
REGULATIONS

Our business operations are subject to extensive supervision and regulation by the PRC Government. This section sets out a summary of the material laws, regulations and policies to which we are subject.

REGULATIONS RELATING TO INCORPORATION AND FOREIGN INVESTMENT

The establishment, operation, and management of corporate entities in the PRC are governed by the PRC Company Law (《中華人民共和國公司法》), or the Company Law, which was promulgated by the SCNPC on December 29, 1993, effective from July 1, 1994 and last amended on October 26, 2018. The Company Law generally governs two types of companies, namely limited liability companies and joint-stock limited companies, both entitled with the status of legal persons. The liability of shareholders of a limited liability company or a joint-stock limited company is limited to the amount of registered capital they have contributed. The Company Law shall also apply to foreign-invested companies unless laws on foreign investment have stipulated otherwise.

On March 15, 2019, the NPC promulgated the PRC Foreign Investment Law (《中華人民共和國外商投資法》), which came into effect on January 1, 2020 and replaced the previous laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-invested Enterprise Law (《中華人民共和國外資企業法》), together with their implementation rules and the ancillary regulations. The existing foreign-invested enterprises established prior to the effective of the PRC Foreign Investment Law may keep their corporate forms within five years. The PRC Foreign Investment Law sets out the definition of foreign investment and the framework for promotion, protection and administration of foreign investment activities. On December 30, 2019, the MOFCOM and SAMR jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which came into effect on January 1, 2020, pursuant to which, the establishment of the foreign invested enterprises, including establishment through purchasing the equities of a domestic enterprise or subscribing to the increased registered capital of a domestic enterprise, and its subsequent changes are required to submit an initial or change report through the Enterprise Registration System.

Investment activities in the PRC by foreign investors are principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2021 version) (《外商投資准入特別管理措施(負面清單)(2021年版)》), or the Negative List, and Catalogue of Industries for Encouraging Foreign Investment (2020 version) (《鼓勵外商投資產業目錄(2020年版)》), or the Encouraging List. The Negative List, which came into effect on January 1, 2022, sets out special administrative measures in respect of the access of foreign investments in a centralized manner, and the Encouraging List which came into effect on January 27, 2021, sets out the encouraged industries for foreign investment. Our business in providing value-added telecommunication service falls within the restricted categories of the Negative List and providing internet culture business and radio and television program services falls within the prohibited categories of the Negative List.

REGULATIONS

REGULATIONS RELATING TO TALENT INTERMEDIARY SERVICES

The Employment Promotion Law of the PRC (《中華人民共和國就業促進法》), or the Employment Promotion Law, promulgated by the SCNPC on August 30, 2007 and last amended on April 24, 2015 stipulates that employment intermediary agencies shall register and seek approval from the competent labor administrative department after their incorporation. Any entity that has not obtained a license and registered in accordance with the law shall be prohibited from engaging in employment intermediary activities. No employment agency shall provide false employment information or provide recruitment services to any institution that is not legally incorporated or licensed (if applicable). Any unlicensed and unregistered institution that, in violation of the provisions aforementioned, engages in unauthorized employment intermediary services, may be subject to the closure of business. Any illegal gains shall be confiscated and a fine from RMB10,000 to RMB50,000 may be imposed.

Talent intermediary services agencies in China, including us, are mainly regulated by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部), or the MOHRSS. Pursuant to the Provisions on Talent Market Administration (《人才市場管理規定》), jointly promulgated by the PRC Ministry of Personnel (currently known as the MOHRSS) and the SAIC (currently known as the SAMR) on September 11, 2001 and last amended on December 31, 2019, any entity providing talent intermediary services in China must obtain a human resource services license from the local branch of MOHRSS. In addition, this regulation also reiterates the requirements under the Employment Promotion Law that as a talent intermediary service agency, we are prohibited from providing fake information, making false promises and publishing fake recruitment advertisement.

On June 29, 2018, the State Council issued the Interim Regulations for the Human Resources Market (《人力資源市場暫行條例》), effective on October 1, 2018, according to which, the human resources services (the “HR services”) providers include public HR services providers established by the relevant PRC governmental authorities and commercial HR services providers. Commercial HR services providers engaging in employment agency activities are required to obtain a human resource services license, when such HR services are provided through the Internet. Laws and regulations relating to network security and the management of Internet information services shall also be complied. For any commercial HR services providers engaging in the services such as collection and release of HR supply and demand information, HR management consulting, HR assessment, or HR training, it shall file with the competent department of MOHRSS within 15 days of the date it starts the operation. The HR services providers providing recruitment or other HR services as entrusted by an employer shall not resort to fraud, violence, coercion or other improper means, shall not seek improper interests in the name of recruitment or introduce entities or individuals to engage in illegal activities. Commercial HR services providers shall expressly specify certain matters, among others, including the business license, charging standards, and human resource services licenses in their premises, which are subject to the supervision and inspection by the PRC governmental authorities such as the SAMR.

REGULATIONS

Based on the Interim Provisions concerning the Management of Foreign-invested Talent Intermediaries (《外商投資人才中介機構管理暫行規定》), or the Interim Provisions, which was promulgated by MOHRSS on September 4, 2003 and later amended on April 30, 2015, the incorporation of any foreign-invested talent intermediaries shall meet certain requirements, such as the domestic investors shall hold a majority equity interests in the foreign-invested talent intermediaries, and the foreign investors shall have been engaging in the recruitment agency services for three years or more, and all the investors of the foreign-invested talent intermediaries shall have good reputation. The application for incorporation shall be submitted to be examined and approved by the competent authorities where the agency is to be located. On December 31, 2019, the Interim Provisions was amended by MOHRSS, and the specific requirements set forth above have been removed.

The MOHRSS promulgated the Administrative Regulations on Online Recruitment Services (《網絡招聘服務管理規定》), or the Online Recruitment Regulations, on December 18, 2020, which came into effect on March 1, 2021, and reiterates the requirement that commercial HR services providers engaging in online recruitment services shall obtain a human resource service license with the service scope of “providing online recruitment services”, in addition, those involved in the telecommunications services shall also obtain the telecommunication business operating license required by law.

According to the Online Recruitment Regulations, a human resources service agency engaging in online recruitment services shall establish a complete online recruitment information management system and review the authenticity and legality of the materials and documents provided by employers in accordance with the PRC laws, including (i) recruitment brochures of the employer; (ii) the business license of the employer or the approval document for its establishment issued by the relevant authorities; and (iii) the identity certificate of the person handling the release of recruitment information and the power of attorney of the employer. If the human resources service agency fails to fulfil the above review obligations, it may be ordered to make rectifications and the failure to do so will subject it to an administrative penalty of less than RMB10,000, if there are no illegal gains, or a fine of more than RMB10,000 but less than RMB30,000 and the confiscation of any illegal gains. Based on the above, our PRC Legal Advisers are of the view that if we fail to review the authenticity and legality of the materials provided by the online employers in accordance with the PRC laws, we might be subject to confiscation of illegal gains and a fine in an amount of up to RMB30,000. In terms of the fraudulent recruitment that occurs between employers and employees that take place outside of our platform and is out of our reasonable awareness and control, as advised by our PRC Legal Adviser, no administrative liability shall be imposed on us as long as we fully and strictly fulfil our obligations as an online recruitment platform under PRC laws. During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Adviser, we had not been subject to any administrative penalties imposed by the relevant government authorities in relation to fraudulent recruitment.

REGULATIONS

According to the Contract Law of the PRC (《中華人民共和國合同法》), or the Contract Law, promulgated by the NPC on March 15, 1999 and nullified since January 1, 2021, and the Civil Code of the People's Republic of China (《中華人民共和國民法典》), or the Civil Code, promulgated by the NPC on May 28, 2020 and became effective on January 1, 2021, an intermediation contract is defined as a contract whereby an intermediary presents to its client an opportunity for entering into a contract or provides the client with other intermediary services in connection with the conclusion of a contract, and the client pays the intermediary service fees. Pursuant to the Contract Law and the Civil Code, an intermediary must provide authentic information relating to the proposed contract. If an intermediary intentionally conceals any material fact or provides false information in connection with the performance of the proposed contract, which results in harm to the client's interests, the intermediary may not claim service fees and is liable for the damages caused. Our business of connecting individual users with business customers on our online platform constitutes an intermediary service, and our contracts with business customers are intermediation contracts under the Contract Law and the Civil Code, as a result, the performances, explanation and disputes under such contacts shall be regulated by the Contract Law and the Civil Code.

We have obtained such human resource services licenses which remains in full force and effect as of the date of this document.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATION SERVICES

Value-added Telecommunications Services

An extensive regulatory scheme governing telecommunication services, including value-added telecommunication services and infrastructure telecommunications services, is promulgated by the State Council, MIIT, and other relevant governmental authorities. Value-added telecommunication service operators may be required to obtain additional licenses and permits in addition to those that they currently have given new laws and regulations may be adopted from time to time. In addition, substantial uncertainties exist regarding the interpretation and implementation of current and any future PRC laws and regulations applicable to the telecommunication activities.

On September 25, 2000, the State Council promulgated the Telecommunication Regulation of the PRC (《中華人民共和國電信條例》), or the Telecommunications Regulations, as last amended on February 6, 2016, to regulate telecommunications activities in China. On December 28, 2015, the MIIT promulgated the Classification Catalogue of Telecommunications Services (2015 version) (《電信業務分類目錄(2015年版)》) which was amended on June 6, 2019.

According to the Telecommunications Regulations and the Classification Catalogue of Telecommunications Services, there are two categories of telecommunication activities, namely "infrastructure telecommunications services" and "value-added telecommunications services." Pursuant to the Telecommunications Regulations, operators of value-added

REGULATIONS

telecommunications services, or VATS, shall be approved by MIIT, or its provincial level counterparts, and obtain a license for value-added telecommunications business, or VAT License. The Measures for the Administration of Telecommunications Business Licensing (《電信業務經營許可管理辦法》), or the Licenses Measures, issued by MIIT on March 1, 2009 and last amended on July 3, 2017 for the purpose of strengthening the administration of telecommunications business licensing, set forth more specific provisions regarding the types of licenses required to operate VATS and the application for and the approval, use and administration of a telecommunications business permit.

Internet Information Services

The Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), or the Internet Measures, which was promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, set out guidelines on the provision of Internet information services. The Internet Measures classified Internet information services into commercial Internet information services and non-commercial Internet information services and a commercial operator of Internet content provision services must obtain a value-added telecommunications business operating license, or the ICP License, for the provision of Internet information services from the appropriate telecommunications authorities. As of the Latest Practicable Date, we had obtained an ICP License for provision of internet information services, and had not been subject to any penalties imposed by, or any investigation initiated by, the relevant government authorities due to any insufficiency in the scope of the ICP License.

According to the Internet Measures, violators may be subject to penalties, including criminal sanctions, for providing Internet content that: opposes the fundamental principles stated in the PRC Constitution; compromises national security, divulges national secrets, subverts national power or damages national unity; harms national dignity or interest; incites ethnic hatred or racial discrimination or damages inter-ethnic unity; undermines the PRC's religious policy or propagates superstition; disseminates rumors, disturbs social order or disrupts social stability; disseminates obscenity or pornography, encourages gambling, violence, murder or fear or incites the commission of a crime; insults or slanders a third party or infringes upon the lawful rights and interests of a third party; or is otherwise prohibited by law or administrative regulations. An Internet information service provider may not post or disseminate any content that falls within prohibited categories and must stop providing any such content on their websites. The PRC government may order ICP License holders that violate any of the abovementioned content restrictions to correct those violations and revoke their ICP Licenses under serious conditions.

