Our business has been and will continue to be governed in accordance with the relevant Chinese laws and regulations, which were promulgated and implemented by Chinese government authorities, including national and local laws and regulations. A summary of the regulatory and legal requirements currently related to our Group's business are set out in this section. As laws and regulations may change, it is difficult for us to predict the impact of such changes on our business and the additional compliance costs.

REGULATIONS REGARDING FOREIGN INVESTMENT

On 1 January 2020, the Foreign Investment Law of the PRC (the "Foreign Investment Law,"《中華人民共和國外商投資法》) and the Regulations for Implementation of the Foreign Investment Law of the PRC (the "Implementation Regulations of Foreign Investment Law,"《中華人民共和國外商投資法實施條例》) came into effect and became the principal laws and regulations governing foreign investment in the PRC, replacing the trio of prior laws regulating foreign investment in the PRC, namely, the Sino-foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-invested Enterprise Law of the PRC (《中華人民共和國外資企業法》), together with their implementation rules and ancillary regulations.

According to the Foreign Investment Law, "foreign investment" refers to the investment activities conducted directly or indirectly by foreign individuals, enterprises or other entities in the PRC, including the following circumstances: (i) the establishment of foreign-invested enterprises in the PRC by foreign investors solely or jointly with other investors, (ii) a foreign investors' acquisition of shares, equity interests, property portions or other similar rights and interests of enterprises in the PRC, (iii) investment in new projects in the PRC by foreign investors solely or jointly with other investors, and (iv) investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council.

Pursuant to the Foreign Investment Law, the PRC has adopted a reformed system with respect to foreign investment administration, under which the Chinese government applies national treatment to foreign investors in terms of investment entry and the foreign investor needs to comply with the requirements as provided in the negative list for foreign investment. The negative list will be issued by, amended or released upon approval by the State Council, from time to time. The negative list will consist of a list of industries in which foreign investments are prohibited and a list of industries in which foreign investments are restricted. Foreign investors will be prohibited from making investments in prohibited industries, while foreign investments must satisfy certain conditions stipulated in the negative list for investments in restricted industries. Foreign investments and domestic investments in industries outside the scope of the prohibited industries and restricted industries stipulated in the negative list will be treated equally. Any foreign-invested enterprise established prior to the effectiveness of the Foreign Investment Law may maintain its original corporate forms for a period of five years after 1 January 2020.

On 31 December 2019, the Ministry of Commerce of the PRC (the "MOFCOM") and the State Administration of Market Regulation (the "SAMR") jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on 1 January 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor directly or indirectly carries out investment activities in the PRC, the foreign investor or the foreign-invested enterprise must submit the investment information to the competent commerce department for further handling.

On 19 December 2020, the National Development and Reform Commission (the "NDRC") and the MOFCOM promulgated the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》), which came into effect on 18 January 2021. The NDRC and the MOFCOM have established a Working Mechanism Office under the NDRC in charge of the security review of foreign investment. The Measures for the Security Review of Foreign Investment defines foreign investment as direct or indirect investment by foreign investors in the PRC, which includes (i) investment in new onshore projects or establishment of wholly foreign-owned companies or joint ventures with foreign investors; (ii) acquiring equity or asset of onshore companies by merger and acquisition; and (iii) onshore investment by and through any other means. Investment in certain key areas with bearing on national security, such as important cultural products and services, important information technology and internet services and products, key technologies and other important areas with bearing on national security which results in the acquisition of *de facto* control of investee companies, shall be filed with the Working Mechanism Office before such investment is carried out. What may constitute "onshore investment by and through any other means" or "*de facto* control" could be broadly interpreted under such measures.

REGULATIONS REGARDING THE VALUE-ADDED TELECOMMUNICATIONS SERVICES AND INTERNET CONTENT SERVICES

Value-added Telecommunications Services

The Telecommunications Regulations of the PRC (the "Telecommunications Regulations,"《中華人民共和國電信條例》),which was promulgated by the State Council on 25 September 2000 and most recently amended on 6 February 2016 categorise all telecommunication businesses in the PRC as either basic or value-added. Pursuant to the Telecommunications Regulations, commercial operators of value-added telecommunications services must first obtain a Value-Added Telecommunication Business Operating License from the Ministry of Industry and Information Technology of the PRC (the "MIIT") or its provincial level counterparts. The Administrative Measures for Telecommunication Business Operating License (《電信業務經營許可管理辦法》), promulgated by the MIIT with latest amendments becoming effective on 1 September 2017, set forth the types of licenses required for value-added telecommunications services and the qualifications and procedures for obtaining such licenses. For example, a value-added telecommunications service operator providing commercial value-added services in multiple provinces is required to obtain an inter-regional license, whereas a value-added telecommunications service operator providing the same services in one province is required to obtain a local license.

Internet Information Service

Internet information service is a type of value-added telecommunications service in the current catalog, the Catalog of Telecommunications Business (《電信業務分類目錄》), attached to the Telecommunications Regulations, as last updated by the MIIT on 6 June 2019. Pursuant to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), which was promulgated by the State Council on 25 September 2000, and amended on 8 January 2011, "internet information services" refers to the provision of information through the internet to online users, and they are categorised into "commercial internet information services" and "non-commercial internet information services." A commercial internet information services operator must obtain a value-added telecommunications services license for internet information services, which is known as an ICP License, from the relevant government authorities before engaging in any commercial internet information services operations. No ICP License is required if the operator will only provide internet information on a non-commercial basis. According to the Administrative Measures for Telecommunication Business Operating License, an ICP License has a term of five years and can be renewed within 90 days before expiration.

In addition, the provision of commercial internet information services on mobile internet applications is regulated by the Administrative Provisions on Information Services of Mobile Internet Applications (the "Mobile Application Administrative Provisions," 《移動互聯網應用程序信息服務管理規定》), which was promulgated by the State Internet Information Office on 28 June 2016 and took effect on 1 August 2016, as last amended on 1 August 2022. The information service providers of mobile internet applications are subject to requirements under these provisions, including acquiring the qualifications required by laws and regulations and being responsible for information security.

