REGULATIONS ON CORPORATION

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》) (the "**PRC Company Law**"), which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") in December 1993 and further amended in December 1999, August 2004, October 2005, December 2013, October 2018 and December 2023, respectively. The latest amendment is effective since July 2024. According to the PRC Company Law, companies are generally classified into two categories: limited liability companies and companies limited by shares. The PRC Company Law also applies to foreign-invested limited liability companies and companies limited by shares.

General

A "joint stock limited company" is an incorporated enterprise in China under the PRC Company Law with independent legal person properties and entitlements to such legal person properties and with its registered capital divided into shares of equal par value. The liability of the company for its debts is limited to all the properties it owns and the liability of its shareholders for the company is limited to the extent of the shares they subscribe for.

Shareholders' meetings

According to the PRC Company Law, a shareholders' meeting for a company limited by shares is constituted by all shareholders, functioning as the company's authoritative body.

A shareholders' meeting is required to be held once every year. An extraordinary meeting is required to be held within two months in case of certain events specified in the PRC Company Law.

Shareholders present at a shareholders' meeting have one vote for each share they hold, save that the company's shares held by the company are not entitled to any voting rights.

Resolutions of the shareholders' meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, except matters relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by at least two-thirds of the voting rights held by the shareholders present at the meeting.

The shareholders may appoint the entrusted representative to attend a shareholders' meeting; the entrusted representative shall submit a power of attorney to the company and exercise the voting rights within the scope of authorisation.

Audit Committee in lieu of Supervisory Board

A joint stock limited company may, under the articles of association, set up an audit committee composed of directors in the board of directors, which shall exercise the functions and powers of the board of supervisors as provided for in this Law. It may not have a board of supervisors or supervisors. The audit committee shall be composed of at least three members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments. Among the members of the board of directors of the company, an employees' representative may become a member of the audit committee.

A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote.

The discussion methods and voting procedures of the audit committee shall be prescribed in the articles of association, unless it is otherwise provided for by this Law. A company may set up other committees in the board of directors under the articles of association.

Transfer of shares

The shares held by the shareholder of a company may be transferred according to the law. Where the articles of association have any restriction on the transfer of shares, the transfer shall be carried out in accordance with the articles of association. Under the Company Law, a shareholder should affect a transfer of his shares on the stock exchange established in accordance with the law or by any other means as required by the State Council. The transfer of shares by a shareholder shall be conducted through legally established stock exchanges or other methods prescribed by the State Council. Following the transfer of shares, the company shall enter the names and domiciles of the transferee into its share register. The change of the register of members described in the preceding paragraph shall not be registered within 20 days before the convening of a shareholders' meeting or 5 days prior to the base date on which the company decides to distribute dividends. However, where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Pursuant to the Company Law, shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company's listing on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. Directors and senior management of the company shall declare to the company the shares they hold and the changes thereof during the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. They shall not transfer the shares they hold within one year of the date of the company's listing on the stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors and the senior management.

REGULATIONS ON FOREIGN INVESTMENT

On 15 March 2019, the National People's Congress (the "**NPC**") promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**FIL**"), which came into effect on 1 January 2020, pursuant to which, it is applicable to the investment activities in the PRC carried out directly or indirectly by foreign natural persons, enterprises or other organisations. The Implementation Rules to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》),which were promulgated by the State Council on 26 December 2019, and became effective on 1 January 2020, the state actively encourages and supports foreign investment, ensuring the protection of the lawful rights and interests of foreign investors. The administration of foreign investment is regulated to create an environment conducive to foreign investors. Continuous efforts are made to optimise the foreign investment environment, promoting a more open and inviting landscape for foreign participation at an elevated level. As confirmed by the PRC Legal Advisor, the Group's business is not under foreign investment restrictions.

On 30 December 2019, the MOFCOM and the State Administration for Market Regulation (the "**SAMR**") jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on 1 January 2020, pursuant to which, in the event that a foreign investor engages in investment activities in the PRC, either directly or indirectly, the market regulatory authorities are required to transmit the investment information provided by the foreign investor or the foreign-invested enterprise to the relevant competent commerce administrative authorities.

REGULATIONS ON PRODUCT QUALITY

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on 22 February 1993 and last revised on 29 December 2018, producers and sellers shall establish a sound internal product quality control system and strictly adhere to a job responsibility system in relation to quality standards and quality liabilities together with implementing corresponding examination and inspection measures. The counterfeiting or imitation of quality marks such as certification marks, falsifying the place of origin of products, and falsifying or imitating the name or address of another factory or adulteration of, or mixing of improper elements with products, passing off the sham as the genuine or passing off the inferior as the superior is prohibited.

REGULATIONS ON ADVERTISEMENT

According to the Advertising Law of the PRC (the "**Advertising Law**", 《中華人民共和國廣告法》) promulgated by the SCNPC on 27 October 1994 and most recently revised on 29 April 2021, no advertisement shall contain any false or misleading information, and shall not deceive or mislead consumers. Any advertiser, advertising agent or advertisement publisher shall, when engaging in advertising activities, comply with laws and administrative regulations, act in good faith, and conduct fair competition. In any advertisement, where there are statements regarding the performance, function, place of origin, purpose, quality, ingredients, price, producer, valid period and guarantees of the product, or the content, provider, form, quality, price and guarantees of the service, such statements shall be accurate, clear and explicit.