In addition to the Telecommunications Regulations and other regulations above, mobile Internet applications (the "APPs") and the Internet application store (the "APP Store") are specifically regulated by the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》), or the APP Provisions, which was promulgated by the CAC on June 28, 2016, amended on June 14, 2022 and became effective on August 1, 2022. The APP Provisions regulate the APP information service

REGULATIONS

providers and the APP Store service providers and the CAC and local offices of cyberspace administration shall be responsible for the supervision and administration of nationwide or local APP information respectively.

The APP information service providers shall acquire relevant qualifications required by laws and regulations and implement the information security management responsibilities strictly and fulfill their obligations, including real-name system, protection of users' information, examination and management of information content, etc.

The Administrative Regulations on Services of Online Comment Threads (《互聯網跟帖評論服務管理規定》), which was promulgated by the CAC on August 25, 2017 and became effective on October 1, 2017, requires that the service providers of online comment threads shall (i) certify the real identity information of the registered users according to the principles of “using real name at back end and using alias or real name voluntarily at front end”; (ii) establish and improve a protection system for user information; (iii) establish a sound review management, real-time inspection, emergency response and other information security management systems for the comment threads, timely discover and handle illegal information, and report the same to the competent authorities.

The Administrative Regulations on Internet Forum Community Services (《互聯網論壇社區服務管理規定》), which was promulgated by the CAC on August 25, 2017 and became effective on October 1, 2017, requires that the service providers for internet forum community shall implement primary duties, establish and improve a sound information security management system for information censorship, real-time inspection on public information, emergency response and personal information protection, have safe and controllable measures, equip professionals suitable for the scale of service, and provide necessary technical support to relevant authorities in their performance of duties according to law.

The Provisions on the Ecological Governance of Network Information Contents (《網絡信息內容生態治理規定》), which was promulgated by the CAC on December 15, 2019 and became effective on March 1, 2020, clarifies the scope of content to be encouraged, prohibited or prevented production, reproduction and release. Producers of network information contents shall take measures to prevent and resist the production, reproduction and release of any adverse information with the following contents: (i) those using an exaggerated title, with the content seriously inconsistent with the title; (ii) those speculating in gossip, scandal or notoriety, etc.; (iii) those improperly commenting on natural disasters, major accidents or other disasters; (iv) those containing sexual cues or sexual teasing or others that are easily suggestive of sex; (v) those causing physical or mental discomfort such as bloodiness, horror and cruelty; (vi) those inciting mass discrimination or regional discrimination, etc.; (vii) those preaching tasteless, vulgar and kitsch contents; (viii) those probably inducing minors to imitate unsafe acts or acts violating social morality, or inducing minors to have unhealthy hobbies; and (ix) any other content that has an adverse impact on cyber ecology. A network information content service platform shall establish a mechanism for ecological governance of network information contents, formulate detailed rules for ecological governance of network information contents of its own platform, and improve systems for user registration, account management,

REGULATIONS

information release review, thread comment review, page ecological management, real-time inspection, emergency response, and disposal of network rumors and black industry chain information. Users of network information content services, producers of network information contents and network information content service platforms shall not tamper with or hijack traffic, falsely register accounts or illegally trade accounts, or manipulate user accounts, manually or by technical means, thereby disrupting the order of cyber ecology.

On September 15, 2021, the CAC promulgated the Opinions on Further Enforcing Responsibilities on Website Platforms as the Main Responsible Party for Information Content Management (《關於進一步壓實網站平台信息內容管理主體責任的意見》), effective on the same date, or the Opinions. The Opinions stipulates that website platforms shall perform specific responsibilities as the main responsible party for information content management, including, among others, enhancing the platform community rules, strengthening the regulation and management of accounts, improving the content vetting mechanism and the quality of information content, managing the dissemination of information content, and strengthening the management of key functions.

On January 22, 2021, the CAC promulgated the Administrative Provisions on the Information Services Provided Through Official Accounts of Internet Users (Revised in 2021) (《互聯網用戶公眾賬號信息服務管理規定》(2021修訂)), which requires that an information service platform for official accounts shall perform the primary responsibility for management of information content and official accounts, allocate management personnel and technical capabilities compatible with its business scale, set up the post of the person in charge of content security and establish, improve and strictly implement the management systems for account registration, information content security, ecological governance, emergency response, cybersecurity, data security, personal information protection, intellectual property protection and credit rating, etc.

The Administrative Provisions on the Account Information of Internet Users (《互聯網用戶賬號信息服務管理規定》), which was promulgated by the CAC on June 27, 2022 and became effective on August 1, 2022, sets out guidelines on the provision the account information of Internet users. Internet-based information service providers shall perform their responsibilities as the administrative subjects of the account information of internet users, have in place professionals and technical capacity appropriate to the scale of services, and establish, improve and strictly implement the authentication of real identity information, verification of account information, security of information content, ecological governance, emergency responses, protection of personal information and other management systems.

On September 17, 2021, the CAC, the MIIT, the SAMR, the MPS, the MCT and several other governmental authorities, jointly issued the Guidelines on Strengthening the Comprehensive Regulation of Algorithm for Internet Information Services (《關於加強互聯網信息服務算法綜合治理的指導意見》), effective on the same date, which stipulates that relevant regulators shall carry out daily monitoring of data use, application scenarios and effects of algorithms, and conduct security assessments of algorithm, and that an algorithm filing system shall be established and classification and hierarchical security management of

REGULATIONS

algorithms shall be adopted. On December 31, 2021, the CAC, the MIIT, the MPS and the SMAR jointly issued the Administrative Provisions on Internet Information Service (《互聯網信息服務算法推薦管理規定》), or the Algorithm Recommendation Provisions, which took effect on March 1, 2022. The Algorithm Recommendation Provisions provides the classification and hierarchical management of algorithm recommendation service providers based on various criteria, and stipulates that algorithm recommendation service providers shall clearly inform users of their provision of algorithm recommendation services, and properly disclose the basic principles, intentions, and main operating mechanisms of algorithm recommendation services, and that algorithm recommendation service providers shall perform their responsibilities as subjects for algorithm security, establish and improve the management systems and technical measures for algorithm mechanism and principle review, scientific and technological ethics review, user registration, information release review, data security and personal information protection, anti-telecommunications and Internet fraud, security assessment and monitoring, and security incident emergency response, formulate and publicize the relevant rules for algorithm recommendation services, and be equipped with professional staff and technical support appropriate to the scale of the algorithm recommendation service. An algorithm recommendation service provider with public opinion attribute or social mobilization ability shall fill in such information as the service provider's name, service form, application field, algorithm type, algorithm self-assessment report and content to be disclosed via the internet information service algorithm record-filing system to go through record-filing formalities.

On September 9, 2022, the Administrative Provisions on Internet Pop-up Window Information Notification Services (《互聯網彈窗信息推送服務管理規定》) was issued by the CAC, MIIT and SAMR, effective from September 30, 2022, which requires that providers of Internet pop-up window information push services shall implement the responsibilities as subjects of information content management and establish and improve management systems for censoring of information content, ecological governance, data security and personal information protection, and protection of minors.

Foreign Investment in Value-Added Telecommunications Industry

Pursuant to the Negative List and the Administrative Regulations on Foreign-Invested Telecommunications Enterprises (Revised in 2022) (《外商投資電信企業管理規定(2022修訂)》), which was promulgated by the State Council on December 11, 2001 and last amended on March 29, 2022 by the State Council, the ultimate capital contribution percentage by foreign investor(s) in a foreign-invested value-added telecommunications services (except for e-commerce, domestic multi-party communications, storage-forwarding and call centers) is up to 50%. As of the date of this document, the VIE has obtained an ICP License for providing internet information services.

According to the Notice of the Ministry of Information Industry (currently known as the MIIT) on Strengthening 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》) promulgated by the MIIT on July 13, 2006, a telecommunications enterprise within the

REGULATIONS

territory of PRC may not lease, shift or sell any license for telecommunications business in any form, or provide resources, places and facilities or any other condition for any foreign investor to engage in any illegal telecommunications operation by any means within the territory of PRC.

REGULATIONS RELATING TO ONLINE TRANSMISSION OF AUDIO-VISUAL PROGRAMS

According to the Administrative Regulations on Internet Audio-Visual Program Service (《互聯網視聽節目服務管理規定》), or the Internet Audio-Visual Program Regulations, promulgated by the State Administration of Press, Publication, Radio, Film and Television, or the SAPPFT and the Ministry of Information Industry (currently known as the MIIT) on December 20, 2007 and were last amended on August 28, 2015, “internet audio-video program services” means producing, editing and integrating of audio-video programs, supplying audio-video programs to the public via the internet, and providing audio-video programs uploading and transmission services to a third party. Entities providing internet audio-video programs services must obtain a license for online transmission of audio-visual programs, or Audio-Visual License or make the audio-visual filing. Entities engaged in Internet audio-visual program services without approval may be subject to warning, order to rectify, and a fine of no more than RMB30,000. Under serious conditions, the equipment used for such activities shall be confiscated and a fine of one but no more than two times of the investment amount may be imposed.

According to an Q&A session for reporters’ questions on the Administrative Provisions on Internet-based Audio-visual Program Services (《就<互聯網視聽節目服務管理規定>答記者問》) issued by the SAPPFT on its official website on February 3, 2008, units that legally provide Internet audio-visual program services before the issuance of the Administrative Provisions on Internet-based Audio-visual Program Services, as long as the relevant operators do not violate laws and regulations, have the right to re-register their businesses and continue to operate Internet audio-visual program services. This exemption will not be granted to Internet audio-visual program service units established after the release of the Administrative Provisions on Internet-based Audio-visual Program Services. These policies were later reflected in the Notice on Issues Related to the Application and Examination of the Permit for Spreading Audio-Visual Programs via Information Network (《關於做好<信息網絡傳播視聽節目許可證>申報審核工作有關問題的通知》) issued by the SAPPFT on May 21, 2008 and last amended on August 28, 2015.