Restrictions on Foreign Ownership in Value-Added Telecommunications Services

Pursuant to the Provisions on Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), promulgated by the State Council with the latest amendments becoming effective on 1 May 2022, the ultimate foreign equity ownership in a value-added telecommunications service provider, which also applies to the internet information service provider, must not exceed 50%; unless otherwise stipulated by laws. Foreign investors that meet these requirements must be subject to the review to obtain approvals from the MIIT and the MOFCOM (or the MOFCOM's authorised local counterparts).

A Notice on Intensifying the Administration of Foreign Investment in Value-Added Telecommunications Services (《關於加強外商投資經營增值電信業務管理的通知》), issued by the MIIT on 13 July 2006, prohibits domestic telecommunication service providers from leasing, transferring or selling Telecommunication Business Operating Licenses to any foreign investor in any form, or providing any resources, sites or facilities to any foreign investor for their illegal operation of a telecommunication business in the

PRC. Pursuant to this notice, either the holder of a Value-Added Telecommunication Business Operating License or its shareholders must directly own the domain names and trademarks used by such license holder in its provision of value-added telecommunications services. The notice further requires each license holder to have the necessary facilities, including servers, for its approved business operations and to maintain the facilities in the regions covered by its license. If a license holder fails to comply with the requirements in the notice or cure any non-compliance, the MIIT or its local counterparts have the discretion to take measures against the license holder, including revoking its Value-added Telecommunication Business Operating License. Based on the Notice regarding the Strengthening of Ongoing and Post Administration of Foreign Investment Telecommunication Enterprises (《關於加強外商投資電信企業事中事後監管的通知》) issued by MIIT in October 2020, the MIIT would no longer issue Examination Letter for Foreign Investment in Telecommunication Business (《外商投資經營電信業務審定意見書》). Foreign invested enterprises would need to submit relevant foreign investment materials to MIIT for the establishment or change of telecommunication operating permits.

Regulations on Internet Map Services

According to the Administrative Measures of Surveying Qualification Certificate (《測繪資質管理辦法》) issues by the Ministry of Natural Resources with the latest amendments becoming effective on 1 July 2021, the provision of internet map services by any non-surveying and mapping enterprise is subject to the approval of the local competent natural resources department and requires a Surveying and Mapping Qualification Certificate. Internet maps refer to maps called or transmitted through the internet. Pursuant to the Notice on Further Strengthening the Administration of Internet Map Services Qualification (《關於進一步加強互聯網地圖服務資質管理工作的通知》) issued by the National Administration of Surveying, Mapping and Geo-information on 23 December 2011, any entity without a Surveying and Mapping Qualification Certificate for internet map services is prohibited from providing any internet map services. According to the Provisions on the Administration of Examination of Maps (《地圖審核管理規定》) most recently amended on 24 July 2019, subject to limited exceptions, an enterprise must first apply for an approval by the relevant regulatory authority, if it intends to engage in any of the following activities: (i) publication, display, production, posting, import or export of a map or a product attached with a map graphics, (ii) re-publication, re-display, re-production, re-posting, re-import or re-export of a map or a product attached with map graphics that the content of which have been changed after being approved; and (iii) publication or display of a map or a product attached with a map graphics overseas. The operator of an approved internet map is required to file the updated contents of the map with the relevant regulatory authority semi-annually, and re-apply for a new approval of the map when the two-year term of the existing approval expires. According to the Interim Measures for the Administration of the Surveying and Mapping Conducted by Foreign Organizations or Individuals in China (外國的組織或者個人來華測繪管理暫行辦法) issued by the the Ministry of Natural Resources most recently amended on on 16 June 2019, foreign organisations or individuals shall conduct

surveying and mapping activities within the territory of the People's Republic of China by cooperating with the relevant departments or entities of the People's Republic of China in the form of joint venture or cooperation according to law. The natural resources department under the State Council and the army surveying and mapping department shall be responsible for the examination and approval of the surveying and mapping activities in China.

REGULATIONS REGARDING PRODUCT QUALITY AND TORT LIABILITY

Product Quality

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the Standing Committee of the National People's Congress of the PRC (全國人民代表大會常務委員會) (the "SCNPC") on 22 February 1993 and revised and taking effect respectively on 8 July 2000, 27 August 2009, and 29 December 2018, the department for supervision over product quality under the State Council shall be responsible for supervision over product quality throughout the country. Manufacturers and sellers shall establish and improve their internal system for product quality control, and strictly implement the quality control measures in each job responsibility. The relevant departments under the State Council shall be responsible for supervision over product quality within the scope of their respective functions and responsibilities. Local departments for supervision over product quality at or above the county level shall be in charge of supervision over product quality within their respective administrative regions. The relevant departments in the local people's governments at or above the county level shall be responsible for supervision over product quality within the scope of their respective functions and responsibilities.

Tort Liability

In accordance with the Tort Liability Law of the PRC (the "Tort Liability Law,"《中華人民共和國侵權責任法》), which became effective in July 2010, internet users and internet service providers bear tortious liabilities in the event that they infringe upon other persons' rights and interests through the internet. Where an internet user conducts tortious acts through internet services, the infringed person has the right to request the internet service provider take necessary actions such as deleting contents, screening and de-linking. Failing to take necessary actions after being informed, the internet service provider will be subject to joint and several liabilities with the internet user with regard to the additional damages incurred. Where an internet service provider knows that an internet user is infringing upon other persons' rights and interests through its internet service but fails to take necessary actions, it is jointly and severally liable with the internet user. In addition, in accordance with the Tort Liability Law, in the event of any damage arising from a defective product, the infringed person may seek compensation from either the manufacturer or the seller of such product. If the manufacturer has compensated the infringed person but the defect is caused by the fault of the seller, the manufacturer is entitled to seek reimbursement from the seller. If the seller has compensated the infringed person but the defect is caused by the manufacturer, the

