive personal data) of over 1,000,000 people or sensitive personal data of over 10,000 people cumulatively to abroad since 1 January of the year. The Guidelines for the Application for the Security Assessment of Outbound Data Transfer (Second Edition) 《數據出境安全評估申報指南(第二版)》, which was issued by the CAC and came into effect on 22 March 2024, further clarifies that, among others, the scope of application, methods for declaration and the declaration process of the Security Assessment of Outbound Data Transfer.

The Civil Code of the PRC (《中華人民共和國民法典》), which was promulgated on 28 May 2020 and came into effect on 1 January 2021, provides that personal information of a natural person shall be protected by law. Any organisation or individual shall legally obtain such personal information of others when necessary and ensure the security of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or disclose personal information of others.

According to the Decision of the Standing Committee of the National People's Congress on Strengthening Information Protection on Networks (《全國人民代表大會常務委員會關於加強網絡信息保護的決定》) promulgated on 28 December 2012, the State offers protection to electronic information through which individual citizens can be identified and which involves the individual privacy of citizens. All organisations and individuals shall not obtain electronic personal information of citizens by theft or any other illegal means and shall not sell or illegally provide others with electronic personal information of citizens.

On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"), which consolidates the scattered rules with respect to personal information rights and privacy protection, became effective on 1 November 2021. The Personal Information Protection Law aims to protect personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law and promoting the reasonable use of personal information. Personal information, as defined in the Personal Information Protection Law, refers to various information related to identified or

identifiable natural persons recorded by electronic or other means but excluding the anonymised information. The Personal Information Protection Law applies to personal information processing activities within China, as well as certain personal information processing activities outside China, including those for provision of products and services to natural persons within China or for analysing and assessing acts of natural persons within China.

On 10 June 2021, the SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**"), which became effective on 1 September 2021. The Data Security Law stipulates that data processing activities shall be carried out in accordance with the laws and regulations and sets out the requirements to establish and improve the full-process data security management systems, and relevant legal liabilities arising from failure to fulfill the data security protection obligations stipulated in the Law.

The Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》) promulgated by the State Council on 25 September 2000 and amended on 8 January 2011, the Regulations on Technical Measures of Internet Security Protection (《互聯網安全保護技術措施規定》) promulgated by the Ministry of Public Security on 13 December 2005 and became effective on 1 March 2006 and the Provisions on Protecting Personal Information of Telecommunication and Internet Users(《電信和互聯網用戶個人信息保護規定》) promulgated by the MIIT on 16 July 2013 and became effective on 1 March 2006 all set forth strict requirements on protecting personal information of internet users and require internet information service providers to maintain adequate systems to protect the security of such information. Personal information collected shall be used only in connection with the services provided by internet information service providers.

In addition, 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》) was promulgated by the MIIT on 29 December 2011 and came into effect on 15 March 2012. The provisions stipulate that an internet information service provider shall protect the personal data of the internet users in the following ways: (1) without consent of the users, an internet information service provider shall not collect data related to the users that can expose their identity alone or in combination with other data (the "**Users' Personal Data**"), nor provide the Users' Personal Data to others, except as otherwise provided by laws and administrative regulations. In the event that an internet information service provider collects the Users' Personal Data with such users' consent, it shall clearly inform the users of the method, content and purpose for collecting and processing such Users' Personal Data. Any data so collected shall be necessary and adequate but not excessive for the purpose of provision of the services, and shall not be used for other purposes other than for the provision of the services; (2) an internet information service provider shall properly maintain the Users' Personal Data, and immediately take remedial measures in the event that the Users' Personal Data is leaked or may be leaked.

On 29 August 2015, the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》) was promulgated by the SCNPC and came into effect on 1 November 2015. According to the Ninth Amendment to the Criminal Law, an internet service provider that fails to fulfill its obligations for internet information security management required by laws and

administrative regulations and refuses to make corrections as ordered shall be subject to criminal penalties, if its action: (1) results in any large-scale dissemination of illegal information; (2) results in any serious consequence caused by the leakage of the Users' Personal Data; (3) results in any loss of evidence of criminal cases, falling under serious circumstances; or (4) results in other serious circumstances. In addition, any individual or entity that (1) sells or provides personal data of a citizen to others in violation of relevant State regulations, or (2) steals or obtains any citizens' personal data with other illegal means is subject to criminal penalties in case of serious or extremely serious circumstances.

Applicability of the Regulations to the Group

Applicability of the Measures for Cybersecurity Review to the Group

The Measures for Cybersecurity Review regulates the acts of the operators of "critical information infrastructure" and "internet platform operators".

For "critical information infrastructure", in the opinion of the PRC Legal Adviser, as the Company has not received any notice from relevant regulatory department informing the Company that it has been deemed as "critical information infrastructure operator", the Company is not regulated by the Measures for Cybersecurity Review in this aspect.