However, according to the Certain Decisions on the Entry of the Non-state-owned Capital into the Cultural Industry (《國務院關於非公有資本進入文化產業的若干決定》) promulgated by the State Council and became effective on April 13, 2005, and the Several Opinions on Canvassing Foreign Investment into the Culture Sector (《關於文化領域引進外資的若干意見》) promulgated by the Ministry of Culture, the SAPPFT, the NDRC, and MOFCOM and became effective on July 6, 2005, non-state-owned enterprises and foreign investors are not allowed to conduct the business of transmitting audio-visual programs via an information network. In addition, in the current practice of relevant governmental authorities in the PRC,

REGULATIONS

only companies with 30 million or more daily active users and 100 or more program inspectors, personnel within a company that is responsible for reviewing and vetting the content of the internet audio-visual program, are eligible to make the Audio-Visual Filing. The number of our average daily active users was less than 10 million in each year/period comprising the Track Record Period. The average number of our program inspectors in each year/period comprising the Track Record Period was also below the 100 threshold. In July 2022, we together with our PRC Legal Adviser and the PRC legal adviser of the Joint Sponsors conducted a consultation with a director of the Media Integration Development Division of Beijing Municipal Radio and Television Bureau, which is a competent authority as advised by our PRC Legal Adviser, to confirm the matters relating to the Audio-Visual License and the Audio-Visual Filing. We were advised that considering the regulatory practice of relevant governmental authorities with respect to the Audio-Visual License and the Audio-Visual Filing, the principal business of the Company and the limited internet audio-visual programs on our platform, we would not be subject to administrative penalties by relevant authorities due to the lack of the Audio-Visual License or the failure to complete the Audio-Visual Filing if the content of the audio-visual programs on our platform is in compliance with applicable laws and regulations and the audio-visual programs on our platform do not result in disputes with any third party. As of the date of this document, we have not obtained the Audio-Visual License or make the Audio-Visual Filing for providing internet audio-visual program services and content through our online recruitment platform in China, and had not been subject to any administrative penalties imposed by, or any investigations initiated by, the relevant governmental authorities due to lack of the Audio-Visual License or failure to complete the Audio-Visual Filing. We consider such services to be immaterial to our business and the revenues generated through the provision of such services account for an insignificant portion of our total revenues. As advised by our PRC Legal Adviser, considering the regulatory practice of the relevant governmental authorities with respect to the Audio-Visual License and the Audio-Visual Filing, our principal business, the limited number of the internet audio-visual program services we provide and users using our internet audio-visual program services, the compliance status of the content of the internet audio-visual program services on our platform and the absence of third-party disputes, the risk of us being subject to administrative penalties imposed by relevant authorities is relatively low. Considering the above, we are of the view that the above situation did not and will not have a material adverse effect on our business, financial condition or results of operations. We will actively communicate with the regulatory authorities and apply for the Audio-Visual License or complete the Audio-Visual Filing in a timely manner, when we are allowed to do so. See “Risk factors—Risks Relating to Our Business and Industry—Any lack of or failure to maintain requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations, and compliance with applicable laws or regulations may require us to obtain additional approvals or licenses or change our current business model.”

On March 30, 2009, the State Administration of Radio, Film and Television or the SAPPFRFT promulgated the Notice on Strengthening the Administration of the Content of Internet Audio-Visual Programs (《關於加強互聯網視聽節目內容管理的通知》), which

REGULATIONS

reiterates the pre-approval requirements for the internet audio-visual programs, including those on mobile network (if applicable), and prohibits internet audio-visual programs containing violence, pornography, gambling, terrorism, superstition, or other prohibited elements.

On January 2, 2014, the SAPPRFT promulgated the Supplementary Notice on Further Improving the Management of Internet Audio-Visual Programs such as Online Dramas and Micro Movies (《關於進一步完善網絡劇、微電影等網絡視聽節目管理的補充通知》), which requires institutions engaged in the production of Internet audio-visual programs such as online dramas and micro films shall obtain a Radio and Television Program Production and Operation Permit. An Internet-based audio-visual program service entity shall not broadcast online dramas, micro films and other Internet audio-visual programs produced by institutions that have not obtained the Radio and Television Program Production and Operation Permit. An Internet-based audio-visual program service entity can only forward programs uploaded by individuals who have verified their true identity information, and the programs must comply with relevant content management regulations. Internet audio-visual programs (including online dramas and micro films) shall be filed with the relevant competent authorities before broadcasting.

On March 16, 2018, the SAPPRFT promulgated the Notice on Further Standardizing the Communication Order of Internet Audio-Visual Programs (《關於進一步規範網絡視聽節目傳播秩序的通知》), which stipulates (including) audio-visual platforms shall not: (i) produce and disseminate programs that spoof and vilify classic literary and artistic works; (ii) re-edit, re-dub, re-subtitle or otherwise spoof classic literary and artistic works, radio, film and television programs, and network original audio-visual programs without authorization; and (iii) spread programs that have been edited and tampered with the original intention.

According to the Administrative Provisions on Network Audio and Video Information Services (《網絡音視頻信息服務管理規定》) promulgated by the CAC, the MCT, the NRTA, on November 18, 2019, which took into effect on January 1, 2020, network audio and video information service providers shall, in accordance with the provisions of the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), authenticate users' real identity information based on organization code, identity card number, mobile phone number, etc. Network audio and video information service providers shall not provide information release services for users who fail to provide their real identity information. Network audio and video information service providers shall fulfill their responsibilities as subjects of information content security management, have in place professionals commensurate with their service scale, establish and improve their systems in respect of user registration, information release review, information security management, emergency response, education and training of practitioners, protection of minors, and protection of intellectual property rights. Network audio and video information service providers shall strengthen the management of the audio and video information released by network audio and video information service users, deploy and apply illegal and non-real audio and video identification technologies; if any audio and video information service user is found to produce, release or disseminate the information content prohibited by laws and regulations, the transmission of such information shall be

REGULATIONS

ceased in accordance with the law or as agreed, and disposal measures such as deletion shall be taken to prevent the information from spreading, save relevant records, and report to administrations of cyberspace, culture and tourism, radio and television, etc.

On January 9, 2019, the China Netcasting Services Association promulgated the Network Short Video Platform Management Specification (《網絡短視頻平台管理規範》) and the Detailed Rules for the Censorship Standards for Online Short Video Content (《網絡短視頻內容審核標準細則》), as last amended on December 15, 2021, which clarifies that the network short video platform implements the program content review before broadcasting system, all short videos broadcast on the platform should be reviewed before broadcasting and the program shall not contain illegal or immoral content.

REGULATIONS RELATING TO PRODUCTION AND DISTRIBUTION OF RADIO AND TELEVISION PROGRAMS

On August 11, 1997, the State Council promulgated Administrative Regulations on Radio and Television (《廣播電視管理條例》), which came into effect on September 1, 1997 and were last amended on November 29, 2020. The establishment of the entities engaging in the production and management of radio television programs shall be subject to the approval of radio stations, television stations and the radio and television administrative department of the people's government at provincial level or above.

According to the Provisions for the Administration of the Production and Distribution of Radio and Television Programs (《廣播電視節目製作經營管理規定》) promulgated by the SAPPRFT on July 19, 2004, which took into effect on August 20, 2004 and was last amended on October 29, 2020, any entity that produces or operates radio or television programs must obtain a Radio and Television Program Production and Operation Permit. Entities holding such permits shall conduct their business within the permitted scope as provided in their permits. Entities engaging in the producing or operating radio or television programs without such permit are subject to the closure of business, confiscation of used tools, equipment and carriers, as well as a fine between RMB10,000 and RMB50,000.

In addition, under the Provisions for the Administration of the Production and Distribution of Radio and Television Programs and the Negative List, foreign-invested enterprises are not allowed to engage in the above-mentioned services.

The VIE has obtained a Radio and Television Program Production and Operation Permit for the production of radio and television programs, which remains in full force and effect as of the date of this document.

REGULATIONS RELATING TO ONLINE LIVE STREAMING SERVICES

On November 4, 2016, the CAC promulgated the Regulations for the Administration of Online Live Streaming Services (《互聯網直播服務管理規定》), or the Online Live Streaming Services Regulations, which became effective on December 1, 2016. The Online Live

REGULATIONS

Streaming Services Regulations require providers of online live streaming services taking multiple measures when operating live streaming services, which includes (i) establishing a platform for censoring contents for live streaming, managing such contents based on category and level of user scale thereof, adding or broadcasting identification information of the platform for contents in the form of images/texts, video, and audio, and censoring news and information for live streaming and the interactions thereof prior to releasing them; (ii) authenticating real identity information of each user of online live streaming services based on mobile phone number in the principle of “real name in background, and willingness in foreground”; (iii) verifying real identity information of each online live-stream releaser, filing such information with local CAC branches in provinces, autonomous regions and centrally-administered municipalities on a classification basis, and providing relevant law enforcement authority with such information upon lawful request thereby; (iv) concluding a service agreement with any user of online live streaming services, defining rights and obligations of both sides, and requiring the user to comply with the laws, regulations and the platform convention; and (v) establishing a blacklist management system to prohibit any online live streaming services user included on the blacklist from registering another account, and reporting the blacklist to the CAC branch in the province, autonomous region or centrally-administered municipality where it is located.

According to the Online Live Streaming Services Regulations, where a provider of online live streaming services or an online live-stream releaser provides Internet-based news and information service without or beyond permission, the CAC branches in provinces, autonomous regions and centrally-administered municipalities shall impose punishment on the provider or the releaser in accordance with the Regulations for the Administration of Internet-based News and Information Services (《互聯網新聞信息服務管理規定》). The CAC and its local branches shall, ex officio, impose punishment according to law on offenders otherwise violating the Online Live Streaming Services Regulations, and such offenders shall be prosecuted for criminal liability according to law if such violation constitutes a crime. Where online live streaming services, which are provided through online performances and online audio-visual programs, violate relevant laws and regulations, the authorities concerned shall impose punishment in accordance with the laws. On September 2, 2016, the SAPPRFT promulgated the Notice of Issues Related to Strengthening the Management of Live Streaming Service of Online Audio-Visual Programs (《關於加強網絡視聽節目直播服務管理有關問題的通知》), which requires that the online audio-visual live streaming of cultural activities, sports, major political, military, economic, social and cultural activities of general social groups must hold appropriate Audio-Visual License and that the information about the special activities to be live stream must be filed with the Provincial Department of the SAPPRFT in advance.

According to the Measures for the Administration of Cyber Performance Business Operations (《網絡表演經營活動管理辦法》), promulgated by the Ministry of Culture, or MOC (currently known as the MCT), on December 2, 2016 and became effective on January 1, 2017, a cyber-performance business entity engaging in cyber performance business operations shall, in accordance with the Internet Culture Provisions, apply to the cultural administrative department at the provincial level for an Internet Culture Business License, or

REGULATIONS

the ICB License, and the license shall specify the scope of its cyber performance. A cyber-performance business entity shall indicate the number of its ICB License in a conspicuous position on its homepage.

According to the Notice on Tightening the Administration of Online Live-streaming Services (《關於加強網絡直播服務管理工作的通知》) jointly promulgated by the MIIT and other five promulgation authorities on August 1, 2018, online live-streaming services providers shall fulfill the website ICP filing formalities with the competent department for telecommunications according to the law. Online live-streaming services providers involved in the operation of telecommunications services and Internet-based news information, online performances, live broadcast of internet audio-visual programs and other services shall apply to the relevant departments respectively for obtaining licenses for the operation of telecommunications services, Internet-based news information services, network cultural operations, and dissemination of audio-visual programs through information networks and shall complete record-filing formalities with the local public security authorities in accordance with the relevant regulations within 30 days of their live-streaming services being launched.

According to the Notice on Strengthening the Administration of the Online Show Live Streaming and E-commerce Live Streaming (《關於加強網絡秀場直播和電商直播管理的通知》) issued by the NRTA on November 12, 2020, with respect to platforms providing online show live streaming services or e-commerce live streaming services, the overall ratio of front-line content reviewers to online live streaming rooms shall be 1:50 or higher. A platform shall report the number of its live streaming rooms, streamers and content reviewers to the provincial branch of the NRTA on a quarterly basis. Online show live streaming platforms shall tag content and streamers by category. A streamer cannot change the category of the programs offered in his or her live streaming room without prior approval from the platform. Users that are minors or without real-name registration are forbidden from virtual gifting, and platforms shall limit the maximum amount of virtual gifting per time, per day, and per month. When the virtual gifting by a user reaches half of the daily/monthly limit, a consumption reminder from the platform and a confirmation from the user by text messages or other means are required before the next transaction. When the amount of virtual gifting by a user reaches the daily/monthly limit, the platform shall suspend the virtual gifting function for such user for that day or month.