seller is entitled to seek reimbursement from the manufacturer. The National People's Congress adopted the Civil Code of the PRC (the "Civil Code,"《中華人民共和國民法典》) on 28 May 2020, which came into effect on 1 January 2021 and revoked the Tort Liability Law. The Civil Code has further revised the Internet tort liability as originally provided in the Tort Liability Law. It has further elaborated on "safe harbor" rule with respect to an internet service provider from both the aspects of notice and counter notice, including (i) upon receiving notice from the right holder, promptly adopting necessary protective measures such as deletion, screening or disconnection of hyperlinks and timely forwarding right holder's notice to disputed internet user; and (ii) upon receiving counter-notice from the disputed internet user, referring such counter-notice to the claiming right holder and informing him/her to take other corresponding measures such as filing complaint with competent authorities or suit with courts. The Civil Code also provides that where the internet service provider knew or should have known the infringing acts of the internet user, it shall be severally liable with such internet user. As for product liability, the Civil Code provides additional mitigation measures such as stop selling of defective products and stipulated that the seller and manufacturer shall also be liable for expanded damages caused by such defective products if no mitigation measures are provided or not sufficient. If a recall of defective product is required, the seller and the manufacturer shall be responsible to undertake fees paid by infringed users.

LAWS AND REGULATIONS RELATING TO M&A AND OVERSEAS LISTINGS

The Provisions on the Merger or Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "M&A Rules") was jointly promulgated by six PRC governmental authorities including the MOFCOM, the STA, the SAFE, the SAIC, the State-owned Assets Supervision and Administration Commission of the State Council and the CSRC on 8 August 2006, and amended on 22 June 2009. Foreign investors must comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing of the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in China, purchase the assets of a domestic company and operate the asset; or when the foreign investors purchase the assets of a domestic company by agreement, establish a foreign-invested enterprise by injecting such assets, and operate the assets. According to Article 11 of the M&A Rules, where a domestic enterprise, or a domestic natural person, through an overseas company established or controlled by it/him/her, acquires a domestic enterprise which is related to or connected with it/him/her, approval from the MOFCOM is required. The M&A Rules, among other things, further purport to require that an offshore special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle which acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

On 17 February 2023, with the approval of the State Council, the CSRC released 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") and five supporting guidelines, which came in to effect on 31 March 2023. According to the Trial Measures, (1) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfil 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; (2) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (i) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; (ii) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in China; and (3) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the CSRC, and where an issuer makes an application for listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted.

As advised by our PRC Legal Adviser, our proposed [**REDACTED**] and [**REDACTED**] falls within the scope of indirect overseas [**REDACTED**] and [**REDACTED**] of a domestic company because we meet both of the conditions stated above, and therefore we will be subject to the filing procedures with the CSRC.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of 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》) (the "Notice"). According to the Notice from the CSRC, domestic companies that have obtained approval from overseas regulatory authorities or securities exchanges (for example, a contemplated offering and/or listing in Hong Kong has passed the hearing for the listing application of its shares on the Stock Exchange) for their indirect overseas offering and listing prior to the effective date of the Trial Measures (i.e. 31 March 2023) but have not yet completed their indirect overseas issuance and listing, are granted a six-month transition period from 31 March 2023.

On 24 February 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Provision on Confidentiality"), which became effective on 31 March 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

REGULATIONS RELATING TO INTERNET SECURITY AND PRIVACY PROTECTION

Internet Security Law

The PRC government has enacted laws and regulations with respect to internet information security and protection of personal information from any abuse or unauthorised disclosure. Internet information in the PRC is regulated and restricted from a national security standpoint. The SCNPC has enacted the Decisions on Maintaining Internet Security (《關於維護互聯網安全的決定》) on 28 December 2000, amended on 27 August 2009, which may subject violators to criminal punishment in the PRC for any effort to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights. The Ministry of Public Security of the PRC (the "MPS") has promulgated the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》) on 16 December 1997 and the State Council has amended it on 8 January 2011 to prohibit use of the Internet in ways which, among other things, result in a leakage of state secrets or a spread of socially destabilising content. If an Internet information service provider violates these measures, competent authorities may revoke its operating license and shut down its websites.

On 7 November 2016, the SCNPC promulgated the Cyber Security Law of the PRC (the "Cyber Security Law,"《中華人民共和國網絡安全法》), which became effective on 1 June 2017. The Cyber Security Law requires a network operator, including internet information services providers among others, to adopt technical measures and other necessary measures in accordance with applicable laws and regulations as well as compulsory national and industrial standards to safeguard the safety and stability of network operations, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. The Cyber Security Law emphasises that any individuals and organisations that use networks must not endanger network security or use networks to engage in unlawful activities such as those endangering national security, economic order and the 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, including those described above. Any violation of the provisions and requirements under the Cyber Security Law may subject an internet service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites or even criminal liabilities.

On 28 December 2021, the Cyberspace Administration of China (the "CAC") published the Revised Measures for Cybersecurity Review (the "Revised CAC Measures,"《網絡安全審查辦法》), which became effective on 15 February 2022, and superseded the Measures for Cybersecurity Review promulgated on 13 April 2020. The Revised CAC Measures, which stipulates that operators of critical information infrastructure purchasing network products and services, and network platform operators carrying out data processing activities that affect or may affect national security, shall conduct cyber security review. Pursuant to Article 7 of the Revised CAC Measures, any network platform operator with data on more than 1 million users must go through a cybersecurity review by the cybersecurity review office before listing in a foreign country (original text read as follows: "掌握超過100萬用戶個人信息的網絡平台運營者赴國外上市，必須向網絡安全審查辦公室申報網絡安全審查").

The Trial Measures provides that data processors listing in Hong Kong which affects or may affect national security shall apply for cybersecurity review. Nevertheless, the Trial Measures provides no further explanation or interpretation for "affects or may affect national security", and there is uncertainty as to its eventual introduction and entry.