REGULATIONS ON MEDICAL DEVICES

According to the Regulation on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), which was promulgated by Decree No. 276 of the State Council of the People's Republic of China on 4 January 2000, most recently revised on 6 December 2024 and implemented on 20 January 2025, medical devices are subject to classified management based on their risk levels.

According to the Notice on the Management of Decorative Coloured Plano Contact Lenses as Medical Devices (《關於裝飾性彩色平光隱形眼鏡按照醫療器械管理有關工作的通知》) issued and implemented by the former State Food and Drug Administration on 27 February 2012, and the Notice on the Classification and Definition of Products such as Oxygen Flow Metres (《國家食品藥品監督管理局關於氧氣流量計等產品分類界定的通知》) issued by the former State Food and Drug Administration on 14 November 2003 and implemented on 1 June 2004, contact lenses (including decorative coloured plano contact lenses) and their lubricating solutions and care solutions are all managed as Class III Medical Devices. Class III medical devices are those that pose a higher risk and require special measures for strict control and management to ensure their safety and effectiveness.

Entities engaged in the distribution of Class III medical devices shall have business premises and storage conditions suitable for their business scale and scope, as well as quality management systems and quality management institutions or personnel compatible with the medical devices being distributed. The business entity shall apply for a Medical Device Business Licence (《醫療器械經營許可證》) from the drug regulatory department of the municipal people's government at the districted city level where it is located. The Medical Device Business Licence is valid for 5 years. To renew the licence upon expiration, the renewal procedures shall be handled in accordance with the relevant laws and regulations on administrative licencing.

In case of engaging in the production of Class III medical devices without approval or engaging in the business operations of Class III medical devices without approval, the drug regulatory authority shall confiscate the illegal gains, illegally produced or operated medical devices as well as the tools, equipment, raw materials and other articles that are used in the illegal production or operation; if the goods value of illegally produced or operated medical devices is less than 10,000 yuan, a fine of not less than 50,000 yuan but not more than 150,000 yuan shall be imposed; if the goods value is not less than 10,000 yuan, a fine of not less than 15 times but not more than 30 times of the goods value shall be imposed; if the circumstances are serious, the production or operation shall be ordered to be suspended, and the application for medical device permit filed by the relevant liable person or an entity shall not be accepted within 10 years; for the legal representative, principal, person directly in charge and other liable persons of the entity that violates the law, the income obtained from the entity during the period of illegal act shall be confiscated, a fine of not less than 30% but not more than 3 times of the income obtained from the entity shall be imposed on them, and they shall be prohibited from engaging in the production or business operation of medical devices for life.

REGULATIONS ON PROFESSIONAL EQUIPMENT AND PERSONNEL

According to the Measures for the Metrological Supervision of Eyeglasses Production and Fitting (《眼鏡製配計量監督管理辦法》) promulgated by the State Administration for Market Regulation (formerly the General Administration of Quality Supervision, Inspection and Quarantine) on 15 October 2003, released by the State Administration for Market Regulation on 29 September 2022, and officially effective on 1 November 2022 , operators engaged in eyeglasses production and fitting must comply with the Metrology Law of the People's Republic of China (《中華人民共和國計量法》).

Eyeglasses producers and fitters shall abide by the following provisions: (1) Comply with metrology laws, regulations, and rules, establish systems for metrological management in eyeglasses production/fitting and consumer rights protection, improve the metrological assurance system, and accept metrological supervision from market regulatory departments according to law. (2) Employ dedicated (or part-time) metrological management and professional technical personnel who have passed metrology professional knowledge training to be responsible for metrological work in eyeglasses production and fitting. (3) Measuring instruments subject to compulsory verification must be registered as required, reported to the local county-level market regulatory department for filing, and submitted to its designated metrological verification institution for periodic verification. If local verification is unavailable, apply to the metrological verification institution designated by the market regulatory department at the next higher level. (4) It is prohibited to use measuring instruments that have not been verified, are beyond the verification cycle, or have failed verification. (5) It is prohibited to use non-legal units of measurement in violation of regulations. (6) Fees for applying for verification of measuring instruments shall be paid according to the items and rates approved by the pricing authority.

Sellers of ophthalmic lenses, corneal contact lenses, and finished eyeglasses, as well as operators engaged in optometry for prescription, finished eyeglasses fitting, and corneal contact lens fitting, shall also abide by the following provisions: (1) Establish a sound measurement inspection and acceptance system for incoming and outgoing goods. (2) Equip metrological testing equipment suitable for sales and business operations, such as for optometry, pupillary distance, vertex power, transmittance, and thickness. (3) Operators engaged in corneal contact lens fitting shall also equip ophthalmic metrological testing equipment suitable for their business operations. (4) Ensure the accuracy and reliability of the metrological data issued for eyeglass products.