For "internet platform operators", the scope of it has not been clearly defined in the Measures for Cybersecurity Review, but reference could be drawn from other relevant regulations. According to the Cyber Security Law, "network operators" includes owners, managers and network service providers. According to the Draft for Comments, "internet platform operators" refers to data processors that provide users with internet platform services such as information release, social networking, transaction, payment and audio-visual services. Given that the Measures for Cybersecurity Review focuses on data security risks arising from data processing activities and are not related to the specific classifications of network formats, in the opinion of the PRC Legal Adviser, the scope of the "internet platform operators" hereof is broad, and all subjects involved in the provision of management and services on the network may constitute "internet platform operators". Therefore, the Group, which is involved in the provision of management and services through the internet may be identified as a "internet platform operator" and hence may be required to apply for network security review as required under the following circumstances:

(1) *The Company's proposed [REDACTED] in Hong Kong*

Under the Measures for Cybersecurity Review, internet platform operators holding over one million users' personal information shall apply with the Cybersecurity Review Office for a cybersecurity review when [REDACTED] abroad. As at the Latest Practicable Date, the relevant laws in force do not separately provide for the cybersecurity review of the proposed [REDACTED] in Hong Kong of relevant internet platform operators. Our PRC Legal Adviser is of the view that, Hong Kong is not included in the definition of "abroad" hereof, therefore a cybersecurity review application is not required. Besides, as at the Latest Practicable Date,

the Group did not hold over one million users' personal information. Therefore, in the view of the PRC Legal Adviser, the Company is not required to apply for the network security review for its proposed [REDACTED] in Hong Kong under the Measures for Cybersecurity Review.

(2) *The Group is carrying out data processing that affects or may affect national security*

Under the Measures for Cybersecurity Review, internet platform operators processing data processing that affects or may affect national security shall apply for a cybersecurity review. The Measures for Cybersecurity Review do not include detailed stipulations in assessing whether an activity "affects or may affect national security", regulatory agencies have a wide range of discretion in this regard at present, so there is uncertainty whether the Group will be required to apply for network security review by the Cybersecurity Review Office. Nevertheless, in the opinion of the PRC Legal Adviser, taking into account the magnitude and sensitivity extent of the data processing of the Group, the likelihood of the Group being required to conduct network security review is low.

Applicability of the Network Data Security Management Regulations (Draft for Comments) to the Group

According to the Network Data Security Management Regulations (Draft for Comments) (the "**Network Data Regulations (Draft for Comments)**"), data processors conducting the following activities shall apply for cybersecurity review: (1) merger, reorganisation or separation of Internet platform operators that maintain a large number of data resources related to national security, economic development or public interests that affect or may affect national security; (2) [REDACTED] abroad of data processors processing over one million users' personal information; (3) [REDACTED] in Hong Kong of data processors that affect or may affect national security; (4) other data processing activities that affect or may affect national security.

As at the Latest Practicable Date, the Network Data Regulations (Draft for Comments) have not yet come into force. Our PRC Legal Adviser is of the view that, the competent authorities will not take the regulations as a reference at present, and the regulatory elements of "affect or may affect national security" in the draft for comments have not been clarified and therefore shall be subject to further interpretation and elaboration by the Cybersecurity Review Office.

As at the Latest Practicable Date, to the best knowledge, information and belief of our Directors after making all reasonable enquiries, the Group was not subject to any material fines or sanctions in relation to cybersecurity from the relevant government authorities.

In light of the above, our PRC Legal Adviser is of the view that, the Group is able to comply with the Measures for Cybersecurity Review and other relevant measures or regulations of the PRC in all material respects.

If the Network Data Regulations (Draft for Comments) is implemented in the current form, and the Company does not fall within the scope of the regulatory elements "affect or may affect national security" to be further clarified by the competent authorities, such regulations will not have material adverse impact on the Group's business operations or the Company's proposed [REDACTED] in Hong Kong.

Application of the Measures for the Security Assessment of Outbound Data Transfer and the Regulations on Promoting and Regulating Cross-Border Data Flows

According to the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》) and the Regulations on Promoting and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》) issued by the CAC, a data processor shall apply to the national cyberspace administration for the security assessment of the outbound data transfer through the local provincial cyberspace administration if it provides data to abroad under any of the following circumstances: (i) provision of personal data or material data to abroad as a crucial information infrastructure operator; (ii) provision of material data to abroad as a data processor other than a crucial information infrastructure operator, or having provided personal data (excluding sensitive personal data) of over 1,000,000 people or sensitive personal data of over 10,000 people cumulatively to abroad since 1 January of the year.

As at the Latest Practicable Date, (1) the Group is not involved in cross-border data transfers in its daily operations; and (2) our business is not involved in processing important data. Accordingly, our directors are of the view and confirm that the Group is under no obligation to apply for any security assessment of outbound data transfer with the CAC, and our PRC Legal Adviser concurs that such security assessment of outbound data transfer is not applicable to the Group.

Implementation of Internal Control Measures

Currently, the Company has introduced "Personal Information Protection Compliance Management Measures V1.0 (《個人資訊保護合規管理辦法V1.0》, hereafter as the "**Management Measures**") on 27 April 2022, which guaranteed the safety of the processed personal information and the rights and interests of relevant entities and prevented data leakage. The personal information protection office and departments of human resources, information security, operation and maintenance and legal compliance of the Company assume specified division of responsibilities in the management of personal information. Regarding the collection of personal information, we are promoting the employee privacy policy with 48 employees having signed up to the Employee Privacy Notice (《員工隱私通知》). Meanwhile, activities including the storage, usage, disclosure and cross-border transmission of personal information are all carried out in strict compliance with the Management Measures.