Personal Information or Data Protection Law

The Data Security Law of the PRC (the "Data Security Law,"《中華人民共和國數據安全法》), promulgated by the Standing Committee of the National People's Congress on 10 June 2021, and becoming effective from 1 September 2021, establishes a classified and tiered system for data protection in terms of the data's importance for economic and social development and the potential harm to national security, public interest or lawful rights and interests of individuals and organisations caused by illegal

use of such data. The "important data" as determined by the competent governmental authorities shall be treated with higher level of protection, and the data relating to safeguard national security and interest and perform international obligations shall be imposed with export control by the state. In addition, the Data Security Law provides that important data processors shall appoint a data security officer and a management department to take charge of data security, and such processors shall evaluate the risk of their data activities periodically and file assessment reports with the relevant regulatory authorities. Furthermore, data transaction intermediary service providers shall check the sources of the data, the identities of parties to the data transactions and keep the records accordingly. Violation of the Data Security Law may subject the relevant entities or individuals to warning, fines, business suspension, revocation of permits or business licenses, or even criminal liabilities. Since the Data Security Law is relatively new, uncertainties still exist in relation to its interpretation and implementation.

On 29 December 2011, the MIIT issued 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》), taking effective on 15 March 2012, which provides that an Internet information service provider may not collect any user's personal information or provide any such information to third parties without such user's consent. Pursuant to the Several Provisions on Regulating the Market Order of Internet Information Services, Internet information service providers are required to, among others, (i) expressly inform the users of the method, content and purpose of the collection and processing of such users' personal information and may only collect such information necessary for the provision of its services; and (ii) properly maintain the users' personal information, and in case of any leak or possible leak of a user's personal information, online information service providers must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

On 13 December 2005, the MPS issued the Regulations on Technological Measures for Internet Security Protection (《互聯網安全保護技術措施規定》), which took effect on 1 March 2006. These measures require internet service providers to take proper measures including anti-virus, data back-up and other related measures, and to keep records of certain information about their users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, discover and detect illegal information, stop transmission of such information, and keep relevant records. Internet services providers are prohibited from unauthorised disclosure of users' information to any third parties unless such disclosure is required by the laws and regulations. Internet services providers are further required to establish management systems and take technological measures to safeguard the freedom and secrecy of the users' correspondences.

Pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》), issued by the SCNPC and took effect 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 and took effect on 1 September 2013, any collection and use of any user personal information must be subject to the consent of the user, and abide to the applicable law, rationality and necessity of the business and fall within the specified purposes, methods and scopes in the applicable laws. 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. In addition, the Cyberspace Administration of China, the MIIT, the MPS and the SAMR jointly issued the Notice on Promulgation of the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》) on 12 March 2021, effective from 1 May 2021, specifying that the operator of an internet application shall not refuse an user to use the App's basic functional services on the ground that the user disagree with the collection of unnecessary personal information. Any violation of these laws and regulations may subject the internet information service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites or even criminal liabilities.

In addition, the Cyber Security Law provides that: (i) to collect and use personal information, network operators shall follow the principles of legitimacy, rightfulness and necessity, disclose rules of data collection and use, clearly express the purposes, means and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered; (ii) network operators shall neither gather personal information unrelated to the services they provide, nor gather or use personal information in violation of the provisions of laws and administrative regulations or the scopes of consent given by the persons whose data is gathered; and shall dispose of personal information they have saved in accordance with the provisions of laws and administrative regulations and agreements reached with users; (iii) network operators shall not divulge, tamper with or damage the personal information they have collected, and shall not provide the personal information to others without the consent of the persons whose data is collected. Nevertheless, if the information has been processed and cannot be recovered and thus it is impossible to match such information with specific persons, such circumstance is an exception. Furthermore, under the Cyber Security Law, network operators of key information infrastructure generally shall, during their operations in the PRC, store the personal information and important data collected and produced within the territory of the PRC.

Pursuant to the Mobile Application Administrative Provisions, an internet app program 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 programs, unless it has clearly indicated to the user and obtained the user's consent on such functions and app programs. If an app provider violates the regulations, the internet app store service provider must take measures to stop the violations, including giving a warning, suspension of release, withdrawal of the app from the platform, keeping a record of the incident and reporting the incident to the relevant governmental authorities.

On 28 November 2019, the Secretary Bureau of the Cyberspace Administration of the PRC, the General Office of the MIIT, the General Office of the Ministry of Public Security and the General Office of the SAMR jointly issued the Measures for Determining the Illegal Collection and Use of Personal Information through Apps (《App違法違規收集使用個人信息行為認定方法》), which aims to provide reference for supervision and administration departments and provide guidance for app operators' self-examination and self-correction and social supervision by netizens, and further elaborates the forms of behavior constituting illegal collection and use of the personal information through apps including: (i) failing to publish the rules on the collection and use of personal information; (ii) failing to explicitly explain the purposes, methods and scope of the collection and use of personal information; (iii) collecting and using personal information without the users' consent; (iv) collecting personal information unrelated to the services it provides and beyond necessary principle; (v) providing personal information to others without the users' consent; and (vi) failing to provide the function of deleting or correcting the personal information according to the laws or failing to publish information such as ways of filing complaints and reports.

Pursuant to the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》), issued by the SCNPC on 29 August 2015, which became effective on 1 November 2015, any Internet service provider that fails to fulfill its obligations related to Internet information security administration as required under applicable laws and refuses to rectify upon orders shall be subject to criminal penalty. In addition, pursuant to the Notice on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens (《關於依法懲處侵害公民個人信息犯罪活動的通知》) issued by the Supreme People's Court, the Supreme People's Procuratorate and the MPS on 23 April 2013, and Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Personal Information (《關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), issued on 8 May 2017 and effective as of 1 June 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information to specified persons or releasing a citizen's personal information online or through other