REGULATIONS ON CLINICS AND MEDICAL INSTITUTIONS

In accordance with the Notice on Issuing the Provisional Measures for the Filing Administration of Clinics (《關於印發<診所備案管理暫行辦法>的通知》), promulgated by the National Health Commission and the State Administration of Traditional Chinese Medicine on 20 December 2022, and which came into effect on 20 December 2022, and the Administrative Regulation on Medical Institutions (《醫療機構管理條例(2022修訂)》), promulgated by Decree No.149 of the State Council of the People's Republic of China on 26 February 1994, last revised on 29 March 2022, establishes a clinic shall file with the health administrative department or the competent TCM department of the county-level people's government at the proposed location of the clinic. After obtaining the Clinic Filing Certificate, the clinic may commence practice activities. Where any clinic practises before record-filing, the health administrative department under the people's government at the county level or above shall order it to make corrections, confiscate its illegal gains and impose a fine of less than 30,000 yuan on it; if it refuses to make corrections, it shall be ordered to cease practising activities.

REGULATIONS ON ONLINE SALES OF MEDICAL DEVICES

According to the Measures for the Supervision and Administration of Online Sales of Medical Devices (《醫療器械網絡銷售監督管理辦法》), which was promulgated by the State Administration for Market Regulation on 20 December 2017 and implemented on 1 March 2018, marketing authorisation holders or their entrusted manufacturers may engage in the online sale of their own medical devices without obtaining a separate business licence or filing, provided that their sales activities and conditions comply with the Regulation on the Supervision and Administration of Medical Devices and these Measures.

When entrusting sales, the marketing authorisation holder must assess and confirm the entrusted party's legal qualifications, sales conditions, technical level, and quality management capabilities, provide guidance and supervision over the online sales process and quality control, and assume ultimate responsibility for the quality of the medical devices sold online. Online sales of medical devices must be conducted through self-built websites or third-party platforms. Entities using self-built websites must obtain an Internet Drug Information Service Certificate and possess office space, data backup, and disaster recovery technical conditions commensurate with their scale. The enterprise shall file a record in advance with the food and drug regulatory department of the municipal people's government at the districted city level where it is located by submitting a Medical Device Online Sales Information Form containing information such as enterprise details, website information, and licence numbers. Any changes to this information shall be updated in the filing promptly. On the main page of the enterprise, its medical device production or business licence or filing certificate must be clearly displayed in a prominent position; on product pages, the corresponding medical device registration certificate or filing certificate for that product must be displayed, with the licence/filing number presented in text format. Displayed content shall be updated timely when information changes. All information about the medical device published online by the enterprise, including its name, model, specifications, registration certificate number, manufacturer information, and contraindications, must be completely consistent with the officially registered or filed content.

The enterprise must maintain truthful, complete, and traceable records of medical device sales information. The retention period shall be 2 years after the expiration date of the medical device; for devices without an expiration date, the records shall be kept for no less than 5 years; sales information for implantable medical devices shall be permanently retained.

The scope of online sales shall not exceed the scope of its production, business licence, or filing. Medical device retail enterprises selling online to individual consumers may only sell products that can be used by consumers themselves. The instructions for such products must comply with relevant regulations on medical device labelling and instructions and include special instructions for safe use. The enterprise must store and transport medical devices according to the conditions indicated on their labels and instructions. If storage and transportation are entrusted to another unit, the enterprise must assess and evaluate the entrusted party's capability to ensure the quality and safety of medical devices during storage and transportation, clearly define the responsibility for quality and safety during the process, and ensure safety throughout storage and transportation.

REGULATIONS ON FOOD SAFETY

In accordance with the Food Safety Law of the PRC (the "**Food Safety Law**",《中華人民共和國食品安全法》), which was promulgated on 28 February 2009 and amended on 24 April 2015 and 29 December 2018 and 29 April 2021 and 12 September 2025 respectively, food producers and traders must be liable for the safety of the food produced or traded by them and shall produce and trade food in accordance with relevant laws, regulations and food safety standards. Food producers and traders must ensure food safety, act in good faith and be self-disciplined, be accountable to society and the public, accept public supervision, and comply with their social responsibilities.

According to the Announcement on Matters relating to the Record-filing for the Sale of Only Pre-packaged Food (Announcement [2021] No. 40 of the State Administration for Market Regulation, "**SAMR**"), promulgated and effective on 29 November 2021, food business operators that engage in the activities of only selling pre-packaged food shall strictly fulfill their food safety responsibilities as subjects, establish sound rules and regulations to guarantee food safety, and regularly carry out food safety self-inspection to guarantee food safety. Where only prepackaged food is sold online, the relevant filing information such as the name of the food business operator, the address of business premises and the filing number shall be announced in a prominent position on the homepage of the business operator for its business activities.