In addition, on February 9, 2021, the MIIT, the MPS, the MCT and the NRTA and other three promulgation authorities jointly promulgated the Guiding Opinions on Strengthening the Standardized Administration of Online Live-streaming (《關於加強網絡直播規範管理工作的指導意見》), which requires that Live-streaming platforms carrying out profit-making online performances shall hold the Permit for Network Culture Business and go through ICP record-filing; live-streaming platforms carrying out online audio-visual program services shall hold the License for Online Transmission of Audio-Visual Programs (or complete registration with the national information registration management system for online audio-visual platforms) and go through ICP record-filing; and live-streaming platforms carrying out Internet news information services shall hold the Permit for Internet News Information Services. Online

REGULATIONS

live-streaming platforms shall timely go through the enterprise record-filing formalities with local competent Governmental Authorities such as the cyberspace administration authorities, and platforms ceasing to provide live-streaming services shall timely cancel their record-filing.

On September 4, 1991, the SCNPC promulgated the Law of the PRC on the Protection of Minors (《中華人民共和國未成年人保護法》), or the Protection of Minors Law which came into effect on January 1, 1992 and were last amended on October 17, 2020. According to the Protection of Minors Law, online live-streaming service providers shall not provide minors under the age of 16 with the account registration service of online live-streaming publishers; when providing account registration service of online live-streaming publishers for minors reaching the age of 16, the service providers shall verify the identity information of the minors and obtain the consent of their parents or other guardians.

REGULATIONS RELATING TO INTERNET CULTURE ACTIVITIES

On May 10, 2003, the MOC promulgated the Interim Administrative Provisions on Internet Culture, or the Internet Culture Provisions (《互聯網文化管理暫行規定》), which became effective on July 1, 2003 and was last amended on December 15, 2017. The Internet Culture Provisions require Internet information services providers engaging in commercial “Internet culture activities” to file an application for establishment to the competent culture administration authorities for approval and obtain an Internet Culture Business Operating License from the MOC. “Internet cultural activity” is defined under the Internet Culture Provisions as an act of provision of internet cultural products and related services, which includes (i) the production, duplication, importation, and broadcasting of the internet cultural products; (ii) the online dissemination whereby cultural products are posted on the internet or transmitted via the internet to end-users, such as computers, fixed-line telephones, mobile phones, television sets and games machines, for online users’ browsing, use or downloading; and (iii) the exhibition and competition of the internet cultural products. For any organization that engages in commercial Internet culture activities without approval, the cultural administration authorities or the cultural market enforcement authorities of the people’s government above county level with jurisdiction shall order it to cease the commercial Internet culture activities, give it a warning and impose concurrently a fine less than RMB30,000 against it; if it refuses to cease the commercial Internet culture activities, it shall be blacklisted in the cultural market and be subject to punishment for dishonesty in accordance with the law.

In addition, according to the Negative List and Several Opinions on the Introduction of Foreign Investment in the Cultural Field (《關於文化領域引進外資的若干意見》), promulgated by the MOC and other four government authorities, foreign-invested enterprises are not allowed to engage in the above-mentioned Internet cultural activity.

On August 12, 2013, the MOC promulgated the Measures for the Administration of Content Self-Examination of Internet Culture Organizations (《網絡文化經營單位內容自審管理辦法》), which became effective on December 1, 2013. Before providing services to the public, Internet culture organizations shall examine the contents of Internet culture products

REGULATIONS

and services. An Internet culture organization shall establish a content management system, clarify the responsibilities, standards, processes and accountability methods of content audit, and report to the administrative department of culture at the provincial level for record.

REGULATIONS RELATING TO INFORMATION SECURITY AND CENSORSHIP

Internet content in China is regulated and restricted from a state security standpoint. The SCNPC enacted the Decisions on the Maintenance of Internet Security (《關於維護互聯網安全的決定》) on December 28, 2000, which was last amended on August 27, 2009, providing that the following activities conducted through the internet are subject to criminal liabilities: (i) gaining improper entry into any of the computer information networks relating to state affairs, national defensive affairs, or cutting-edge science and technology; (ii) violation of relevant provisions of the State in the form of unauthorized interruption of any computer network or communication service, as a result of which the computer network or communication system cannot function normally; (iii) spreading rumor, slander or other harmful information via the internet for the purpose of inciting subversion of the state political power; (iv) stealing or divulging state secrets, intelligence or military secrets via internet; (v) spreading false or inappropriate commercial information; or (vi) infringing on the intellectual property.

On November 7, 2016, the SCNPC promulgated the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), which became effective on June 1, 2017, pursuant to which, network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks including us shall take technical measures and other necessary measures pursuant to laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall prevent network data from being divulged, stolen or falsified. In addition, any network operator to collect personal information shall follow the principles of legitimacy, rationality and necessity and shall not collect or use any personal information without due authorization of the person whose personal information is collected, and network operators of key information infrastructure shall store within the territory of the PRC all the personal information and important data collected and produced within the territory of PRC.

On June 22, 2007, the MPS, the National Administration of State Secrets Protection, the State Cipher Code Administration and the Information Office of the State Council (repealed) promulgated the Administrative Measures for the Graded Protection of Information Security (《信息安全等級保護管理辦法》), or the Measures for the Graded Protection, effective from June 22, 2007, pursuant to which, graded protection of the state information security shall follow the principle of “independent grading and independent protection”, and the security protection grade of an information system shall be determined according to such factors as its level of importance in national security, economic development and social livelihood as well as its level of damage to national security, social order, public interests and the legitimate rights

REGULATIONS

and interests of citizens, legal persons and other organizations in case it is destroyed, accordingly the security protection grade of an information system may be classified into five grades. The entities operating the information systems shall determine the security protection grade of the information system pursuant to the Measures for the Graded Protection and the Guidelines for Grading of Classified Protection of Cyber Security (《信息系統安全等級保護定級指南》), and report the grade to the relevant department for examination and approval.

On April 13, 2020, the CAC, NDRC, MIIT and other nine promulgation authorities issued the Cybersecurity Review Measures (《網絡安全審查辦法》), effective on June 1, 2020, which stipulate that the cybersecurity review shall focus on the evaluation of possible risks to national security caused by the purchase of the network product or service, also provide for more detailed rules regarding cybersecurity review requirements. On December 28, 2021, the CAC, together with certain other PRC governmental authorities, jointly released the Revised Cybersecurity Review Measures, which took effect on February 15, 2022. Pursuant to the Revised Cybersecurity Review Measures, critical information infrastructure operators procuring network products and services and online platform operators conducting data processing activities that affect or may affect national security shall conduct a cybersecurity review. In particular, if operators of critical information infrastructure anticipate that its procurement of network products and services affect or may affect national security after the network products and services being put into use, it shall apply for cybersecurity review to the Cybersecurity Review Office. In addition, online platform operators possessing personal information of more than one million users seeking to be listed on a foreign stock exchange must apply for a cybersecurity review. If the relevant authorities believe that the network products or services or data processing activities of relevant operators affect or may affect national security, they may initiate the cybersecurity review against such operators. As advised by our PRC Legal Adviser, we are not subject to the aforementioned mandatory obligation of *ex ante* application for cybersecurity review on the basis that we have not been identified as a critical information infrastructure operator by relevant regulatory authorities and the Listing in Hong Kong is not “listing on a foreign stock exchange (國外上市)”. However, given the revised Cybersecurity Review Measures were recently promulgated, there are substantial uncertainties as to the interpretation, application and enforcement of the revised Cybersecurity Review Measures. We have undertaken a number of initiatives to reinforce our cybersecurity and data privacy protection standards. As of the date of this document, (i) we have implemented comprehensive policies and rules, taken necessary measures and developed a comprehensive internal control system on cybersecurity and data protection to prevent serious incidents and violations such as unauthorized access, theft, leakage, destruction, tampering, illegal use of personal information or other data, which are in compliance with the mandatory requirements of the currently effective PRC laws and regulations in all material respects; (ii) the user data we collect and generate during our business operation within the territory of mainland China is stored within the territory of mainland China, and our daily operations and the Listing are not involved in cross-border transfer of identified core data, important data or a large amount of personal information; and (iii) our PRC entities have not experienced any significant information security incidents related to the theft, leakage, destruction, illegal use, or illegal overseas transfer of data or personal information. As of the date of this document, (i) we have not been notified by any PRC government authorities of being classified as a critical

REGULATIONS

information infrastructure operator which may be subject to cybersecurity review in certain circumstances that may affect national security in accordance with the revised Cybersecurity Review Measures; and (ii) there are no notification from any PRC government authorities stating any of our involvement in service, product or data processing activities affect or may affect national security and fall within the scope of cybersecurity review based on the factors set out in the revised Cybersecurity Review Measures. However, our PRC Legal Adviser has also advised us that, given that (i) there is no clear explanation or interpretations as to how to determine what constitutes “affecting national security” under the current effective PRC laws and regulations; (ii) the identification of critical information infrastructure operators and the scope of network products or services and data processing activities that affect or may affect national security remain unclear and are subject to interpretation by relevant PRC government authorities; and (iii) the PRC government authorities have discretion in interpreting the regulations, the PRC regulatory authorities may take a view that is contrary to the opinion of our PRC Legal Adviser.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), or the Data Security Law, which came into effect on September 1, 2021 and provides for a security review procedure for the data activities that may affect national security. It also introduces a data classification and hierarchical protection system based on the importance of data to economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. We have been continually and systemically evaluating the effectiveness of our cybersecurity and data privacy practices, and have made great efforts to develop and implement policies, measures, and procedures to keep up with the ever-evolving cybersecurity and data protection regulatory landscape, including the following key areas:

- Updated data security policies and mechanism: we have devised, customized and updated our cybersecurity and data protection policies and measures to ensure our policies are up-to-date and our practices are in compliance with applicable laws and regulations in all material aspects.
- Standardized security risk management: we have conducted risk assessment through our self-developed data compliance platform for identifying vulnerabilities and assessing risks to our data assets, which reinforced our capabilities in implementing appropriate mitigation strategies and response procedures to eliminate data-related risks.
- Improved emergency response capabilities: we have built professional teams, formulated specific emergency response plans, conducted regular emergency response drills, and established liaison mechanisms with regulatory authorities.

REGULATIONS

- Strengthened technical measures and optimized product functions: we have developed privacy compliance detection tools, intelligent anti-crawler technologies, and traceability technologies.
- Upgraded network security software and hardware facilities: we have increased investment in security facilities procurement and application.
- Protection of users' personal information rights and interests: we have further clarified the necessary scope of personal information collection, optimized user notification and authorization mechanism, and developed functions for better protecting users' personal information rights and interests.

On July 30, 2021, the PRC State Council promulgated the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which became effective on September 1, 2021. Pursuant to such regulations, “critical information infrastructure” shall mean any important network facilities or information systems of important industries or fields such as public communication and information service, energy, transportation, water conservation, finance, public services, government digital services and national defense science, and any other important network facilities or information systems which may seriously endanger national security, national economy, people’s livelihood and public interest in case of damage, function loss or data leakage. In addition, relevant administration departments of each critical industry and sector shall be responsible for formulating identification rules and determining the critical information infrastructure in the respective industry or field. The operators shall be informed about the final determination. As of the date of this document, no detailed implementation rules have been issued by the relevant governmental authorities, and we have not been informed by any governmental authority that we are a critical information infrastructure operator.