methods in violation of relevant national provisions; (ii) providing legitimately collected information relating to a citizen to others without such citizen's consent (unless the information is processed, not traceable to a specific person and not recoverable); (iii) collecting a citizen's personal information in violation of applicable rules and regulations when performing a duty or providing services; or (iv) collecting a citizen's personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations. In addition, according to the Interpretations on Several Issues concerning the Application of the Law in Handling Criminal Cases Involving Crimes of Illegally Using the Information Network or Providing Aid for Criminal Activities regarding Information Network (《關於辦理非法利用信息網絡、幫助信息網絡犯罪活動等刑事案件適用法律若干問題的解釋》) issued by the Supreme People's Court and the Supreme People's Procuratorate on 21 October 2019 and became effective on 1 November 2019, a violator refusing to perform the obligation of safety management for the information network, causing the disclosure of user information, and falling under one of the following circumstances shall be deemed "causing serious consequences" as prescribed under the PRC Criminal Law: (i) causing the disclosure of not less than 500 pieces of location information, communication content, credit information, and property information; (ii) causing the disclosure of not less than 5,000 pieces of accommodation information, communication records, health and physiological information, transaction information and other user information that may affect personal or property safety; (iii) causing the disclosure of not less than 50,000 pieces of user information other than the information set forth in items (i) and (ii); (iv) causing the disclosure of user information which quantity does not meet the standards set forth in items (i), (ii) and (iii), but meets the relevant quantity standards after conversion at the corresponding proportion in aggregate; (v) causing deaths, serious injuries, mental disorders or kidnapping of others, or other serious consequences; (vi) causing material economic losses; (vii) seriously disturbing the social order; or (viii) causing other serious consequences.

On 16 August 2021, the CAC, joint with MIIT and other government authorities, promulgated Several Provisions for the Administration of the Automobile Data Security (Interim) (《汽車數據安全管理若干規定(試行)》, the "Automobile Data Security Provisions"), effective as of 1 October 2021. Pursuant to the Automobile Data Security Provisions, automobile data includes the personal information and important data generated from the designing, producing, selling, using and repairing of automobiles. The "important data" refers to the data that might harm the national security, public interest or the rightful interest of individuals and associations once revised, destroyed, leaked or illegally obtained or used. Automobile data operators must conduct automobile data operating activity according to the Automobile Data Security Provisions, including collecting, storing, using, processing, transferring, providing, publicising automobile data. Furthermore, automobile data operators shall conduct risk assessment for its important data operating activity, and report it to relevant government authorities. When an automobile data operator needs to make a cross-border transferring of important data for business purpose, such operator need to pass the security assessment organised by CAC and other relevant government authorities, and shall not provide important data beyond the security assessment range.

REGULATIONS REGARDING INTELLECTUAL PROPERTY

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on 23 August 1982 and revised and taking effect respectively on 22 February 1993, 27 October 2001, 30 August 2013, and 23 April 2019, and the Implementing Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on 3 August 2002, revised on 29 April 2014, and taking effect on 1 May 2014, the administrative department for industry and commerce under the State Council has established a Trademark Office to take charge of matters concerning trademark registration and administration throughout the country. The period of validity of a registered trademark shall be ten years, starting from the day the registration is approved. When it is necessary to continue using the registered trademark upon expiration of period of validity, an application for renewal shall be made within 12 months before the expiration. If such an application cannot be filed within that period, an extension period of six months may be granted. The period of validity for each renewal of registration shall be ten years. Where an applicant for trademark registration files an application for trademark registration in the PRC within six months of filing the first application for registering the same trademark for the same goods in a foreign country, the applicant may have priority in accordance with any agreement concluded by and between the PRC and the foreign country concerned, or with the international treaty to which both countries are parties, or on the basis of the principle of reciprocity. In the event that an applicant uses a trademark for the first time on goods displayed at an international exhibition organised or recognised by the Chinese Government, the applicant may be entitled to priority provided that it files an application to register the trademark within six months from the date of the exhibition. The trademark registrant may, by concluding a trademark licensing contract, authorise other persons to use the registered trademark. The licensor shall supervise the quality of the goods on which the licensee uses the licensor's registered trademark, and the licensee shall guarantee the quality of the goods on which the registered trademark is used. The party authorised to use others' registered trademark shall indicate the name of the licensee and the place of origin on the goods that bear the registered trademark. When granting others to use the registered trademarks, the licensor shall file the license of the trademarks with the Trademark Office for record, which shall announce the same. Without putting the licensing of the trademark on record, the trademark shall not be effective against *bona fide* third party.

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on 12 March 1984 and revised respectively on 4 September 1992, 25 August 2000, 27 December 2008 and 17 October 2020 and taking effective on 1 June 2021, and the Implementing Regulations of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council on 15 June 2001, revised respectively on 28 December 2002 and 9 January 2010, and taking effect on 1 February 2010, the patent administration department under the State Council is responsible for

the patent work throughout the country. It receives and examines patent applications and grants patent rights for inventions-creations in accordance with law. Any invention or utility model for which patent right may be granted must possess novelty, inventiveness and practical applicability. Any design for which patent right may be granted shall not be a prior design, nor has any entity or individual filed before the date of filing with the patent administration department under the State Council an application relating to the identical design disclosed in patent documents announced after the date of filing. The duration of patent right for inventions shall be twenty years, the duration of patent right for utility models shall be ten years, the duration of patent right for design shall be fifteen years, from the date of filing.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on 7 September 1990, revised respectively on 27 October 2001, 26 February 2010 and 11 November 2020, and taking effect on 1 June 2021, Chinese citizens, legal entities or other organisations shall, in accordance with this Law, enjoy the copyright in their works, whether published or not. The term "works" includes written works; oral works; musical, dramatic, Chinese folk art, choreographic and acrobatic works; works of fine arts and architecture; photographic works; audio visual works and works created by a process analogous to cinematography; graphic works such as drawings of engineering designs and product designs, maps and sketches, and model works; computer software; and other intellectual achievements that meet the characteristics of the works.

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration and taking effect on 20 February 2002, govern the registration of software copyright, and the registration of exclusive license contracts and transfer contracts of software copyright. The National Copyright Administration shall be in charge of the administration of the registration of software copyright of the whole country. The National Copyright Administration accredits the Copyright Protection Center of China as the body for software registration.

Domain Names

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on 24 August 2017 and taking effect on 1 November 2017, the MIIT is responsible for the administration work of Internet domain names nationwide. To establish domain name root servers and domain name root server operating organisations, domain name registration management organisations and domain registration service organisations within the territory of the PRC, licenses from the MIIT or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall be obtained in accordance with the Measures for the Administration of Internet Domain Names.