REGULATIONS ON CONSUMER RIGHTS AND BENEFITS

The principal legal provisions for the protection of consumer interests are set out in the PRC Consumer Rights and Interests Protection Law (the "**Consumer Protection Law**",《中華人民共和國消費者權益保護法》), which was promulgated on 31 October 1993, and came into effect on 1 January 1994, and was subsequently amended in 2009 and 2013. Pursuant to the Consumer Protection Law, business operators must guarantee that the commodities they sell satisfy the requirements for personal or property safety, provide consumers with authentic information about the commodities, and guarantee the quality, function, usage, and term of validity of the commodities. Failure to comply with the Consumer Protection Law may subject business operators to civil liabilities such as refunding purchase prices, replacing or repairing the commodities, mitigating the damages, compensation, and restoring the reputation, and subject the business operators or the responsible individuals to criminal penalties if business operators commit crimes by infringing the legitimate rights and interests of consumers. According to the Consumer Protection Law, where operators knowingly provide consumers with defective commodities or services causing death or serious damage to the health of consumers or other victims, the victims may require operators to compensate them for losses in accordance with the Consumer Protection Law and other relevant provisions, and claim punitive compensation of not more than two times the amount of losses incurred. The Food Safety Law also provides the amount of punitive compensation that the operators knowingly provide food failing to meet the food safety standards shall paid the victims, which is ten times the price paid or three times the loss unless the amount of the additional compensation is less than RMB1,000 where the punitive compensation shall be RMB1,000.

REGULATIONS ON COMMERCIAL FRANCHISING

Pursuant to the Regulations on the Administration of Commercial Franchising (《商業特許經營管理條例》), or the Franchising Regulations, which promulgated by the State Council on 6 February 2007, and became effective on 1 May 2007, commercial franchising refers to the business activities where a franchisor, being an enterprise possessing registered trademarks, corporate logos, patents, proprietary technology, or other business resources, licences through contracts its business resources to the franchisees, being other business operators, and the franchisees carry out business operation under a uniform business model and pay franchising fees to the franchisor pursuant to the contracts. The Franchising Regulations requires that any enterprise engaging in trans-provincial franchise business shall register with the MOFCOM, and any enterprise engaging in franchise business within one province shall register with the provincial counterpart of the MOFCOM. The Franchising Regulations also set forth a number of requirements for the franchisors and to govern the franchise agreements. For example, the franchisors and franchisees are required to enter into franchising agreements containing certain required terms, and the franchise term thereunder shall be no less than three years unless otherwise agreed by the franchisee.

On 30 April 2007, the MOFCOM promulgated the Administrative Measures for the Filing of Commercial Franchisees (《商業特許經營備案管理辦法》), which became effective on 1 May 2007, was most recently amended on 29 December 2023, and sets forth in detail the procedures and documents required for such filing, including, among other things, within 15 days after executing the first franchise agreement, the franchisor shall file with the MOFCOM or its local counterparts for record, and if there occurs any change to the franchisor's business registration, business resources, and the distribution of all franchisee outlets throughout China, the franchisor shall apply to the MOFCOM for alteration within 30 days after the occurrence of such change. Furthermore, within the first quarter of each year, the franchisor shall report the execution, revocation, termination, and renewal of the franchise agreements occurring in the previous year to the MOFCOM or its local counterparts, the failure of which may subject the franchisor to an order of rectification and a fine up to RMB50,000. Where a franchiser fails to file in accordance with the Regulations and these Measures, the commerce administrative department at or above the prefecture-level city shall order it to file within a prescribed period and impose a fine of not less than RMB10,000 but not more than RMB50,000; if it still fails to file within the prescribed period, a fine of not less than RMB50,000 but not more than RMB100,000 shall be imposed, and a public announcement shall be made.

Pursuant to the Administrative Measures on the Information Disclosure of Commercial Franchising (《商業特許經營信息披露管理辦法》), promulgated by the MOFCOM on 30 April 2007, amended on 23 February 2012 and effective on 1 April 2012, the franchisor shall disclose to franchisees a list of information in writing at least 30 days prior to the execution of the franchising agreements, such as basic information of the franchisor and the franchise activities, basic information of business resources owned by the franchisor and basic information on franchise expenses.

REGULATIONS ON REAL ESTATE LEASING

According to the PRC Civil Code (《中華人民共和國民法典》) which became effective on 1 January 2021, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

On 1 December 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》),which became effective on 1 February 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from the execution of the property lease agreement with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do so, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

REGULATIONS ON PRICING

According to the Pricing Law of the PRC (《中華人民共和國價格法》), which was promulgated by SCNPC on 29 December 1997 and took effect on 1 May 1998, business operators must, as required by the government departments in charge of pricing, mark the prices explicitly and indicate the name, production origin, specifications, and other related particulars clearly. Business operators may not sell products at a premium or charge any fees that are not explicitly indicated. Business operators must not commit the specified unlawful pricing activities, such as colluding with others to manipulate the market price, providing fraudulent discounted price information, using false or misleading prices to deceive customers to transact, or conducting price discrimination against other business operators. Failure to comply with the Pricing Law or other rules or regulations on pricing may subject business operators to administrative sanctions such as warning, orders to cease unlawful activities, payment of compensation to customers, confiscation of illegal gains, and/or fines. The business operators may be ordered to suspend business for rectification, or have their business licences revoked if the circumstances are severe.