Regarding the confidentiality for other general business data and information, the Company has in place policies such as "Customer Information Confidentiality System" (《客戶資訊保密制度》), "Data Security Management Regulations"(《資料安全管理規定》), "Information Security

Policy V2.0" (《信息安全性原則V2.0》). The daily business is conducted in stringent conformity with pertinent laws and regulations and the Company's internal rules, as evidenced by the implementation of such measures as intragroup data access and subsequent personnel, physical and technological isolation.

Information Security Obligation for Content cached in the Edge Nodes

Information security equipment is deployed in all edge nodes of our Edge Computing Services operation, strictly following the security standard required for the protection of data and cyber security. In addition, as required by MIIT, the security standard of information security systems employed in the edge nodes shall be examined by China Academy of Information and Communication Technology (中國信息通信研究院) and complete the filing before they can be approved for operation in the edge nodes.

Based on the foregoing, having taken into account the view and analysis of the Directors and the Company's PRC legal adviser in respect of PRC data compliance law on the aforementioned recent regulatory developments as well as the due diligence conducted, and having discussed with the Company's PRC legal adviser in respect of the compliance status and the internal control measures of the Company with the existing PRC laws and regulations in relation to data compliance, including Personal Information Protection Law and cybersecurity and data protection laws and regulations, nothing material has come to the attention of the Sole Sponsor as non-legal expert which would cause it to cast doubt on the reasonableness of the Directors' view on the impact of the Network Data Regulations (Draft for Comments) and Measures for Cybersecurity Review Regulations on the Company.

REGULATIONS ON WEB 3.0 MARKET — EDGE COMPUTING

At present, there are no specific laws and regulations regulating edge computing in the PRC. Apart from the abovementioned laws and regulations in relation to data security and network security such as the Cyber Security Law, the Data Security Law and the Personal Information Protection Law, entities carrying out edge computing business are also recommended to refer to the following recommended national standards:

On 12 October 2022, the State Administration for Market Regulation, Standardization Administration issued the national standard GB/T 41780.1-2022 "Internet of Things-Edge Computing-Part 1: General Requirements" (國家標準GB/T 41780.1-2022 《物聯網邊緣計算 第1部分：通用要求》), managed by TC28 (China National Information Technology Standardization Network) (全國信息技術標準化技術委員會) and implemented by TC28SC41 (Internet of Things Branch of China National Information Technology Standardization Network) (全國信息技術標準化技術委員會物聯網分技術委員會). The national standard proposes a system architecture and a functional architecture for IoT edge computing and specifies functional requirements, which are applicable to the design, development and application of edge computing nodes in IoT systems. It guides the design and development of edge computing systems, promotes the healthy and rapid development, in-depth collaboration, digital innovation as well as implementation of industrial applications in the industry.

On the same date, the State Administration for Market Regulation, Standardization Administration issued the national standard GB/T 42564-2023 "Information Security Technology-Security Technical Requirements for Edge computing Security" (《信息安全技術邊緣計算安全技術要求》), which focuses on analysing the security risks of edge computing systems introduced by cloud-side collaborative control, computing storage hosting, and open edge capabilities. It established a reference model for edge computing security and proposed technical requirements for edge computing security in terms of application security, network security, data security, infrastructure security, physical environment security, security operation and maintenance, and security management. It helps entities involved in edge computing to enhance their ability to resist a wide range of security threats during the research and development, testing, production, and operation of edge infrastructures.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Copyright and Software Registration

The Copyright Law of the PRC (《中華人民共和國著作權法》) (the "**Copyright Law**") was promulgated by the SCNPC in 1990 and amended in 2001, 2010 and 2020, respectively. The Copyright Law stipulates Chinese citizens, legal persons or other organisations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing or oral or other forms. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

The Regulation on Computer Software Protection (《計算機軟件保護條例》), which was promulgated by the State Council on 4 June 1991 and amended in 2001 and 2013, respectively, aims to protect the rights and interests of copyright owners of computer software, regulate the relationship of interests generated in the development, dissemination and use of computer software, encourage the development and application of computer software, and promote the development of software industry and the informatisation of national economy. According to the Regulation on Computer Software Protection, Chinese citizens, legal persons or other entities have copyright to the software created by them, regardless of whether or not it is published. Software copyright owners may register with the software registration agencies acknowledged by the copyright administrative department under the State Council. The registration certificate issued by the software registration agencies shall be the preliminary evidence for the registration. Software copyrights of legal persons or other entities are protected for a period of 50 years, ending on 31 December of the fiftieth year after the software was first published. However, if a software has not been published within 50 years from the date of completion of development, it will no longer be protected.

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated by the National Copyright Administration on 20 February 2002, applies to the registration of software copyright, the exclusive licensing contracts and the assignment contracts of software copyright. The National Copyright Administration is mainly responsible for the registration and management and acknowledgement of national software

copyright and designates the China Copyright Protection Centre as the agency for software registration. The China Copyright Protection Centre will issue certificates of registration to computer software copyright applicants.