On November 14, 2021, the CAC published draft Regulations on the Administration of Network Data Security (solicitation for comment), or the Draft Regulations on Network Data Security (《網絡數據安全管理條例(徵求意見稿)》), for public comments, which provides that data processors conducting certain activities shall apply for cybersecurity review, among others, including: (i) merger, reorganization or division of online platform operators that have acquired a large amount of data related to national security, economic development or public interests affects or may affect national security; (ii) listing on a foreign stock exchange of data processors processing over one million individuals’ personal information; (iii) data processors’ listing in Hong Kong which affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. However, as of the Latest Practicable Date, there have been no clarifications from the relevant authorities as to the standards for determining whether an activity “affects or may affect national security”. The provisions differentiate “listing on a foreign stock exchange (國外上市)” with “listing in Hong Kong”. For (ii), as advised by our PRC Legal Adviser, “listing in Hong Kong” does not fall under the scope of “listing on a foreign stock exchange (國外上市)”. Therefore, we are not subject to the mandatory obligation of ex ante application for cybersecurity review, if the Draft Regulations on Network Data Security is implemented in its current form. For (iii), see detailed

REGULATIONS

discussion in relation to our compliance with the revised Cybersecurity Review Measures set forth under “—Regulations Relating to Information Security and Censorship”. As a result of the foregoing, the Draft Regulations on Network Data Security, if implemented in its current form, would not have a material adverse impact on the Listing. The Draft Regulations on Network Data Security also provide that operators of large internet platforms that set up headquarters, operation centers or R&D centers overseas shall report to the national cyberspace administration and competent authorities. In addition, the Draft Regulations on Network Data Security also requires that data processors processing important data or going public overseas shall conduct an annual data security self-assessment or entrust a data security service institution to do so, and submit the data security assessment report of the previous year to the local branch of CAC before January 31 each year. As of the date of this document, Draft Regulations on Network Data Security has not been formally adopted. Based on the circumstances set forth above, our PRC Legal Adviser and Directors are of the view that we are in compliance with the existing PRC laws and regulations on cybersecurity, data security and personal data protection in all material aspects, and if the Draft Regulations on Network Data Security were implemented in the current form, our Directors and our PRC Legal Adviser do not foresee any material impediments for us to comply with the requirements under the Draft Regulations on Network Data Security in all material aspects.

In addition, Online Recruitment Regulations provide that HR services agencies engaging in online recruitment services shall, in accordance with the requirements under the PRC laws and regulations related to national cybersecurity and cybersecurity graded protection systems, strengthen cybersecurity management, perform cybersecurity protection obligations, and adopt technical or other necessary measures to ensure the security of recruitment service network, information system and user s’ information. Moreover, HR services agencies shall establish and improve their users’ information protection system for online recruitment services, and shall not disclose, divulge, damage or illegally sell or provide to any person, such information as the citizen identification number, age, gender, address, contact information of an individual or any information on business situations of an employer. If such agencies provide any personal information or important data collected or generated within PRC to any overseas party due to their business operation, such provision shall abide by applicable PRC laws and regulations.

On July 7, 2022, the CAC issued the Measures for the Security Assessment of Outbound Data Transfers (《數據出境安全評估辦法》), which became effective on September 1, 2022. These measures require the data processor providing data overseas and falling under any of the following circumstances to apply for the security assessment of cross-border data transfer with the local provincial-level counterparts of the national cybersecurity authority: (i) where the data processor intends to provide important data overseas; (ii) where a critical information infrastructure operator and a data processor who has processed personal information of more than 1,000,000 individuals intends to provide personal information overseas; (iii) where a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals to overseas recipients, in each case as calculated cumulatively, since January 1 of the last year, intends to provide personal information overseas; and (iv) other circumstances where the security assessment of data cross-border transfer is required as prescribed by the CAC. Furthermore, the data processor shall conduct

REGULATIONS

a self-assessment on the risk of data cross-border transfer prior to applying for the foregoing security assessment, under which the data processor shall focus on certain factors including, among others, the legitimacy, fairness and necessity of the purpose, scope and method of data cross-border transfer and the data processing of overseas recipients, the risks that the cross-border data transfer may bring to national security, public interests and the legitimate rights and interests of individuals or organizations as well as whether the cross-border data transfer related contracts or the other legally binding documents to be entered with overseas recipients have fully included the data security protection responsibilities and obligations. As advised by our PRC Legal Adviser, scenario (iii) is not applicable to us given the fact that as of the date of this document, we had not met the threshold as stipulated under circumstances. In addition, we have not received any notification from relevant regulatory authorities that identify us as a CHIO as stipulated under scenario (ii). Nonetheless, as advised by our PRC Legal Adviser, since the exact scope of “important data” as stipulated under scenario (i) remains uncertain and subject to further clarification, and the implementation under scenarios (ii) and (iv) are still subject to interpretation by relevant government authorities, there remains uncertainty as to how the new regulation will be applied and implemented. The user data we collect and generate during our business operation within mainland China is stored within mainland China, and we are not involved in any outbound transfer of our users’ data. Our daily operations and the Listing are not involved in outbound transfer of identified core data or important data. If we are required to report security assessments for cross-border data transfers, our PRC Legal Adviser does not foresee any material legal impediments for us to comply with the Measure for the Security Assessment of Outbound Data Transfers in material aspects, and would not give rise to material adverse impact on our business operation or the Listing. Solely based on the due diligence conducted by the Joint Sponsors (including but not limited to discussing with the PRC legal advisers of the Company and the Joint Sponsors, conducting expert due diligence with the PRC Legal Adviser and reviewing the legal opinions of the PRC Legal Adviser with assistance of the Joint Sponsors’ PRC legal advisers), and taking into account the uncertainties with respect to the enactment timetable, final content, interpretation and implementation as discussed above, nothing has come to the attention of the Joint Sponsors that would reasonably cause the Joint Sponsors to disagree with the PRC Legal Adviser that (i) the Group has implemented comprehensive policies and rules, taken necessary measures and developed a comprehensive internal control system on cybersecurity and data, which are in compliance with the mandatory requirements of the currently effective PRC laws and regulations in all material respects (ii) the PRC Legal Adviser does not foresee that the Cybersecurity Review Measures, the Draft Regulations on Network Data Security, if implemented in the current form, or the Measures for the Security Assessment of Outbound Data Transfers giving rise to material adverse impact on the Group’s business operation or the Listing.

REGULATIONS

REGULATIONS RELATING TO PRIVACY PROTECTION

Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual that need to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

On December 13, 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》), or the Internet Protection Measures, which took effect on March 1, 2006. The Internet Protection Measures require Internet service providers including us 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, and detect illegal information, stop transmission of such information, and keep relevant records. Internet services providers including us are prohibited from unauthorized disclosure of users' information to any third parties unless such disclosure is required by the laws and regulations. They are further required to establish management systems and take technological measures to safeguard the freedom and secrecy of the users' correspondences.

On December 28, 2012, the SCNPC promulgated the Decision on Strengthening Network Information Protection (《關於加強網絡信息保護的決定》) to enhance the legal protection of information security and privacy on the Internet. On July 16, 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》), effective on September 1, 2013, to regulate the collection and use of users' personal information in the provision of telecommunication services and Internet information services in China and the personal information includes a user's name, birth date, identification card number, address, phone number, account name, password and other information that can be used for identifying a user. Telecommunication business operators and Internet service providers are required to constitute their own rules for the collecting and use of users' information and they cannot collect or use of user's information without users' consent. Telecommunication business operators and Internet service providers must specify the purposes, manners and scopes of information collection and uses, obtain consent of the relevant citizens, and keep the collected personal information confidential. Telecommunication business operators and Internet service providers are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. Telecommunication business operators and Internet service providers are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss.

On December 29, 2011, the MIIT promulgated the Several Provisions on Regulation of the Order of Internet Information Service Market (《規範互聯網信息服務市場秩序若干規定》), which became effective on March 15, 2012. The Provisions stipulate that without the consent of users, internet information service providers shall not collect information relevant

REGULATIONS

to the users that can lead to the recognition of the identity of the users independently or in combination with other information (hereinafter referred to as “personal information of users”), nor shall they provide personal information of users to others, unless otherwise provided by laws and administrative regulations. The Provisions also requires that internet information service providers shall properly keep the personal information of users; if the preserved personal information of users is divulged or may possibly be divulged, internet information service providers shall immediately take remedial measures; where such incident causes or may cause serious consequences, they shall immediately report the same to the telecommunications administration authorities that grant them with the internet information service license or filing and cooperate in the investigation and disposal carried out by relevant departments. Failure to comply with such requirements may result in a fine between RMB10,000 and RMB30,000 and an announcement to the public. According to the PRC Cybersecurity Law, network operator shall not collect personal information irrelevant to the services it provides or collect or use personal information in violation of the provisions of laws or agreements between both parties.

On May 8, 2017, the Supreme People’s Court and the Supreme People’s Procuratorate released the 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 Citizens’ Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), or the Interpretations, effective from June 1, 2017. The Interpretations clarify several concepts regarding the crime of “infringement of citizens’ personal information” stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including “citizen’s personal information”, “provision”, and “unlawful acquisition”. Also, the Interpretations specify the standards for determining “serious circumstances” and “particularly serious circumstances” of this crime.

On January 23, 2019, the Office of the Central Cyberspace Affairs Commission, the MIIT, the MPS, and the SAMR jointly issued an Announcement of Launching Special Crackdown Against Illegal Collection and Use of Personal Information by Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》) to implement special rectification works against mobile Apps that collect and use personal information in violation of applicable laws and regulations, where business operators are prohibited from collecting personal information irrelevant to their services, or forcing users to give authorization in disguised manner.

On November 28, 2019, the CAC, the MIIT, the MPS and the SAMR jointly issued the Methods of Identifying Illegal Acts of Apps to Collect and Use Personal Information (《App違法違規收集使用個人信息行為認定方法》), effective on the same date. This regulation further specifies certain illegal practices of Apps operators in terms of personal information protection, including “failure to publicize rules for collecting and using personal information”, “failure to expressly state the purpose, manner and scope of collecting and using personal information”, “collection and use of personal information without consent of users of such App”, “collecting personal information irrelevant to the services provided by such App in

REGULATIONS

violation of the principle of necessity”, “provision of personal information to others without users’ consent”, “failure to provide the function of deleting or correcting personal information in accordance with the law” and “failure to disclose information for complaints and reporting”.

On March 12, 2021, the MIIT, the CAC, the MPS and the SAMR jointly promulgated 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》), effective on May 1, 2021, which specifies that the scope of necessary personal information for job hunting and recruitment applications includes mobile phone numbers of registered users and resume provided by job seekers.