REGULATIONS ON E-COMMERCE

The E-commerce Law of the PRC (《中華人民共和國電子商務法》), enacted by the SCNPC on 31 August 2018, and implemented from 1 January 2019, establishes fundamental guidelines for e-commerce operators engaged in commercial activities. According to this legislation, e-commerce operators are obligated to uphold principles of voluntariness, equality, fairness, and good faith in their business dealings. They are further mandated to comply with legal provisions and business ethics, participate equitably in market competition, fulfil responsibilities pertaining to consumer rights protection, environmental preservation, intellectual property safeguarding, network security, and personal information confidentiality. E-commerce operators are also held accountable for the quality of their products and services.

In instances where e-commerce operators fail to meet their contractual obligations, breach agreed-upon terms, or cause harm to others, they are liable for civil consequences as stipulated by the Law. Moreover, e-commerce entities conducting business activities without obtaining required administrative permits, offering goods or services prohibited by laws or administrative regulations, or neglecting their obligations to provide necessary information, may incur penalties imposed by the market supervision and management authorities, in accordance with pertinent laws and administrative regulations. The E-commerce Law emphasises the importance of ethical conduct and legal compliance in the realm of electronic commerce, aiming to ensure integrity, fairness, and accountability within the digital marketplace.

REGULATIONS ON CYBERSECURITY AND PRIVACY PROTECTION

Cybersecurity

The Cybersecurity Law of the PRC (the "**Cybersecurity Law**",《中華人民共和國網絡安全法》) was promulgated by the SCNPC on 7 November 2016 and came into effect on 1 June 2017, which was amended on 28 October 2025. The Cybersecurity Law applies to network construction, operation, maintenance and use of the network as well as to the supervision and administration of cybersecurity within PRC territory.

According to the Cybersecurity Law, network operators, while carrying out business and service activities, must abide by laws and administrative regulations, show respect for social moralities, follow business ethics, act in good faith, comply with cybersecurity protection obligations, accept supervision by the government and society and comply with their social responsibilities. For the construction and operation of a network or the provision of services through a network, in accordance with the provisions of laws administrative regulations and mandatory national standards, technical and other necessary measures are required to ensure the secure and stable operation of the network, effectively respond to cybersecurity incidents, prevent crimes committed on the network, and to maintain the integrity, confidentiality and availability of cyber data.

Network operators must keep users' personal information that they have collected strictly confidential, and establish and improve their system for the protection of users' information. To collect and use personal information, network operators must follow the principles of legitimacy, integrity and necessity, disclose their rules of data collection and use, clearly express the purpose, means and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered. Network operators must adopt technical and other necessary measures to ensure the security of the personal information they have collected and to prevent such information from being divulged, damaged or lost. If personal information has been or may be divulged, damaged or lost, it is necessary to take immediate remedial measures and inform users promptly according and report the same to the relevant competent departments. Network operators who do not comply with the Cybersecurity Law may be subject to fines, suspension of their businesses, shutdown of their websites, and revocation of their business licences.

On 30 July 2021, the State Council promulgated the Regulations for Safe Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the "**Safe Protection Regulations**") which came into effect on 1 September 2021. Pursuant to the Safe Protection Regulations, critical information infrastructure refers to important network infrastructure and information system in public telecommunications, information services, energy sources, transportation and other critical industries and domains, in which any destruction or data leakage will have severe impact on national security, the nation's welfare, the people's living and public interests.

According to the Cybersecurity Review Measures (2021) (《網絡安全審查辦法(2021)》) promulgated by the Cyberspace Administration of China on 28 December 2021 and effective on 15 February 2022, critical information infrastructure operators who purchase network products and services that affect or may affect national security shall report to the cybersecurity review office for a cybersecurity review. Online platform operators possessing personal information of more than 1 million users must report to the cybersecurity review office for a cybersecurity review before going public abroad. According to the Administration Regulations on Cyber Data Security (《網絡數據安全管理條例》) promulgated by the State Council of China on 24 September 2024 and came into effect on 1 January 2025, where network data handlers carry out network data processing activities that affect or may affect national security, they shall undergo a national security review in accordance with relevant national regulations.

Personal information protection

Pursuant to the PRC Civil Code (《中華人民共和國民法典》), personal information of a natural person shall be protected by the law. Any organisation or individual that needs 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.

Further, the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》), which issued by the SCNPC on 29 August 2015, and became effective on 1 November 2015, stipulates that any network service provider that fails to fulfil the obligations related to information network security management as required by applicable laws and administrative regulations and refuses to take corrective measures, will be subject to criminal liability for causing (1) any large-scale dissemination of illegal information; (2) any severe effect due to the leakage of users' information; (3) any serious loss of evidence of criminal activities; or (4) other severe situations, and any individual or entity that (i) sells or provides personal information to others unlawfully or (ii) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

The Data Security Law of the PRC (《中華人民共和國數據安全法》), which was promulgated by the SCNPC on 10 June 2021 and took effect on 1 September 2021, provides that China shall establish a data classification and grading protection system, formulate the important data catalogues to enhance the protection of important data and establish national core data management system to provide stricter protection of national core data. The conduct of data processing activities shall be in compliance with the provisions of laws and regulations, establishing and completing a data security management system for the entire workflow, organising and conducting data security education and training, adopting corresponding technical measures and other necessary measures to ensure data security, strengthening risk monitoring, taking immediately disposition measures and promptly reporting to relevant authorities when data security incidents occur. Besides, data collection by any organisation or individual shall be conducted by lawful and proper means and the data shall not be acquired by theft or other illegal means. Processors of important data shall specify the person responsible for data security and management agencies, implement data security protection responsibilities, periodically conduct risk assessments of such data processing activities as provided and submit risk assessment reports to the relevant authorities.