Trademark

The registered trademark applied for in China are protected by the Trademark Law of the PRC (《中華人民共和國商標法》), which was approved in 1982 and subsequently amended in 1993, 2001, 2013 and 2019, respectively, as well as the Implementation Regulation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) approved by the State Council in 2002 and amended in 2014. The Trademark Office under the State Intellectual Property Office is responsible for handling trademark registrations and grants a term of ten years for the registered trademarks which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements must be filed with the Trademark Office for the record. A trademark license without filing shall not be enforceable against a bona fide third party. The Trademark Law of the PRC has adopted a first-to-file principle with respect to trademark registration. Where a trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected by the Trademark office. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance by improper means a trademark that has already been used by another party and has already gained a certain degree of influence through such party's use.

Patent

The SCNPC promulgated the Patent Law of the PRC (《中華人民共和國專利法》) in 1984, which was amended in 1992, 2000, 2008 and 2020, respectively. A patentable invention, utility model or design must meet three conditions: novelty, inventiveness and practical applicability. Patents shall not be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds, means of nuclear transformation and substances obtained by means of nuclear transformation and designs mainly used for identification of patterns, colors or a combination of both in flat prints. The Patent Office under the State Intellectual Property Office is responsible for receiving, examining and approving patent applications. A patent is valid for twenty years for an invention, ten years for a utility model and fifteen years for appearance design[1], starting from the application date. Except under certain specific circumstances provided by laws, any third-party user must obtain consent or a proper license from the patent holder to use the patent, otherwise the use will constitute an infringement of the rights of the patent holder.

[1] According to the Announcement No. 510 of the State Intellectual Property Office — Interim Measures for Handling the Examination Related to the Implementation of the Revised Patent Law (《國家知識產權局公告第510號—關於施行修改後專利法的相關審查業務處理暫行辦法》), the protection period for appearance design is ten years from the application date if such date is before 31 May 2021 (inclusive).

Domain Name

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the MIIT on 24 August 2017 and became effective on 1 November 2017, domain names are registered on a "first-come, first-served" basis. The domain names registered or used by an entity or individual shall not contain any contents prohibited by laws and administrative regulations. A domain name registration applicant shall provide the domain name registration service agency with the information for domain name registration such as true, accurate and complete identity information of the domain name holder.

REGULATIONS ON PROPERTY

According to the Civil Code of the PRC (《中華人共和國民法典》) approved by the NPC on 28 May 2020 and became effective on 1 January 2021, the creation, change, transfer and cancellation of real estate rights shall be registered in accordance with the law. The creation and transfer of movable property rights shall be delivered in accordance with the law. Owners shall have the rights to possess, use, benefit from and dispose of their real estate or movable properties in accordance with the law.

According to the Administrative Measures for Commodity House Leasing《商品房屋租賃管理辦法》promulgated by the Ministry of Housing and Urban-Rural Development of the People's Republic of China on 1 December 2010 and become effective on 1 February 2011, a lessor and a lessee are required to enter into a lease contract in accordance with the law. Within 30 days after the lease contract is entered into, the parties to the lease shall file the lease for registration with the competent authorities for construction (real estate) of the people's government of the municipality, city or county where the leased house is located. If the lease registration and filing are not carried out as required, the relevant competent authorities may order them to make a rectification within a specified period or impose a fine on them.

REGULATIONS ON LABOUR

According to the Labour Contract Law of the PRC (《中華人民共和國勞動法》), which was approved by the SCNPC on 5 July 1994 and subsequently amended in 2009 and 2018 and the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) (the "Labor Contract Law"), which was approved by the SCNPC on 29 June 2007 and amended on 28 December 2012, employers shall formulate and improve rules and regulations in accordance with the law to ensure the employees to enjoy their rights and perform their duties as employees. A labour contract is an agreement between an employee and an employer to establish the employment relationship and clarify the rights and obligations of both parties. Employers are required to enter into written contracts with their employees, restrict the use of temporary workers and aim to give employees long-term job security.

According to the Labour Contract Law, where an employment relationship has already been established with an employee but no written labour contract has been entered into simultaneously, a written labour contract shall be entered into within one month from the date when the employee

begins to work. If an employer fails to enter into a written labour contract with an employee after the lapse of more than one month but less than one year commencing from the day on which the employee begins to work for such employer, it shall pay a double salary per month to the worker. If the employer fails to enter into a written labour contract with an employee after the lapse of one full year from the date on which the employee begins to work for it, the employer and the employee are deemed to have entered into a labour contract without a fixed term.