REGULATIONS RELATING TO LEASE

Pursuant to the Law of the People's Republic of China on the Administration of the Urban Real Estate (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on July 5, 1994 and last amended on 26 August 2019 and effective on 1 January 2020, in the lease of a house, the leaser and the lessee shall conclude a written lease contract defining such matters as the term, purpose and price of the lease, liability for repair, as well as other rights and obligations of both parties, and shall register the lease contract with the department of housing administration for the record. Pursuant to the Administrative Measures on Commodity Housing Leasing (《商品房屋租賃管理辦法》), issued by Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on 1 December 2010 and became effective on 1 February 2011, without the mentioned registration above, the leaser and the lessee may be imposed a fine by the development(real estate) department. In accordance with the Civil Code of PRC (《中華人民共和國民法典》), which was promulgated on 28 May 2020 and effective on 1 January 2021, the lessee may, with consent of the lessor, sub-let the leased item to a third party. The leasing contract between the lessee and the lessor shall continue to be valid if the lessee sub-lets the leased item. In the event that the lessee sub-lets the leased item without consent of the lessor, the lessor may terminate the lease contract. In addition, any change of ownership to the lease item does not affect the validity of the lease contract.

REGULATIONS ON FOREIGN EXCHANGE

Foreign Currency Exchange

Pursuant to the Foreign Currency Administration Rules (《外匯管理條例》), as most recently amended in 2008, and various regulations issued by SAFE and other relevant PRC government authorities, RMB is freely convertible to the extent of current account items, such as trade related receipts and payments, interest and dividends. Capital account items, such as direct equity investments, loans and repatriation of investment, unless expressly exempted by laws and regulations, still require prior approval from SAFE or its provincial branch for conversion of RMB into a foreign currency, such as U.S. dollars, and remittance of the foreign currency outside of the PRC.

In August 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》), abolished on 1 June 2015, or SAFE Circular 142, regulating the conversion by a foreign-invested enterprise of foreign currency-registered capital into RMB by restricting how the converted RMB may be used. In addition, SAFE promulgated Circular on Further Clarifying & Regulating Relevant Matters Concerning the Administration of Some Foreign Exchange Businesses under Capital Accounts (《關於進一步明確和規範部分資本項目外匯業務管理有關問題的通知》) on 9 November 2011 and abolished on 19 March 2015, or SAFE Circular 45, in

order to clarify the application of SAFE Circular 142. Under SAFE Circular 142 and SAFE Circular 45, the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable administrative authority and may not be used for equity investments within the PRC. In addition, SAFE strengthened its oversight of the flow and use of RMB capital converted from foreign currency registered capital of foreign-invested enterprises. The use of RMB capital may not be changed without SAFE's approval, and RMB capital may not in any case be used to repay RMB loans if the proceeds of the loans have not been used.

To further reform the foreign exchange administration system in order to satisfy and facilitate the business and capital operations of foreign-invested enterprises, SAFE issued the Circular on the Relevant Issues Concerning the Launch of Reforming Trial of the Administration Model of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises in Certain Areas (《關於在部分地區開展外商投資企業外匯資本金結匯管理方式改革試點有關問題的通知》) in July 2014, which became effective on 4 August 2014 and abolished on 1 June 2015. This circular suspends the application of SAFE Circular 142 in certain areas and allows a foreign-invested enterprise registered in these areas with a business scope including "investment" to use the RMB capital converted from foreign currency registered capital for equity investments within the PRC. SAFE released the Notice on the Reform of the Administration Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) or SAFE Circular 19, in March 2015, which came into force and superseded SAFE Circular 142 on 1 June 2015. Circular 19 allows foreign-invested enterprises to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation and provides the procedures for foreign-invested companies to use Renminbi converted from foreign currency-denominated capital for equity investment. Nevertheless, Circular 19 also reiterates the principle that Renminbi converted from foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope.

In June 2016, SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《關於改革和規範資本項目結匯管理政策的通知》), or Circular 16, which took effect on the same day. Compared to Circular 19, Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding Renminbi obtained from foreign exchange settlement are not restricted from extending loans to related parties or repaying the inter-company loans (including advances by third parties). However, there may exist uncertainties with respect to the interpretation and implementation of Circular 16 in practice.

In November 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》), and amended on 4 May 2015, as amended, which substantially amends and simplifies the foreign exchange procedure. Pursuant to this circular, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously. In addition, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents (國家外匯管理局關於印發《外國投資者境內直接投資外匯管理規定》及配套文件的通知) in May 2013, and partially abolished on 30 December 2019, as amended, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

After a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), or SAFE Notice 13, became effective on 1 June 2015, and partially abolished on 30 December 2019, instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals will be required to apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, directly examine the applications and conduct the registration.

On 23 October 2019, SAFE issued the Circular on Further Promoting Cross-border Trade and Investment Facilitation (《關於進一步促進跨境貿易投資便利化的通知》), or SAFE Circular 28. Among others, SAFE Circular 28 relaxes the prior restrictions and allows the foreign-invested enterprises without equity investment as in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investment as long as the investments are real and in compliance with the foreign investment-related laws and regulations. In addition, SAFE Circular 28 stipulates that qualified enterprises in certain pilot areas may use their capital income from registered capital, foreign debt and overseas listing, for the purpose of domestic payments without providing authenticity certifications to the relevant banks in advance for those domestic payments. Payments for transactions that take place within the PRC must be made in RMB. Foreign currency revenues received by PRC companies may be repatriated into the PRC or retained outside of the PRC in accordance with requirements and terms specified by SAFE.

Dividend Distribution

Wholly foreign-owned enterprises and Sino-foreign equity joint ventures in the PRC may pay dividends only out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. Additionally, these foreign-invested enterprises may not pay dividends unless they set aside at least 10% of their respective accumulated profits after tax each year, if any, to fund certain reserve funds, until such time as the accumulative amount of such fund reaches 50% of the enterprise's registered capital. In addition, these companies also may allocate a portion of their after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends.