The Data Security Law specifies that the scope of the data almost includes all information records generated from every aspect of production, operation and management during the process of digital transformation of government affairs and enterprises, and requires that data shall be collected legally and properly and shall not be acquired by theft or other illegal means. An entity conducting data processing activities shall establish a sound data security management system throughout the whole process, organize data security education and training and take technical measures and other necessary measures to ensure the security of the information. In addition, data processing activities carried out through the Internet or any other information network shall be conducted on the basis of the graded protection system for cybersecurity. Risk monitoring shall be strengthened when data processing activities are conducted, and remedial measures shall be taken immediately upon discovery of any data security defect or bug. In case of data security incidents, disposal measures shall be taken immediately, users shall be timely notified in accordance with the relevant provisions and reports shall be made to the relevant competent authorities.

On August 20, 2021, the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), or the PIPL, was passed by the SCNPC and became effective on November 1, 2021. The PIPL consolidates rules with respect to personal information rights and privacy protection and specifies the protection requirements for processing personal information and rules for processing sensitive personal information. The personal information of an individual shall be processed on the basis of having the consent of the data subject concerned or on some other legitimate basis. Only where there is a specific purpose and sufficient necessity, and under circumstances where strict protection measures are taken, may personal information processors process sensitive personal information. The processing of sensitive personal information of an individual shall be subject to the individual’s separate consent. Personal information processors shall be subject to the liability for personal information processing activities, and adopt necessary measures to safeguard the security of the personal information. Otherwise, the personal information processors will be subject to orders of the regulatory authorities to rectify their operations, suspend or terminate the provision of services, or confiscation of illegal income, fines or other penalties. For example, we provide services to many individual users who may upload personal information to our platform, which may be deemed to be sensitive personal information under the PIPL. The PIPL also strengthens the supervision of automatic decision making to protect the rights of individuals to obtain fair transaction terms and to strengthen the supervision of mobile

REGULATIONS

applications, including: (i) requiring transparency, fairness and impartiality; (ii) banning automatic decision making that impose unreasonable preferential treatment on individuals in terms of transaction prices and other transaction conditions; (iii) setting forth individuals' right to opt out of automatic decision making; (iv) setting forth individuals' right to receive explanation of the process which could have significant impact on individuals' rights and interests and the right to not be subject to decisions based solely on automated processing when such decisions have significant impact on the individual. The processors using personal information for automatic decision making must ensure the transparency of the decision-making and fairness and impartiality of the results, and the automatic decision making must not be used to impose unreasonable differential treatment on individuals in terms of transaction prices and other transaction conditions. If the automatic decision making is used for information pushing or commercial marketing to individuals, processors must provide individuals with options that are not based on the individuals' personal characteristics, or convenient methods for the individuals to refuse such commercial marketing or information pushing. Such options may include, for example, providing a tab on the user interface to disable information pushing with one click, so that users do not have to receive information feed customized based on his or her personal characteristic features. In addition, if such decisions significantly affect the rights and interests of an individual, the individual can request processors to give explanations or refuse to accept the processors making decisions solely based on automatic decision making. We have explicitly informed our users of the basic principles and main operational mechanisms of our automatic decision making through the disclosure on our online platforms, and users' informed consent is obtained through the privacy policy. The basic principles and main operational mechanisms refer to our policies on automatic decision making which explicitly explain the factors and types of information we use for automatic decision making, the logic involved in such decision-making process, the likely outcome when users opt-out of the automatic decision making process and the handling procedures of users' complaint. We've provided users with a convenient option to switch off personalized recommendation services. When users choose to opt out the service, we immediately cease providing related services. As of the date of this document, we have not applied the algorithm recommendation technology prohibited or restricted by applicable laws and regulations to provide internet information services. During the Track Record Period, the regulatory requirement on automatic decision marking had no material impact on our business operations.

REGULATIONS RELATING TO ADVERTISEMENT

All commercial advertising activities for direct or indirect introduction of products or services promoted by product business operators or service providers via a certain medium and in a certain form within the territory of PRC are applied to the PRC Advertising Law (《中華人民共和國廣告法》), promulgated by the SCNPC on October 27, 1994 and as last amended and effective on April 29, 2021, which requires advertisers, advertising operators and advertising distributors to ensure that the content of the advertisements they produce or distribute are true and in full compliance with applicable laws and regulations and the content of the advertisement shall not contains the prohibited information including but not limited to (i) information harm the dignity or interests of the State or divulge the secrets of the State, (ii)

REGULATIONS

information contain wordings such as “national level”, “highest level” and “best”, (iii) information contain ethnic, racial, religious, sexual discrimination. In addition, where a special government review is required for certain categories of advertisements before publishing, the advertisers, advertising operators and advertising distributors are obligated to confirm that such review has been duly performed and that the relevant approval has been obtained. Without prior consent or request, the advertisers, advertising operators and advertising distributors shall not deliver advertisement to any person’s accommodation or transportation. If the advertisers, advertising operators and advertising distributors display any pop-up advertisement, they shall show the close button clearly to make sure that the viewers can close the advertisement upon one-click. Violations of these regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information. For serious violations, the SAMR, or its local branches may order the violator to terminate its advertising operations or even revoke its business license. Furthermore, advertisers, advertising operators or advertising distributors may be subject to civil liabilities if they infringe on the legal rights and interests of third parties.

Furthermore, the Interim Measures for Administration of Internet Advertising (《互聯網廣告管理暫行辦法》), or the Internet Advertisement Measures, adopted by the SAIC (currently known as the SAMR), and became effective on September 1, 2016, regulates any advertisement published on the Internet, including but not limited to, through websites, webpage and APPs, in the form of word, picture, audio and video and provides more detailed guidelines to the advertisers, advertising operators and advertising distributors. According to the Internet Advertisement Measures, Internet information service providers must stop any person from using their information services to publish illegal advertisements if they are aware of, or should reasonably be aware of, such illegal advertisements even though the Internet information service provider merely provides information services and is not involved in the Internet advertisement businesses.

In addition, according to the Provisions on Talent Market Administration (《人才市場管理規定》), the Talent Intermediary Services agencies are prohibited from publishing fake recruitment advertisement and violations would lead to penalties under the PRC Advertising Law, which includes fines, prohibition from advertising for a period of time or revocation of business licenses.

On November 1, 2021, the MIIT promulgated the Notice of the Ministry of Industry and Information Technology on Launching the Action for Improvements to the Perception of Information and Communications Services (《工業和信息化部關於開展信息通信服務感知提升行動的通知》), or the MIIT Notice. Under the MIIT Notice, internet enterprises shall set obvious and effective close buttons in the splash ads of their APPs.

REGULATIONS

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Regulations on Patents

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》), or the Patent Law, which was issued by the SCNPC on March 12, 1984, and last revised on October 17, 2020 and became effective as of June 1, 2021, the State Intellectual Property Office is responsible for managing patent work of the whole nation. The patent management departments of the people's governments of each province, autonomous region and municipality directly under the central government are responsible for the patent management in their respective administrative regions. Chinese patent system adopts the principle of "prior application", i.e. where two or more applicants file applications for patent for the identical invention or creation respectively, the patent right shall be granted to the applicant whose application was filed first. If one wishes to file application for patent for invention or utility models, the following three standards must be met: novelty, creativity and practicability. The validity period of a patent for invention is 20 years, the validity period of utility models is 10 years, and the validity period of the design is 15 years. Others may use the patent after obtaining the permit or proper authorization of the patent holder, otherwise such behavior will constitute an infringing act of the patent right.

Regulations on Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》), or the Trademark Law, which was promulgated by the SCNPC on August 23, 1982 and last amended on April 23, 2019 and came into effect on November 1, 2019, the Implementation Regulations of the Trademark Law of PRC (《中華人民共和國商標法實施條例》) which was issued by the State Council on August 3, 2002 and last amended on April 29, 2014, and went into effect on May 1, 2014. The Trademark Office under the China National Intellectual Property Administration, or the Trademark Office, shall handle trademark registrations and grant a term of ten years to registered trademarks, which may be renewed for additional ten year period upon request from the trademark owner. The Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Where an application for trademark for which application for registration has been made is identical or similar to another trademark which has already been registered or is under 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. Any person applying for the registration of a trademark may not prejudice the existing right of others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use. A trademark registrant may, by entering into a trademark licensing contract, license another party to use its registered trademark. Where another party is licensed to use a registered trademark, the licensor shall report the license to the Trademark Office for recordation, and the Trademark Office shall publish it. An unrecorded license may not be used as a defense against a third party in good faith.

REGULATIONS

Regulations on Copyrights

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990 and last amended on November 11, 2020 and became effective as of June 1, 2021, Chinese citizens, legal persons or other entities 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. Copyright holders can enjoy multiple rights, including the right of publication, the right of authorship and the right of reproduction.

Pursuant to the Regulation on Computers Software Protection (《計算機軟件保護條例》) promulgated on June 4, 1991 by the State Council and last amended on January 30, 2013 and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated in 1992 and last amended by the National Copyright Administration on February 20, 2002, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Regulations on Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by MIIT on August 24, 2017 and became effective on November 1, 2017, domain name shall refer to the character mark of hierarchical structure, which identifies and locates a computer on the Internet and corresponds to the Internet Protocol address of that computer. The MIIT supervises and administers the domain name services in the PRC. The registration for domain names such as the first-tier domain name “.cn” follows the principle of “first application, first registration”. An applicant for registration of domain name shall provide information for the registration of domain name such as the true, accurate and complete information on the identity of the domain name holder to the domain name registration service authority. After completion of the registration procedures, the applicant will become the holder of the relevant domain name. Any registration and use of domain names by organizations and individuals shall abide by the requirements of the Measures for the Administration of Internet Domain Names, and any registrations and uses of domain names in breach of the said Measures constitutes an offence and is subject to criminal liability.

REGULATIONS RELATING TO FOREIGN EXCHANGE

Regulations on Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations (《中華人民共和國外匯管理條例》), as last amended on August 5, 2008, or the FEA Regulations. Pursuant to the FEA Regulations, international

REGULATIONS

payments in foreign exchange and the transfer of foreign exchange under the current account items shall not be subject to any state control or restriction when complying with certain procedural requirements. In contrast, the conversion of RMB into foreign currencies and remittance of the converted foreign currency outside the PRC for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires prior approval from SAFE or its local branches.

According to the Circular of SAFE on Further Improving and Adjusting the Foreign Exchange Policies on 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》) and its appendix, the Operating Rules for Foreign Exchange Issues with Regard to Direct Investment under Capital Account (《資本項目直接投資外匯業務操作指引》), promulgated by the SAFE on November 19, 2012 and last amended on December 30, 2019, foreign exchange control measures related to foreign direct investment are improved, such as (i) the open of and payment into the foreign exchange account related to direct investment are no longer subject to approval by SAFE; (ii) reinvestment with legal income of foreign investors in China is no longer subject to approval by SAFE; (iii) purchase and external payment of foreign exchange related to foreign direct investment are no longer subject to approval by SAFE. Later, on February 13, 2015, SAFE issued the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of 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 Circular 13, effective from June 1, 2015, providing that the bank, instead of SAFE, can directly handle the foreign exchange registration and approval for foreign direct investment and SAFE and its branches.