According to the Social Insurance Law of the People's Republic of China 《中華人民共和國社會保險法》 (the "Social Insurance Law") promulgated by SCNPC on 28 October 2010, which became effective on 1 July 2011 and was amended on 29 December 2018, the Regulation of Insurance for Work-Related Injury (《工傷保險條例》) promulgated by the State Council on 27 April 2003, became effective on 1 January 2004 and amended on 20 December 2010, the Provisional Measures on Insurance for Maternity of Employees (《企業職工生育保險試行辦法》) promulgated by the Ministry of Labour on 14 December 1994 initially and became effective on 1 January 1995, the Regulation of Unemployment Insurance (《失業保險條例》) promulgated by the State Council on 22 January 1994 and became effective on the same date, the Decision of the State Council on Setting Up Basic Medical Insurance System for Staff Members and Workers in Cities and Towns (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated by the State Council on 14 December 1998 and became effective on the same date, and the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費征繳暫行條例》) promulgated by the State Council and became effective on 22 January 1999 and amended on 24 March 2019, an employer is required to contribute the social insurance for its employees in the PRC, including the basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and injury insurance. According to the Social Insurance Law, if an employer fails to process social insurance registration, the social insurance administrative department shall deliver to the employer concerned an order for rectification within a prescribed period. If no rectification is carried out by the expiry of the prescribed period, the employer is liable for a fine at an amount no less than two times, but no more than three times of, the assessed social insurance contribution, and the person in charge who bear direct responsibilities and other persons with direct responsibilities are liable for a fine over RMB 500 but less than RMB 3000. If an employer fails to pay social insurance contributions on time and in full, the social insurance contributions collecting agency may place an order with the employer demanding full payment within a prescribed period, and a fine overdue payment will be imposed on a daily basis as from the date of arrear. If the payment is not made at the expiry of the prescribed period, a fine above the overdue amount but less than three times of it will be imposed by the authoritative administrative department.

Under the Regulations on the Administration of Housing Funds (《住房公積金管理條例》) promulgated by the State Council and became effective on 3 April 1999 and amended on 24 March 2002 and 24 March 2019, respectively, an employer is required to make contributions to a housing provident fund for its employees. Where an employer fails to undertake payment and deposit registration of housing provident fund or fails to go through the formalities of opening the housing provident fund accounts for its staff and workers, the housing provident fund management centre shall order it to go through the formalities within a prescribed time limit, failing which, a fine of not less than RMB 10,000 but more than RMB 50,000 shall be imposed. Employers shall pay and

deposit housing provident fund on time and in full, and shall not be default in payment and deposit of, or not underpay, the housing provident fund. The payment and deposit rates for the housing provident fund of both employees and employers shall not be less than 5% of the average monthly salary of an employee in the previous year. Where an enterprise fails to deposit the housing provident funds within the time limit or underpays the funds for its employees, the housing fund management centre may order it to deposit the funds within a time limit, failing which the competent administration authority may apply to the people's court for enforcement.

REGULATIONS ON DIVIDEND DISTRIBUTION

The Company Law provides the principal regulations relating to dividend distribution. The dividend distribution of wholly foreign-owned enterprises is further governed by the Foreign Investment Law and its Implementation Rules.

According to the aforesaid laws and regulations, companies in China, including wholly foreign-owned enterprises, are required to set aside at least 10% of their after-tax profit based on PRC accounting principles to their statutory reserves each year until the cumulative amount of such reserves reaches 50% of their registered capital. Statutory reserves are not distributable as cash dividends. If the aggregate balance of a company's statutory reserves is not enough to make up for the losses of the company of the previous years, the current year's profits shall first be used for making up the losses before the statutory reserves is drawn. After the company has transferred its after-tax profits to statutory reserves, it may, upon a resolution made by the shareholders' meeting or general meeting, transfer its after-tax profits to a discretionary reserve. The proportion of the discretionary reserve shall be determined by the company. After the losses have been made up and transferred to statutory reserves and discretionary reserves have been made, the remaining after-tax profits can be distributable as cash dividends.

REGULATION ON FOREIGN EXCHANGE

The principal administrative regulation governing foreign currency exchange in China is the Regulation on the Control of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) (the "**Regulation on the Control of Foreign Exchange**"), promulgated by the State Council on 29 January 1996 and became effective on 1 April 1996 as amended on 14 January 1997 and 5 August 2008, respectively. Under the Regulation on the Control of Foreign Exchange, the State does not restrict the international payment and transfer for current account items, including the goods, services, gains and recurring transaction items in the balance of payment, but not for capital account items, such as direct investments, loans, capital transfer and investments in securities, unless prior approval of the SAFE is obtained and prior registration with the SAFE is made.

According to the Regulation on the Administration of the Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on 20 June 1996 and became effective on 1 July 1996, foreign-invested enterprises in China may purchase or remit foreign currency for settlement of current account transactions without the approval of the SAFE. Foreign currency transactions under the capital account are still subject to the approvals from, or registration with, the SAFE and other relevant PRC governmental authorities.