On 20 August 2021, the SCNPC promulgated the Law of Personal Information Protection of PRC (the "**Personal Information Protection Law**", 《中華人民共和國個人信息保護法》), which became effective on 1 November 2021. Pursuant to the Personal Information Protection Law, the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information, and before processing personal information, personal information processors should truthfully, accurately and completely inform individuals of the following matters in a conspicuous manner and in clear and easy-to-understand language: (1) the name and contact information of the personal information processor; (2) purpose of processing personal information, processing method, type of personal information processed, and retention period; (3) methods and procedures for individuals to exercise their rights under the Personal Information Protection Law; and (4) other matters that should be notified as required by laws and administrative regulations. Personal information processors should also take the following measures to ensure that personal information processing activities comply with laws and administrative regulations based on the processing purpose, processing methods, types of personal information, impact on personal rights and interests, and possible security risks, etc., and to prevent unauthorised access and personal information leakage, tampering, and loss: (i) formulating internal management systems and operating procedures; (ii) implementing classified management of personal information; (iii) adopting corresponding security technical measures such as encryption and de-identification; (iv) reasonably determining the operating authority for personal information processing, and regularly conduct safety education and training for practitioners; (v) formulating and organising the implementation of emergency plans for personal information security incidents; and (vi) other measures stipulated by laws and administrative regulations.

Where personal information is processed in violation of the provisions of the Personal Information Protection Law, or the processing of personal information fails to fulfil the personal information protection obligations hereunder, the department performing personal information protection duties shall order corrections, give warnings, confiscate illegal gains, and order to suspend or terminate the provision of services by the applications that illegally process personal information; if the personal information processor refuses to make corrections, a fine of not more than RMB1 million shall be imposed; the directly responsible person in charge and other directly responsible personnel shall be fined not less than RMB10,000 but not more than RMB100,000. For any aforesaid illegal act with serious circumstances, the department performing personal information protection duties at or above the provincial level shall order the personal information processor to make corrections, confiscate the illegal gains, and impose a fine of less than RMB50 million or less than 5% of the previous year's turnover. It can also order the suspension of relevant business or suspend business for rectification, notify the relevant competent authority to revoke the relevant permits or the business licence; impose a fine of RMB100,000 up to RMB1 million on the directly responsible person in charge and other directly responsible personnel, and may decide to prohibit them from serving as a director, supervisor, senior manager and person in charge of personal information protection of related companies within a certain period of time.

REGULATIONS ON FIRE PREVENTION

According to the Fire Prevention Law of the PRC (the "**Fire Prevention Law**",《中華人民共和國消防法》) promulgated by the NPC on 29 April 1998 and amended on 28 October 2008, 23 April 2019 and 29 April 2021, respectively, and the Interim Provisions on Design Inspection and Acceptance of Fire Protection of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on 1 April 2020 and amended on 21 August 2023 and came into effect on 30 October 2023, the competent housing and urban-rural development authority replaced fire prevention and rescue departments to monitor and administer the fire protection as-built acceptance check and filing. Upon completion of construction of a development project which is required to apply for fire safety inspection and acceptance as stipulated by the housing and urban-rural development authority, the developer shall apply to the housing and urban-rural development authority for fire safety inspection and acceptance. For other development projects, the developer shall complete filing formalities with the housing and urban-rural development authority following the inspection and acceptance, the housing and urban-rural development department shall conduct spot check. Pursuant to the Fire Prevention Law, the construction project that fails to complete as-built acceptance check on fire prevention shall be ordered by the relevant government authorities to close and shall be fined not less than RMB30,000 but not more than RMB300,000. The construction project that fails to complete fire safety filing shall be ordered to rectify and be subject to a fine of up to RMB5,000.

Furthermore, pursuant to the Fire Prevention Law (revised in 2019 and 2021), before the use of or commencement of the business operations in public gathering places, any construction entities or entities using such places must apply for a fire safety inspection with the fire rescue agencies of the local people's governments of such places at or above the county level. Putting a public gathering place into use or into business operation without permission and when the place has not undergone fire safety and protection inspections or has failed to meet fire safety and protection requirements shall result in an order to suspend construction, use, production or business operations and a fine of not less than RMB30,000 and not more than RMB300,000 from the competent departments of housing and urban-rural development and the relevant fire rescue agencies (according to their respective duties).

LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

The Environmental Protection Law of the PRC (the "**Environmental Protection Law**", 《中華人民共和國環境保護法》) was promulgated and effective on 26 December 1989, and amended on 24 April 2014. This legislation has been formulated for the purpose of protecting and improving both the living environment and the ecological environment, preventing and controlling pollution, other public hazards and safeguarding people's health. According to the provisions of the Environmental Protection Law, in addition to other relevant laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts take charge of administering and supervising said environmental protection matters. According to the provisions of the Environmental Protection Law, the environmental impact statement shall be made for any such construction project and construction projects which have not carried out environmental impact assessment shall not commence construction. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal part of the project. Installations for the prevention and control of pollution shall not be dismantled or left idle without authorisation.