SAFE released the Notice of the SAFE on Reforming the Mode of Management of 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, on March 30, 2015, which came into force on June 1, 2015. Under SAFE Circular 19, a foreign invested enterprise, within the registered scope of business, may settle their foreign exchange capital following a principal of authenticity on a discretionary basis according to the actual needs of their business operation, and the RMB capital so converted can be used for equity investments within the PRC, which will be regarded as the reinvestment of foreign-invested enterprise, provided that such foreign invested enterprises are not registered as an enterprises mainly engaged in investment business, including foreign investment companies, foreign funded venture capital enterprises and foreign funded equity investment enterprises. The RMB converted from the foreign exchange capital will be kept in a designated account and is not allowed to be used directly or indirectly for purposes beyond its business scope or used to provide RMB entrusted loans (unless permitted within its registered business scope), repayment of inter-company loans (including third-party advances), and repayment of bank RMB loans that have been re-loaned to third parties, and other uses expressly forbidden under SAFE Circular 19.

The Circular of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or the SAFE Circular 16, was promulgated by the SAFE and became effective on June 9, 2016. According to the SAFE Circular 16, enterprises registered

REGULATIONS

in PRC may also convert their foreign debts from foreign currency into RMB on self-discretionary basis. The SAFE Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on self-discretionary basis, which applies to all enterprises registered in the PRC. The SAFE Circular 16 reiterates the principle that RMB converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope and may not be used for investments in securities or other investment excluding banks' principal-secured financing products within the PRC unless otherwise specifically provided. Besides, the converted RMB shall not be used to make loans for non-affiliated enterprises unless it is permitted within the business scope or to build or to purchase any real estate that is not for the enterprise's own use unless it is a real estate enterprise.

On October 23, 2019, SAFE issued the Notice by the SAFE of Further Facilitating Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), or SAFE Circular 28, which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in China, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), or Circular 8, issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct spot checking in accordance with the relevant requirements. The interpretation and implementation in practice of SAFE Circular 28 and Circular 8 are still subject to substantial uncertainties given they are newly issued regulations.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents

On July 4, 2014, SAFE issued the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or SAFE Circular 37, to regulate foreign exchange matters in relation to the use of Special Purpose Vehicles, or SPVs, by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in China.

REGULATIONS

Pursuant to SAFE Circular 37, an SPV refers to an overseas enterprise directly formed or indirectly controlled for investment or financing purposes by a domestic resident (domestic institution or domestic individual resident) with the assets or interests it legally holds overseas or in a domestic enterprise, while “round trip investment” refers to the direct investments made in China by domestic residents directly or indirectly through SPVs, namely, the behavior of establishing foreign invested enterprises or projects in China by formation, acquisition, merger, or any other means, and acquiring interests, such as ownership, control, or operating right, in them. SAFE Circular 37 provides that, before making contribution into an SPV, PRC residents are required to complete foreign exchange registration with SAFE or its local branch according to SAFE Circular 37 and applicable currently effective SAFE regulations. According to the SAFE Circular 13, local banks, instead of SAFE, will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration.

Failure to comply with the registration procedures set forth in SAFE Circular 37 and the subsequent notice, or making misrepresentation on or failure to disclose controllers of the foreign invested enterprise that is established through round-trip investment, may result in restrictions imposed on the foreign exchange activities of the relevant foreign invested enterprise, including payment of dividends and other distributions, such as proceeds from any reduction in capital, share transfer or liquidation, to its offshore parent or affiliate, and the capital inflow from the offshore parent, and may also subject relevant PRC residents or entities to penalties under PRC foreign exchange administration regulations.

We have used our best efforts to notify PRC residents (domestic institution or domestic individual resident) who directly or indirectly hold shares in our Cayman Islands holding company and who are known to us as being PRC residents to complete the foreign exchange registrations. However, we may not at all times be fully aware or informed of the identities of all our shareholders or beneficial owners, and we cannot compel them to comply with SAFE registration requirements. See “Risk factors—Risks Relating to Doing Business in China—PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries’ ability to increase their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC law.”

Regulations on Stock Incentive Plans

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the SAFE Circular 7, issued by SAFE on February 15, 2012, employees, directors, supervisors and other senior management participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. Failure to

REGULATIONS

complete the SAFE registrations may subject them to fines and legal sanctions and may also limit their ability to contribute additional capital into their wholly foreign owned subsidiaries in China and limit these subsidiaries' ability to distribute dividends to them. The domestic agents shall, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC established by the domestic agents before distribution to such PRC residents. In addition, the domestic agents shall quarterly submit the form for record-filing of information of the Domestic Individuals Participating in the Stock Incentive Plans of Overseas Listed Companies with SAFE or its local branches. Our stock incentive plan has been registered with the Sanya branch of SAFE through Hainan Huapin Borui Network Technology Co., Ltd. as the domestic agent under the SAFE Circular 7. In addition, the domestic agents are required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan.

In addition, the SAT has issued circulars concerning stock incentive plan including share option and restricted shares, under which the income derived from such stock incentive plan by our employees who are PRC resident individuals under PRC Individual Income Tax Law (2018 Revision) will be subject to PRC individual income tax. Our PRC subsidiaries and VIE have obligations to file documents related to such stock incentive plan with relevant tax authorities and to withhold individual income taxes of those employees for their income derived from the stock incentive plan. If our employees fail to pay or if we fail to withhold their income taxes as required by relevant laws and regulations, we may face sanctions imposed by the PRC tax authorities or other PRC Government Authorities.

REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

The principal laws, rules and regulations governing dividend distributions by foreign-invested enterprises in the PRC are the Company Law and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is required to allocate at least 10% of their respective accumulated after-tax profits each year, if any, to fund certain capital reserve funds until the aggregate amount of these reserve funds have reached 50% of the registered capital of the enterprises. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

REGULATIONS

REGULATIONS ON OVERSEAS OFFERING AND LISTING

On July 6, 2021, the relevant PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》), which emphasizes the need to strengthen the administration over illegal securities activities and the supervision on overseas listed Chinese companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems as well as amendments to relevant regulations to deal with the risks and incidents faced by overseas listed Chinese companies.

On December 24, 2021, the CSRC issued the draft Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》), or the Draft Provisions, and the draft Administration Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》), or the Draft Administration Measures together with the Draft Provisions, the “Draft Overseas Listing Regulations”, for public comments. The Draft Overseas Listing Regulations require that PRC domestic companies which directly or indirectly seek to offer and list their securities in an overseas market, including a PRC company limited by shares and an offshore company whose main business operations are in China and intends to offer securities and be listed in an overseas market based on its onshore equities, assets, incomes or other similar interests, are required to file with the CSRC within three business days after submitting their application documents. Failure to complete the filing under the Draft Provision may subject a PRC domestic company to a warning and a fine of RMB1 million to RMB10 million. In the event of a serious violation of such provisions, the PRC domestic company may be ordered to discontinue the related business or suspend its operations for rectification, and its permits or business licenses may be revoked. The controlling shareholders, actual controllers, directors, supervisors and senior executives of the PRC domestic companies may be given a warning and be separately or concurrently subject to a fine of not less than RMB500,000 but not more than RMB5 million. The Draft Administration Measures also set forth certain circumstances where overseas offerings and listings by domestic enterprises shall be prohibited, including overseas offerings and listings that (i) are explicitly prohibited by specific laws and regulations, or (ii) constitute threat to or endanger national security and involve material ownership disputes, where (i) the PRC domestic companies, their controlling shareholder or actual controller are involved in certain criminal offences, or (ii) the directors, supervisors and senior management of the issuer are involved in certain criminal offences or subject to administrative penalties. As of the date of this document, it is still uncertain when the final versions of these new provisions and measures will be issued and take effect, how they will be enacted, interpreted or implemented, and whether they will affect us.

If the Draft Overseas Listing Regulations become effective in their current form before the Listing, our PRC Legal Adviser is of the view that we may be required to complete the filing procedures with the CSRC in connection with this Listing. Based on the facts that (i) as of the Latest Practicable Date, (a) we had not received any decision, inquiry, notice, warning or sanction from competent authorities stating that the Listing will threaten or endanger

REGULATIONS

national security; (b) we had not been involved in any material ownership disputes, such as those relating to the equity, major assets and key technologies; (c) none of us, our Controlling Shareholders or ultimate controllers had committed any crime of corruption, bribery, appropriation or misappropriation of property, or disturbance of the order of the socialist market economy in the past three years; (d) none of us, our Controlling Shareholders or ultimate controllers were involved in any investigation due to criminal behaviors or material non-compliance in the past three years; and (e) none of our directors, supervisors, senior management had been imposed any serious administrative penalty or were involved in investigation due to any criminal behaviors or material non-compliance under the PRC laws in the past three years; and (ii) we will continuously pay close attention to the Draft Overseas Listing Regulations and other legislative and regulatory development in overseas listing, and implement all necessary measures in a timely manner to ensure continuous compliance with relevant laws and regulations, our PRC Legal Adviser does not foresee any material impediment for us to comply with the Draft Overseas Listing Regulations, or any material legal impediment for us to complete the filing with the CSRC in all material respects. Further, our PRC Legal Adviser advises that the Draft Overseas Listing Regulations do not raise additional compliance requirements for the business operations of PRC domestic companies and allow PRC domestic companies with a VIE structure which comply with applicable PRC laws and regulations to conduct overseas offerings and listings. During the Track Record Period and up to the Latest Practicable Date, we had not received any decisions, inquiries, notices, warnings, sanctions, or any other concerns from any PRC authorities (including the CSRC) with respect to our listing plan or VIE structure. Based on the above, our Directors and our PRC Legal Adviser do not foresee the Draft Overseas Listing Regulations to have any material adverse impact on our business operations, Contractual Arrangements and the Listing if they become effective in their current forms and are of the view that the Contractual Arrangements are expected to remain compliant after the Draft Overseas Listing Regulations come into effect in their current form. Solely based on such due diligence conducted by the Joint Sponsors (including but not limited to discussing with the PRC legal advisers of the Company and the Joint Sponsors, conducting expert due diligence with the PRC Legal Adviser and reviewing the legal opinion of the PRC Legal Adviser with assistance of the Joint Sponsors' PRC legal advisers), and taking into account the uncertainties with respect to the enactment timetable, final content, interpretation and implementation as discussed above, nothing has come to the attention of the Joint Sponsors that would reasonably cause the Joint Sponsors to disagree with (i) the PRC Legal Adviser's view that the Draft Overseas Listing Regulations do not raise additional compliance requirements for the business operations of PRC domestic companies and allow PRC domestic companies with a VIE structure which comply with applicable PRC laws and regulations to conduct overseas offerings and listings, and (ii) the Directors' and the PRC Legal Adviser's view that it is not foreseen that the Draft Overseas Listing Regulations have any material adverse impact on the Group's business operations, Contractual Arrangements and the Listing if Draft Overseas Listing Regulations become effective in their current forms.

REGULATIONS

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

Regulations on Employment

The major PRC laws and regulations that govern employment relationship are the PRC Labor Law (《中華人民共和國勞動法》), or the Labor Law, promulgated by the SCNPC on July 5, 1994, came into effect on January 1, 1995 and last revised on December 29, 2018, and the PRC Labor Contract Law (《中華人民共和國勞動合同法》), or the Labor Contract Law, promulgated by the SCNPC on June 29, 2007 and became effective on January 1, 2008, and then amended on December 28, 2012 and became effective on July 1, 2013, and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), issued by the State Council on September 18, 2008 and came into effect on the same day. According to the aforementioned laws and regulations, labor relationships between employers and employees must be executed in written form. The laws and regulations above impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. As prescribed under the laws and regulations, employers shall ensure its employees have the right to rest and the right to receive wages no lower than the local minimum wages. Employers must establish a system for labor safety and sanitation that strictly abide by state standards and provide relevant education to its employees. Violations of the Labor Contract Law and the Labor Law may result in the imposition of fines and other administrative liabilities and/or incur criminal liabilities in the case of serious violations.