The Notice of the SAFE on Further Improving and Adjusting Policies Relating to Foreign Exchange Administration in Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》), which was promulgated by the SAFE on 19 November 2012 and became effective on 17 December and was last amended on 30 December 2019, substantially simplifies the previous foreign exchange approval procedure, when which the opening of and payment into foreign exchange accounts under direct investment accounts are no longer subject to approval by the SAFE but handled by banks according to the registration information in the relevant business system of the SAFE.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Standardising the Administrative Provisions on Capital Account Foreign Exchange Settlement (《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》), which was promulgated by the SAFE on 9 June 2016 and became effective on the same date, the foreign exchange receipts under the capital account including foreign exchange capital, external debt and remittance of the proceeds raised from the overseas listing could be applied to discretionary settlement in accordance with relevant policies and the settlement can be handled by a bank based on the actual needs of the domestic entitles. RMB funds from the discretionary settlement of foreign exchange receipts shall be included in management of accounts for foreign exchange settlement and pending payment. The proportion of discretionary settlement of foreign exchange receipts of domestic entities under the capital items is temporarily set at 100%. The SAFE may adjust the aforesaid proportion in due time based on the BOP situations. A domestic entity shall comply with the following regulations in using foreign exchange receipts under the capital item and the RMB funds gained from foreign exchange settlement: (1) they shall not be used directly or indirectly as the expenses beyond the business scope or the expenses prohibited by laws and regulations; (2) unless otherwise expressly specified, they shall not be used directly or indirectly in securities investment or other investment and wealth management other than banks' principal guaranteed products; (3) they shall not be used to grant loans to non-related companies, save as the cases expressly permitted in the business scope; and (4) they shall not be used to build or buy non-self-use real estate (excluding real estate developer).

According to the Notice of the SAFE on Issues Relating to Foreign Exchange Administration of Overseas Investments and Financing and Round-trip Investments by Domestic Residents via 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》), which was promulgated by the SAFE on 4 July 2014 and became effective on the same date, a domestic resident shall apply to the SAFE for foreign exchange registration for overseas investments before it contributes to a special purpose vehicle with domestic and overseas legal assets or interests. A domestic resident who contributes with domestic legal assets or interests shall apply for registration with the SAFE in the place of registration or the SAFE in the place where the domestic enterprise's assets or interests are located. A domestic resident who contributes with overseas legal assets or interests shall apply for registration with the SAFE in the place of registration or the SAFE in the place of his/her domicile.

The Notice of the SAFE on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to 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》), which was promulgated by the SAFE on 13 February 2015 and became effective on 1 June 2015 and was last amended on 30 December 2019, abolished the administrative approval under the foreign exchange registration approval of overseas direct investments. Instead, banks shall directly examine and handle foreign exchange registration of overseas direct investments, and the SAFE and its local branches shall indirectly regulate the foreign exchange registration of direct investment through banks. A domestic individual resident who makes overseas investments with domestic assets or interests shall apply for foreign exchange registration for the special purpose vehicles of domestic individual residents with the bank in the place where the assets and interest of the domestic enterprise are located.

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of PRC (《中華人民共和國企業所得税法》), which was adopted by the NPC on 16 March 2007, implemented from 1 January 2008, and subsequently amended by the SCNPC on 24 February 2017 and 29 December 2018, respectively, and the Implementation Rules for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) laid down by the State Council on 6 December 2007 and became effective on 1 January 2008, and subsequently amended on 23 April 2019 (collectively, the "**EIT Law**"), a resident enterprise shall pay enterprise income tax on its income originating from both in and outside PRC at an enterprise income tax rate of 25.0%. Foreign-invested enterprises in the PRC, which fall into the category of resident enterprises, shall pay enterprise income tax for the income originated from domestic and overseas sources at an enterprise income tax rate of 25.0%. The actual management body (refers to the body that has de facto management and control with respect to the production, operations, personnel, finance, property and other aspects of the enterprise) established under laws of overseas countries or regions shall be regarded as resident enterprises if it is located within the territory of China, and shall pay enterprise income tax at the rate of 25.0% on its income originating from both in and outside PRC. A non-resident enterprise having no office or establishment in China, or a non-resident enterprise whose income has no actual connection to its office or establishment in China shall pay enterprise income tax on the incomes derived from China at a rate of 10.0%, unless otherwise agreed in the tax treaty or arrangement signed by the PRC and the countries or regions where non-resident enterprises are located.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), which was promulgated by the STA on 21 August 2006 and became effective on the same date, where a company incorporated in Hong Kong holds 25.0% or more interest in a PRC company, dividends received from companies incorporated in China are subject to withholding tax at a lower rate of 5.0%.

According to the Announcement of STA 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》) issued on 3 February 2018 by the STA and became effective on 1 April 2018, the capacity of the "beneficial owner" in the terms of dividends, interests and licensing fees shall be determined as stipulated therein.

According to the EIT Law, high and new technology enterprises whose development is encouraged by the State are entitled to a 15.0% enterprise income tax rate rather than the 25.0% uniform statutory tax rate. The preferential tax treatment continues as long as an enterprise can retain its high and new technology enterprise status. According to the Measures for Handling Enterprise Income Tax Preferences (Revision 2018) (《企業所得税優惠政策事項辦理辦法(2018修訂)》) the "Measures for Handling Enterprise Income Tax Preferences", which was amended by the STA on 25 April 2018, enterprises enjoying enterprise income tax preferences shall apply the concept of "making independent judgement, application for enjoying the preferences and retaining relevant information for future reference". An enterprise shall, based on its operating condition and in accordance with related tax provisions, independently determine whether it satisfies the conditions required for enterprise income tax preferences. Those who meet the conditions may independently calculate the tax deductions or exemptions according to the time listed in the Catalogue for the Administration of Enterprise Income Tax Preferences (Revision 2017) (《企業所得税優惠事項管理目錄(2017年版)》), and enjoy tax incentives by filing enterprise income tax returns. Meanwhile, they shall, in accordance with relevant provisions, collect and retain the relevant materials for future reference.