Regulations governing abovementioned dividend distribution arrangements have been replaced by the Foreign Investment Law and its implementation rules, which do not provide specific dividend distribution rules for foreign invested enterprises. However, the Foreign Investment Law and its implementation rules provide that after the conversion from a wholly foreign-owned enterprise or Sino-foreign equity joint venture to a foreign invested enterprise under the Foreign Investment Law, distribution method of gains agreed in the joint venture agreements may continue to apply.

Foreign Exchange Registration of Offshore Investment by PRC Residents

Pursuant to SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), or SAFE Circular No. 75, issued in October 2005, and a series of implementation rules and guidance, including the circular relating to operating procedures that came into effect in July 2011 (《關於印發境內居民通過境外特殊目的公司融資及返程投資外匯管理操作規程的通知》), PRC residents, including PRC resident natural persons or PRC companies, must register with local branches of SAFE in connection with their direct or indirect offshore investment in an overseas special purpose vehicle, or SPV, for the purposes of overseas equity financing activities, and to update such registration in the event of any significant changes with respect to that offshore company. 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 (《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 SAFE Circular No. 37, on 4 July 2014, which replaced SAFE Circular No. 75. SAFE Circular No. 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular No. 37 as a "special purpose vehicle." The term "control" under SAFE Circular No. 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC

companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. SAFE Circular No. 37 further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle, such as changes in a PRC resident individual shareholder, name or operation period; or any significant changes with respect to the special purpose vehicle, such as an increase or decrease of capital contributed by PRC individuals, a share transfer or exchange, merger, division or other material event. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions. After SAFE Notice 13 became effective on 1 June 2015, entities and individuals are required to apply for foreign exchange registration of foreign direct investment and overseas direct investment, including those required under SAFE Circular No. 37, with qualified banks, instead of SAFE. The qualified banks, under the supervision of SAFE, directly examine the applications and conduct the registration.

Under the Administration Measures on Individual Foreign Exchange Control (《個人外匯管理辦法》) issued by the PBOC, in December 2006 and its implementation rules issued in January 2007 and most recently amended on 23 March by the SAFE, all foreign exchange matters involved in employee share ownership plans and share option plans in which PRC citizens participate require approval from SAFE or its authorised branch. In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies (《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 SAFE Circular No. 7, replacing the earlier rules promulgated in March 2007. Under the SAFE Circular No. 7, PRC residents who are granted stock options by an overseas publicly listed company are required, through a PRC agent or PRC subsidiary of such overseas publicly listed company, to register with SAFE and complete certain other procedures. Failure of the option holders to complete their SAFE registrations may subject these PRC employees to fines and legal sanctions and may also limit the ability of the overseas publicly listed company to contribute additional capital into its PRC subsidiary and limit the PRC subsidiary's ability to distribute dividends.

REGULATIONS REGARDING LABOR ASSURANCE AND WORK SAFETY

Labor Assurance

In accordance with the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC on 5 July 1994, revised and taking effect respectively on 27 August 2009 and 29 December 2018, and Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on 29 June 2007, revised on 28 December 2012 and became effective on 1 July 2013, and the Implementation Regulation for the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council and became effective on 18 September 2008. The employing unit shall sign a labor contract in writing with the workers. The wage paid to a worker by an employer shall not be lower than the local minimum wage standard. The employing unit is required to establish occupational safety and health mechanism, and strictly abide by national standards, and provide employees with relevant education. Employees must work in a safe and sanitary environment.

As required under the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), the Regulation of Insurance for Work-Related Injury (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) and other laws, regulation and rules, the employing unit must represent workers to pay a number of social security funds (including basic pension insurance, unemployment insurance, basic medical insurance, employment injury insurance, maternity insurance). Relevant expenses shall be paid to local administrative authorities. Failure to pay or pay in full may be subject to administrative measures such as fines and an order to make up the unpaid amount. According to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on 3 April 1999 and revised respectively on 24 March 2002 and 24 March 2019 (taking effect on the same date) the housing provident fund paid and deposited both by staff and workers themselves and that by the employing units for their staff and workers shall be owned by the staff and workers. A unit shall go to the housing provident fund management center to undertake registration of payment and deposit of the housing provident fund and, upon verification by the housing provident fund management center, open housing provident fund accounts on behalf of its staff and workers with a commissioned bank. Where a unit fails to undertake payment and deposit registration of housing provident fund or fails to open housing provident fund accounts for its staff and workers, the housing provident fund management center shall order it to do so within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 and not more than RMB50,000 shall be imposed. Where a unit is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment and deposit within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

REGULATIONS REGARDING TAXATION

Enterprise Income Tax

Effective from 1 January 2008 and last amended on 29 December 2018, the PRC's statutory enterprise income tax, or EIT, rate is 25%. An enterprise may benefit from a preferential tax rate of 15% under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》, the "EIT Law") if it qualifies as a "High and New Technology Enterprise" strongly supported by the state. Pursuant to the Administrative Measures on the Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》, the "Recognition Measures"), as amended in January 2016, the provincial counterparts of the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部), the Ministry of Finance and the State Administration of Taxation make joint determination on whether an enterprise is qualified as a "High and New Technology Enterprise" under the EIT Law. In making such determination, these government agencies consider, among other factors, ownership of core technology, whether the key technology supporting the core products or services falls within the scope of high and new technology strongly supported by the state as specified in the Recognition Measures, the ratios of research and development personnel to total personnel, the ratio of research and development expenditures to annual sales revenues, the ratio of revenues attributed to high and new technology products or services to total revenues, and other measures set forth in relevant guidance. A "High and New Technology Enterprise" certificate is effective for a period of three years.