The Environmental Protection Law makes it clear that the liabilities for any violation of said law include, fine, rectification within a time limit, compulsory ceasing of operations, compulsory shutout or closedown, restitution, or even criminal punishment.

Environment Impact Assessment

Pursuant to Law of the PRC on Environment Impact Assessment (《中華人民共和國環境影響評價法》), which was issued on 28 October 2002 and amended on 2 July 2016 and 29 December 2018, the State implements a classification-based management on the environmental impact assessment (the "**EIA**") of construction projects according to the impact of the construction projects on the environment. Construction units shall prepare the Environmental Impact Report (the "**EIR**") or the Environmental Impact Statement (the "**EIS**") or fill out the Environmental Impact Registration Form (the "**EIRF**") (hereinafter collectively referred to as the "**EIA documents**") according to the following rules: (i) For projects with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive assessment of their environmental impacts; (ii) For projects with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialised assessment of their environmental impacts; and (iii) For projects with very small environmental impacts so that an EIA is not required, an EIRF shall be filled out. The EIR or EIS of a construction project shall be submitted by the construction unit in accordance with the regulations of the State Council to the ecological environment department with powers to approve the project for review and approval. The State shall implement a record-filing-based management on EIRF.

REGULATIONS ON LABOUR RIGHTS

Labour Law and Labour Contracts Law

According to the Labour Law of the PRC (《中華人民共和國勞動法》) promulgated on 5 July 1994 and amended on 27 August 2009 and 29 December 2018, enterprises shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, and conduct employee training on labour safety and sanitation in the PRC. Labour safety and sanitation facilities shall comply with statutory standards. Enterprises and institutions shall provide employees with a safe workplace and sanitation conditions which are in compliance with applicable laws and regulations of labour protection. The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated on 29 June 2007 and amended on 28 December 2012, and the Implementation Rules of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated on 18 September 2008, set out specific provisions in relation to the execution, terms and termination of a labour contract and the rights and obligations of the employees and employers, respectively. At the time of hiring, the employers shall truthfully inform the employees of the scope of work, working conditions, working place, occupational hazards, work safety, salary and other matters which the employees request to be informed about.

Law on Work Safety

Pursuant to the Law on Work Safety of the PRC (the "**Law on Work Safety**",《中華人民共和國安全生產法》) effective on 1 November 2002 and amended on 27 August 2009, 31 August 2014 and 10 June 2021 respectively, enterprises engaged in production activities must strengthen safety production management, establish and improve the responsibility system for safe production and ensure a safe production environment. The State establishes and implements a system for the accountability of production safety accidents. If the company fails to comply with the provisions of the Law on Work Safety, the supervisory authority on production safety may issue a rectification order, impose a fine, order the company to cease production and operation.

Regulations and Law on Social Insurance and Housing Fund

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated on 28 October 2010, became effective on 1 July 2011 and most recently amended on 29 December 2018, and the Interim Regulations on the Collection of Social Insurance Fees (《社會保險費徵繳暫行條例》) issued by the State Council on 22 January 1999 and most recently amended on 24 March 2019, employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. Pursuant to the Notice of the General Office of the State Council on Issuing the Plan for the Pilot Programme of Combined Implementation of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於印發<生育保險和職工基本醫療保險合併實施試點方案>的通知》) and the Opinions of the General Office of the State Council on Comprehensively Promoting the Implementation of the Combination of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) promulgated on 19 January 2017 and 6 March 2019, maternity insurance and basic medical insurance for employees shall be consolidated. According to the Social Insurance Law of PRC, employers must carry out social insurance registration at the local social insurance agency, provide social insurance and pay or withhold the relevant social insurance premiums for or on behalf of employees. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit, and shall impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; if still failing to pay within the time limit prescribed, a fine of one time to three times the amount in default will be imposed on them by the competent administrative department.

Pursuant to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) which was promulgated on 3 April 1999 and amended on 24 March 2002 and 24 March 2019, employers shall timely pay the housing provident fund in full and overdue or insufficient payment shall be prohibited. Employers shall process the housing provident fund payment and deposit registration in the housing provident fund administrative centre. For enterprises which violate the above laws and regulations and fail to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative centre shall order the relevant enterprises to make corrections within a designated period. Those enterprises failing to process registration provident fund accounts for their employees within designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When enterprises violate those provisions and fail to pay the housing provident fund in full amount as due, the housing provident fund administrative centre will order such enterprises to pay up the amount within a prescribed period; if those enterprises still fail to comply with the regulations upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for mandatory enforcement.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Trademarks