Value-added Tax

According to the Provisional 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 became effective on 1 January 1994 and subsequently amended on 10 November 2008, 6 February 2016 and 19 November 2017, respectively, and the Implementing Rules for the Provisional 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》) promulgated by MOF and became effective on 25 December 1993 and subsequently amended on 15 December 2008 and 28 October 2011, respectively, entities and individuals engaging in the sale of goods or providing processing, repair and assembly services, sale of services, intangible assets, immovable and importation of goods in the PRC are the taxpayers and shall be subject to value-added tax. Unless otherwise specified, the tax rates are as follows: 17.0% for taxpayers engaging in the sale of goods, labour services, leasing services for tangible movable assets, or importation of goods; 11.0% for taxpayers engaging in sale of transportation, postal, basic telecommunications, construction, immovable asset leasing services, sale of immovable assets, transfer of land use rights, and sale or importation of specific goods; 6.0% for taxpayers engaging in provision of services and sale of intangible assets; zero for taxpayers engaging in importing goods; zero for domestic entities and individuals engaging in the sale of cross-border services and intangible assets within the scope prescribed by the State Council.

According to the Notice of MOF and STA on Fully Launch of the Pilot Scheme for 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》) promulgated by the MOF and STA on 23 March 2016 and came into effect on 1 May 2016, and subsequently amended on 11 July 2017 and 20 March 2019, respectively, from 1 May 2016 onwards, the pilot reform for the transition from business tax to value-added tax is implemented nationwide with the approval of the State Council.

The Circular of Ministry of Finance and STA on Adjusting 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》), which was promulgated by the MOF and STA on 4 April 2018 and came into effect on 1 May 2018, adjusts the applicable rate of VAT and stipulates that for a taxpayer who engages in a taxable sales activity for the VAT purpose or importation of goods, the previous applicable tax rates of 17.0% and 11.0% would be adjusted to 16.0% and 10.0%, respectively.

According to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》) promulgated by MOF, STA and General Administration of Customs on 20 March 2019 and came into effect on 1 April 2019, for a general value-added taxpayer who engages in a taxable sales activity for the VAT purpose or importation of goods, the previous applicable tax rate of 16.0% will be adjusted to 13.0%; and the previous applicable tax rate of 10.0% will be adjusted to 9.0%.

City Maintenance and Construction Tax and Educational Surcharges

According to the Provisional Regulations of the People's Republic of China on City Maintenance and Construction Tax (《中華人民共和國城市維護建設税暫行條例》) promulgated by the State Council on 8 February 1985 and amended on 8 January 2011, all entities and individuals who are taxpayers of consumption tax, value-added tax, and business tax shall pay urban maintenance and construction tax. The computation of City Maintenance and Construction Tax shall be based on the amount of consumption tax, value-added tax and business tax actually paid by the entities and individuals, and the tax shall be paid together with the payment of consumption tax, value-added tax and/or business tax. The tax rates are as follows: 7.0% for taxpayers the domiciles of which/whom are in urban areas; 5.0% for taxpayers the domiciles of which/whom are in county or township centres; 1.0% for taxpayers the domiciles of which/whom are in places other than urban areas, county and township centres.

The Urban Maintenance and Construction Tax Law of the People's Republic of China (《中華人民共和國城市維護建設税法》), which was approved by the SCNPC on 11 August 2021 and became effective on 1 September 2021, replaced the Provisional Regulations of the People's Republic of China on City Maintenance and Construction Tax. According to the provisions of the aforesaid laws, the entities and individuals that pay value-added tax (VAT) or consumption tax within the territory of the PRC are taxpayers of urban maintenance and construction tax. The tax basis of urban maintenance and construction tax shall be the amount of value-added tax or consumption tax actually paid by taxpayers in accordance with the law. The tax rates are as

follows: 7.0% for taxpayers the domiciles of which/whom are in urban areas; 5.0% for taxpayers the domiciles of which/whom are in county or township centres; 1.0% for taxpayers the domiciles of which/whom are in places other than urban areas, county and township centres.

According to the Interim Provisions on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》) promulgated by the State Council on 28 April 1986 and subsequently amended on 7 June 1990, 20 August 2005 and 8 January 2011 respectively, educational surcharges shall be collected on the basis of the amount of value-added tax or consumption tax actually paid by entities and individuals, collected at the rate of 3.0%, and paid simultaneously with value-added tax and consumption tax.

REGULATIONS ON M&A AND OVERSEAS LISTINGS

According to the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors《(關於外國投資者併購境內企業的規定》) (the "**M&A Rules**"), which was promulgated by six PRC regulatory agencies, namely the MOFCOM, SASAC, STA, SAIC (predecessor of SAMR), China Securities Regulatory Commission ("**CSRC**") and SAFE on 8 August 2006 and became effective on 8 September 2006 and subsequently amended on 22 June 2009, foreign investors shall comply with the M&A Rules if they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus converting the status of the domestic company into a foreign-invested enterprise; or if the foreign investors establish a foreign-invested enterprise in the PRC, and purchase and operate the assets of a domestic company through such company; or if the foreign investors purchase the asset of a domestic company, and establish a foreign-invested enterprise by injecting and operating such assets. The M&A Rules require that approval from CSRC shall be obtained for the overseas listing and trading of offshore companies directly or indirectly controlled by PRC domestic companies or natural persons for the purpose of overseas listing via interest in domestic companies actually held by them.