An enterprise may benefit from a preferential tax rate of 10% under the EIT law if it qualifies as a "Key Software Enterprise". Enterprises wishing to enjoy the "Key Software Enterprise" status will be subject to relevant governmental authorities' assessment each year as to whether they are entitled to the preferential tax rate of 10%. Prior to May 2016, a "Key Software Enterprise" used to be designated jointly by the NDRC, the MIIT, the MOFCOM, the Ministry of Finance and the State Administration of Taxation. In May 2016, the four PRC governmental authorities jointly issued a notice, pursuant to which an enterprise may be entitled to the preferential income tax rate of 10% by filing with the local tax authority with supporting documentation proving its qualifications to be a "Key Software Enterprise" during its annual income tax filing process. In December 2020, the Ministry of Finance, the State Administration of Taxation, the NDRC, and the MIIT jointly issued a circular which has repealed the original preferential tax treatment applicable to the "Key Software Enterprise." Such circular provides that the Key Software Enterprise's EIT would be waived for five years since its first year of making profit and it may benefit from a preferential tax rate of 10% for the following years.

Withholding Tax

Under the EIT Law and its implementation rules, dividends, interests, rent or royalties payable by a foreign-invested enterprise to any of its non-resident enterprise investors, and proceeds from any such non-resident enterprise investor's disposition of assets (after deducting the net value of such assets) are subject to the EIT at the rate of 10%, namely withholding tax, unless the non-resident enterprise investor's jurisdiction of incorporation has a tax treaty or arrangement with the PRC that provides for a reduced withholding tax rate or an exemption from withholding tax. The Notice on Several Preferential Policies regarding Enterprise Income Tax Law (《關於企業所得税若干優惠政策的通知》) jointly promulgated by the Ministry of Finance and State Administration of Taxation in February 2008, clarifies that undistributed profits earned by foreign-invested enterprises prior to 1 January 2008 will be exempted from any withholding tax.

Hong Kong has a tax arrangement with PRC that provides for a lower withholding tax rate of 5% on dividends subject to certain conditions and requirements, such as the requirement that the Hong Kong resident enterprise own at least 25% of the PRC enterprise distributing the dividend at all times within the 12-month period immediately preceding the distribution of dividends and be a "beneficial owner" of the dividends. However, pursuant to Circular on Issues Concerning Implementing Dividend Clauses of Tax Treaties (《關於執行税收協定股息條款有關問題的通知》), or SAT Circular 81, issued by the State Administration of Taxation in February 2009, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from the reduced withholding tax rate on dividends due to a structure or arrangement designed for the primary purpose of obtaining favorable tax treatment, the PRC tax authorities may adjust the preferential tax treatment. Moreover, pursuant to Circular on Several Issues regarding the "Beneficial Owner" in Tax Treaties (《關於税收協定中「受益所有人」有關問題的公告》), or SAT Circular 9, issued by the State Administration of Taxation in February 2018, which became effective from 1 April 2018 and superseded the SAT Circular 601 issued by the State Administration of Taxation in October 2009, a resident of a contracting state will not qualify for the benefits under the tax treaties or arrangements, if it is not the "beneficial owner" of the dividend, interest and royalty income. According to SAT Circular 9, a "beneficial owner" is required to have ownership and the right to dispose of the income or the rights and properties giving rise to the income, and generally engage in substantive business activities. An agent or conduit company will not be regarded as a "beneficial owner" and, therefore, will not qualify for treaty benefits. A conduit company normally refers to a company that is set up primarily for the purpose of evading or reducing taxes or transferring or accumulating profits. In addition, pursuant to Bulletin on Administrative Measures on Treaties Benefit for Non-resident Taxpayers (《非居民納税人享受協定待遇管理辦法》), or SAT Circular 35, issued by the State Administration of Taxation in October 2019, non-resident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax rate. Instead, non-resident enterprises may, if they determine by self-assessment that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply for the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-filing examinations by the relevant tax authorities.

Tax Residence

Under the EIT Law and its implementation rules, an enterprise established outside of the PRC with "*de facto* management body" within the PRC s considered a resident enterprise and will be subject to the EIT at the rate of 25% on its worldwide income. The term "*de facto* management body" refers to "the establishment that exercises substantial and overall management and control over the production, business, personnel, accounts and properties of an enterprise." Pursuant to SAT Circular 82, issued by the State Administration of Taxation in April 2009, an overseas registered enterprise controlled by a PRC company or a PRC company group will be classified as a "resident enterprise" with its "*de facto* management body" located within the PRC if the following requirements are satisfied: (i) the senior management and core management departments in charge of its daily operations are mainly located in the PRC; (ii) its financial and human resources decisions are subject to determination or approval by persons or bodies located in the PRC; (iii) its major assets, accounting books, company seals, and minutes and files of its board and shareholders' meetings are located or kept in the PRC; and (iv) no less than half of the enterprise's directors or senior management with voting rights reside in the PRC. The State Administration of Taxation issued additional rules to provide more guidance on the implementation of SAT Circular 82 in July 2011, and issued an amendment to SAT Circular 82 delegating the authority to its provincial branches to determine whether a Chinese-controlled overseas-incorporated enterprise should be considered a PRC resident enterprise, in January 2014. Although the SAT Circular 82, the additional guidance and its amendment only apply to overseas registered enterprises controlled by PRC enterprises and not those controlled by PRC individuals or foreigners, the determining criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "*de facto* management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, individuals or foreigners.

PRC VAT in Lieu of Business Tax

In November 2011, the Ministry of Finance and the State Administration of Taxation jointly issued two circulars setting forth the details of the pilot VAT reform program, which change the charge of sales tax from business tax to VAT for certain pilot industries. The VAT reform program initially applied only to the pilot industries in Shanghai, and was expanded to eight additional regions, including, among others, Beijing and Guangdong province, in 2012. In August 2013, the program was further expanded nationwide. In May 2016, the pilot program was extended to cover additional industry sectors such as construction, real estate, finance and consumer services.

PRC Urban Maintenance and Construction Tax and Education Surcharge

Any entity, foreign-invested or purely domestic, or individual that is subject to consumption tax and VAT is also required to pay PRC urban maintenance and construction tax. The rates of urban maintenance and construction tax are 7%, 5% or 1% of the amount of consumption tax and VAT actually paid depending on where the taxpayer is located. All entities and individuals who pay consumption tax and VAT are also required to pay education surcharge at a rate of 3%, and local education surcharges at a rate of 2%, of the amount of consumption tax and VAT actually paid.