Regulations on Social Insurance and Housing Fund

According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》), which was issued by the SCNPC on October 28, 2010 and came into effect on July 1, 2011 and was last revised on December 29, 2018, enterprises and institutions in the PRC shall provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, occupational injury insurance, medical insurance and other welfare plans. The employer shall apply to the local social insurance agency for social insurance registration within 30 days from the date of its formation. And it shall, within 30 days from the date of employment, apply to the social insurance agency for social insurance registration for the employee. Any employer who violates the regulations above shall be ordered to make correction within a prescribed time limit; if the employer fails to rectify within the time limit, the employer and its directly liable person will be fined. Meanwhile, the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), issued by the State Council on January 22, 1999 and came into effect on the same day and was recently revised on March 24, 2019, prescribes the details concerning the social securities.

Apart from the general provisions about social insurance, specific provisions on various types of insurance are set out in the Regulation on Work-Related Injury Insurance (《工傷保險條例》), issued by the State Council on April 27, 2003, came into effect on January 1, 2004 and revised on December 20, 2010, the Regulations on Unemployment Insurance (《失業保險條例》), issued by the State Council on January 22, 1999 and came into effect on the same day,

REGULATIONS

the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), issued by the Ministry of Labor (currently known as MOHRSS) on December 14, 1994 and came into effect on January 1, 1995. Enterprises subject to these regulations shall provide their employees with the corresponding insurance.

According to the Regulation Concerning the Administration of Housing Provident Fund (《住房公積金管理條例》), implemented since April 3, 1999 and last amended on March 24, 2019, any newly established entity shall make deposit registration at the housing accumulation fund management center within 30 days as of its establishment. After that, the entity shall open a housing accumulation fund account for its employees in an entrusted bank. Within 30 days as of the date an employee is recruited, the entity shall make deposit registration at the housing accumulation fund management center and seal up the employee's housing accumulation fund account in the bank mentioned above within 30 days from termination of the employment relationship.

Any entity that fails to make deposit registration of the housing accumulation fund or fails to open a housing accumulation fund account for its employees shall be ordered to complete the relevant procedures within a prescribed time limit. Any entity failing to complete the relevant procedure within the time limit will be fined RMB10,000 to RMB50,000. Any entity fails to make payment of housing provident fund within the time limit or has shortfall in payment of housing provident fund will be ordered to make the payment or make up the shortfall within the prescribed time limit, otherwise, the housing provident management center is entitled to apply for compulsory enforcement with the People's Court. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material shortfalls in relation to the contributions to social insurance and housing provident funds.

REGULATIONS RELATING TO TAX

Regulations on Dividend Withholding Tax

The Enterprise Income Tax Law of PRC (《中華人民共和國企業所得稅法》), or the EIT Law, was promulgated by the NPC on March 16, 2007, became effective on January 1, 2008 and last amended on December 29, 2018. According to EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》), or the Implementing Rules, which was issued on December 6, 2007, became effective on January 1, 2008 and further amended on April 23, 2019, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign enterprise investors are subject to a 10% withholding tax, unless any such foreign enterprise investor's jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement. According to the Notice of the SAT on Negotiated Reduction of Dividends and Interest Rates (《國家稅務總局關於下發協定股息稅率情況一覽表的通知》) issued on January 29, 2008 and revised on February 29, 2008, and the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and 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稅和防止偷漏稅的安排》), or Double Tax Avoidance Arrangement, which

REGULATIONS

was issued by SAT on August 21, 2006 and were subsequently amended in 2008, 2011, 2016 and 2019, the withholding tax rate in respect of the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise and certain other conditions are met, including: (i) the Hong Kong enterprise must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (ii) the Hong Kong enterprise must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) issued and became effective on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Announcement on Certain Issues with Respect to the “Beneficial Owner” in Tax Treaties (《關於稅收協定中“受益所有人”有關問題的公告》) issued by the SAT on February 3, 2018 and became effective on April 1, 2018, if an applicant’s business activities do not constitute substantive business activities, it could result in the negative determination of the applicant’s status as a “beneficial owner”, and consequently, the applicant could be precluded from enjoying the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

Regulations on Enterprise Income Tax

The EIT Law and the Implementing Rules impose a uniform 25% enterprise income tax rate to both foreign-invested and domestic enterprises, except where tax incentives are granted to special industries and projects. Among other tax incentives, the preferential tax treatment continues as long as an enterprise can retain its “High and New Technology Enterprise” status.

Under the EIT Law, an enterprise established outside China with “de facto management bodies” within China is considered a “resident enterprise” for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. The Notice Regarding the Determination of PRC-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), which was promulgated by the SAT on April 22, 2009, became effective on January 1, 2008 and last amended on December 29, 2017, and the Announcement of the State Administration of Taxation on Issues concerning the Determination of Resident Enterprises Based on the Standards of Actual Management Institutions (《關於依據實際管理機構標準實施居民企業認定有關問題的公告》), which was issued by SAT on January 29, 2014 and became effective on the same date, set out the standards used to classify certain PRC invested enterprises controlled by PRC enterprises or PRC enterprise groups and established outside of China as “resident enterprises”, which also clarified that dividends and other income paid by such PRC “resident enterprises” will be considered PRC source income and subject to PRC withholding tax, currently at a rate of 10%, when paid to non PRC enterprise shareholders. This notice also subjects such PRC “resident enterprises” to various reporting requirements with the

REGULATIONS

PRC tax authorities. Under the Implementing Rules, a “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise.

Bulletin on Issues Concerning the Withholding of Non-PRC Resident Enterprise Income Tax at Source (《關於非居民企業所得稅源泉扣繳有關問題的公告》), or SAT Bulletin 37, was issued by the SAT on October 17, 2017, and became effective on December 1, 2017. SAT Bulletin 37 replaced the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises (《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》), issued by the SAT on December 10, 2009 and became effective on January 1, 2008, and partially replaced and supplemented the rules under the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), or SAT Bulletin 7, issued by the SAT, on February 3, 2015 and became effective on the same date. Under SAT Bulletin 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. In respect of an indirect offshore transfer of assets of a PRC establishment, the relevant gain is to be regarded as effectively connected with the PRC establishment and therefore included in its enterprise income tax filing, and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to the real properties in China or to equity investments in a PRC resident enterprise, which is not effectively connected to a PRC establishment of a non-resident enterprise, a PRC enterprise income tax at 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments bears the withholding obligation. Pursuant to SAT Bulletin 37, the withholding party shall declare and pay the withheld tax to the competent tax authority in the place where such withholding party is located within 7 days from the date of occurrence of the withholding obligation. Both SAT Bulletin 37 and SAT Bulletin 7 do not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired from a transaction through a public stock exchange.

Regulations on Value-added Tax

The Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), or the VAT Regulations, were promulgated by the State Council on December 13, 1993 and came into effect on January 1, 1994, and were subsequently amended in 2008, 2016 and 2017. The Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (Revised in 2011) (《中華人民共和國增值稅暫行條例實施細則(2011年修訂)》) was promulgated by the MOF, on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011, and together with the VAT Regulations, the VAT Law. The PRC State Council approved, and the SAT and the MOF officially launched a pilot value-added tax reform program starting from January 1, 2012, or the Pilot Program, applicable

REGULATIONS

to businesses in selected industries. Businesses in the Pilot Program would pay value-added tax instead of business tax. The Pilot Program was initiated in Shanghai, then further applied to ten additional regions such as Beijing and Guangdong province. On November 19, 2017, the State Council promulgated the Decisions on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations of the PRC on Value-added Tax (《關於廢止〈中華人民共和國營業稅暫行條例〉和修改〈中華人民共和國增值稅暫行條例〉的決定》), or the Order 691, which became effective on the same date. According to the VAT Law and Order 691, all enterprises and individuals engaged in the sales of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real properties and the importation of goods within the territory of the PRC are the taxpayers of VAT. The VAT tax rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%.

On April 4, 2018, Adjustment to Value-added Tax Rates (《關於調整增值稅稅率的通知》), or the SAT Bulletin 32, was promulgated by MOF and SAT, which came into effect on May 1, 2018. According to SAT Bulletin 32, the VAT tax rates of 17% and 11% are changed to 16% and 10%, respectively. On March 20, 2019, the MOF, SAT and General Administration of Customs jointly promulgated the Announcement on Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》), or Notice 39, which came into effect on April 1, 2019. Notice 39 further changes the VAT tax rates of 16% and 10% to 13% and 9%, respectively.

REGULATIONS RELATING TO ANTI-MONOPOLY

The SCNPC promulgated the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》), or the Anti-Monopoly Law, on August 30, 2007, which came into effect on August 1, 2008 and last amended on June 24, 2022, reiterates that monopolistic conduct such as entering into monopoly agreements, abuse of dominant market position and concentration of undertakings that have the effect of eliminating or restricting competition are prohibited. Furthermore, a business operator with a dominant market position may not abuse such position to conduct acts such as selling commodities at unfairly high prices or purchasing commodities at unfairly low prices, selling products at prices below cost without any justifiable cause, and refusing to trade with a trading party without any justifiable cause. Sanctions for the violations of the prohibition on the abuse of dominant market position include an order to cease the relevant activities, confiscation of the illegal gains and fines (from 1% to 10% of sales revenue from the previous year). On August 3, 2008, the State Council issued the Provisions of the State Council on the Thresholds for Declaring Concentration of Business Operators (《國務院關於經營者集中申報標準的規定》), which became effective on the same date, and last amended and took effective on September 18, 2018. Pursuant to the Anti-Monopoly Law and such Provisions, when a concentration of undertakings occurs and reaches any of the following thresholds, the undertakings concerned shall file a prior notification with the Anti-Monopoly agency (i) the total global turnover of all operators participating in the transaction exceeded RMB10 billion in the preceding fiscal year and at least two of these operators each had a turnover of more than RMB400 million within China in the preceding fiscal year, or (ii) the total turnover within China of all the operators participating in the concentration exceeded

REGULATIONS

RMB2 billion in the preceding fiscal year, and at least two of these operators each had a turnover of more than RMB400 million within China in the preceding fiscal year are triggered, and no concentration shall be implemented until the Anti-Monopoly agency clears the Anti-Monopoly filing. “Concentration of undertakings” means any of the following: (i) merger of undertakings; (ii) acquisition of control over another undertaking by acquiring equity or assets; or (iii) acquisition of control over, or exercising decisive influence on, another undertaking by contract or by any other means.

On June 26, 2019, the SAMR issued the Interim Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為暫行規定》), which took effect on September 1, 2019 and last amended on March 24, 2022, to further prevent and prohibit the abuse of dominant market positions. On February 7, 2021, the Anti-monopoly Commission of the State Council published the Guidelines on Anti-Monopoly Issues in Platform Economy (《關於平台經濟領域的反壟斷指南》), or the Platform Economy Anti-Monopoly Guidelines, which took effect on the same date. The Platform Economy Anti-Monopoly Guidelines set out detailed standards and rules in respect of definition of relevant markets, typical types of cartel activity and abusive behavior by the operators of Internet platform with market dominance, as well as merger control review procedures, which provide further guidelines for enforcement of Anti-Monopoly laws regarding online platform operators.