On 6 July 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly issued the Opinion on Severely Punishing Illegal Activities in Securities Market (《關於依法從嚴打擊證券違法活動的意見》), which stresses on strengthening the review of overseas listing of enterprises, and requires strengthening cross-border regulatory cooperation and improving laws and regulations on data security, cross-border data flow and management of confidential information, including the confidentiality and document management of securities issuance and listing outside the PRC to increase the accountability for information security of Chinese overseas listed companies, and promote the establishment of relevant regulatory regime and systems to deal with risks and events faced by Chinese overseas listed companies.

On 17 February 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Administrative Measures**") and five supporting guidelines (collectively, the "**Overseas Listing Trial Measures**"), which have become effective on 31 March 2023. Pursuant to the Trial Administrative Measures, PRC domestic enterprises that directly or indirectly offer or list their securities in an overseas market, which include (i) any PRC company limited by shares; and

(ii) any offshore company that conducts its business operations primarily in China and contemplates to offer or list its securities in an overseas market based on its onshore equities, assets or similar interests, are required to file with the CSRC within three Business Days after its application for overseas listing is submitted. Failure to complete the filing under the Trial Administrative Measures may subject a PRC domestic enterprise to rectification ordered by the CSRC, warnings, and fines of RMB1.0 million to RMB10.0 million.

According to the Overseas Listing Trial Measures, PRC domestic enterprises that directly or indirectly offer or list their securities in an overseas market shall file with the CSRC and submit relevant information. The Overseas Listing Trial Measures stipulates that the overseas issuance of shares and listing is specifically prohibited if any of the following circumstances exists: (1) the listing and financing are specifically prohibited by the PRC laws and regulations; (2) the relevant competent authorities of the State Council have determined by examination in accordance with the law that the overseas offering and listing may jeopardise national security; (3) the domestic enterprise, or its controlling shareholders or the de facto controller, has been involved in embezzlement, bribery, conversion of property, misappropriation of property or criminal offences against the socialist market economic order within the last three years; (4) the domestic enterprise is being investigated by law for suspected crimes or major violations of laws and regulations, where the opinion on the conclusion is not clear; or (5) there is a major ownership dispute over the shareholdings held by the controlling shareholders or shareholders under the domination of the controlling shareholders and/or de facto controllers. Overseas offering and listing activities of an unlisted domestic enterprise should strictly comply with foreign investment, network security, data security and other national security laws and regulations, and effectively fulfil their obligations to safeguard national security.

Our PRC Legal Adviser is of the opinion that the Company does not have any of the abovementioned circumstances. We submitted the filing application to the CSRC on 5 June 2023 with respect to the submission of our application for the proposed [REDACTED] and [REDACTED] to the Stock Exchange and our filing application was formally accepted by the CSRC on 12 June 2023. Subsequently, the CSRC published the notification on our completion of the required filing procedures on 2 April 2024. As at the Latest Practicable Date, the Company has not been prohibited from [REDACTED] and [REDACTED] and is in compliance with the provisions of the Overseas Listing Trial Measures.

On the same date, the CSRC promulgated the Notice on the Arrangement for the Filing-based Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《關於境內企業境外發行上市備案管理安排的通知》) (the "**Arrangement for Filing-based Administration**"). According to the Arrangement for Filing-based Administration, PRC domestic enterprises shall not be required to complete the filing procedures if all of the following conditions are met: (i) the application for indirect overseas offering or listing shall have been approved by the overseas regulatory authorities or the overseas stock exchanges (for example, a contemplated offering and/or listing in Hong Kong has passed the hearing) prior to the effective date of the Trial Administrative

Measures; (ii) it is not required to re-perform the overseas regulatory procedures for overseas securities offering and listing; and (iii) such overseas securities offering or listing shall be completed before 30 September 2023. From 31 March 2023, domestic enterprises that have submitted valid applications for overseas offerings and listings but have not obtained the approval from overseas regulatory authorities or overseas stock exchanges shall complete the filing procedures with the CSRC prior to their overseas offerings and listings.

On 24 February 2023, the China Securities Regulatory Commission and other relevant government departments promulgated the "Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies" (hereinafter referred to as "**Confidentiality Regulations**"), which has come into effect on 31 March 2023. According to the Confidentiality Regulations, a domestic company that provides or publicly discloses, or through its overseas listed entity to provide or publicly disclose, to other entities such as securities companies, securities service providers and overseas regulators, or individuals, such documents and data relating to national secret or classified documents of state authorities, shall first obtain approval from competent authorities in accordance with law, and file with the secrecy administrative department at the same level. A domestic company that provides accounting documents or duplicate copies of accounting documents to relevant entities such as securities companies, securities service providers, and overseas regulators, or individuals, shall fulfill relevant procedures stipulated under applicable state regulations.