Trademarks are protected by the PRC Trademark Law (《中華人民共和國商標法》) which was adopted in 1982 and subsequently amended in 1993, 2001, 2013 and 2019, respectively, as well as the Implementation Regulation of the PRC Trademark Law (《中華人民共和國商標法實施條例》) adopted in 2002 and amended in 2014 by the State Council. The Trademark Office under National Intellectual Property Administration (the "**NIPA**") handles trademark registrations and grants a term of ten years to registered trademarks which may be renewed for consecutive ten-year periods upon request by the trademark owner. The trademark registrant may, by concluding a trademark licencing contract, authorise other persons to use the registered trademark. The licensor shall supervise the quality of the goods for which the licensee uses the licensor's registered trademark, and the licensee shall guarantee the quality of the goods for which the registered trademark is used. The party authorised to use another's registered trademark must indicate the name of the licensee and the place of origin on the goods that bear the registered trademark. When granting others use of the registered trademarks, the licensor shall file the trademark licence with the Trademark Office for their records, and the Office shall announce the same. Without putting the trademark licence on record, the trademark may not be used to defend a bona fide third party.

The Patent Law

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) latest amended by the SCNPC on 17 October 2020 and came into effect on 1 June 2021 and the Implementation Rules of The Patent Law of the PRC (《中華人民共和國專利法實施細則》) amended by the State Council on 9 January 2010 and last amended on 11 December 2023 and came into effect on 20 January 2024, patents in China are divided into invention patent, utility patent and design patent. Invention patent refers to new technical solutions for a product, method or its improvement; utility patent refers to new technical solutions for the shape, structure or the combination of both shape and structure of a product, which is applicable for practical use; design patent refers to new designs of the shape, pattern or the combination of shape and pattern, or the combination of the colour, the shape and pattern of a product with aesthetic feeling and industrial application value. Invention patent shall be valid for 20 years from the date of application while utility patent shall be valid for 10 years and design patent shall be valid for 15 years from the date of application. The patent right entitled to its owner shall be protected by the laws. Any person shall be licenced or authorised by the patent owner before using such patent. Otherwise, the use constitutes an infringement of the patent right.

Domain names

The Measures for the Administration of Internet Domain Names (the "**Domain Name Measures**", 《互聯網域名管理辦法》) was promulgated by the Ministry of Industry and Information Technology of the PRC on 24 August 2017 and came into effect on 1 November 2017. The Implementation Rules for National Top-level Domain Name Registration (the "**Implementation Rules for Registration**", 《國家頂級域名註冊實施細則》) was promulgated by the China Internet Network Information Centre on 18 June 2019 and came into effect on the same date. The Domain Name Measures regulate the registration of domain names. Application for registration of national top-level domain names ".CN" and ".China" and provision of national top-level domain name registration related services shall further comply with the Implementation Rules for Registration.

The copyright

The PRC has enacted various laws and regulations relating to copyright protection. The Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated on 7 September 1990 amended on 27 October 2001 and became effective on the same day, and amended on 26 February 2010 and became effective from 1 April 2010 by the SCNPC, amended on 11 November 2020 and became effective from 1 June 2021 by the SCNPC provides that PRC citizens, legal persons, or other organisations, 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. The term "copyright" includes moral rights and economic rights, and anyone who commits copyright infringement is subject to civil liability.

The Regulations on Computer Software Protection (《計算機軟件保護條例》), which was promulgated on 4 June 1991 amended on 20 December 2001 and became effective on 1 January 2002, amended on 30 January 2013 and became effective on 1 March 2013 by the State Council, stipulates that Chinese residents, legal entities or other organisations enjoy copyright in the software which they have developed, whether published or not, and a software copyright owner may register it with the software registration institution recognised by the copyright administration department of the State Council. The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), promulgated by the National Copyright Administration on 20 February 2002 with immediate effect, amended on 18 June 2004 and became effective 1 July 2004, regulates registration of software copyright, exclusive licencing contracts for software copyright and transfer contracts. The Copyright Protection Centre of China (the "**CPCC**") is the designated software registration authority. The CPCC grants registration certificates to computer software copyright applicants which conform to the provisions of both the Regulations on Computer Software Protection and the Measures for the Registration of Computer Software Copyright.

The PRC is also a signatory to some major international conventions on the protection of copyright. For example, the PRC became a member of the Berne Convention for the Protection of Literary and Artistic Works in October 1992, the Universal Copyright Convention in October 1992, and the Agreement on Trade-Related Aspects of Intellectual Property Rights in December 2001. According to these conventions, a qualified foreign copyright owner may enjoy certain copyright in China and a copyright owner in China may also acquire specific foreign copyright protection.

REGULATIONS ON OVERSEAS SECURITIES OFFERING AND LISTING

On 17 February 2023, the China Securities Regulatory Commission (the "**CSRC**") promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five ancillary interpretive guidelines (collectively, the "**Overseas Listing Trial Measures**"), which came into effect on 31 March 2023.

Pursuant to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either directly or indirectly, are required to fulfil the filing procedure with the CSRC and report the relevant information through filing reports and legal opinions. The Overseas Listing Trial Measures provides that an overseas listing or offering is explicitly prohibited, if any of the following: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as scrutinised and determined in accordance with law by competent authorities under the State Council; (iii) the domestic company intending to make the securities offering and listing, or the controlling shareholder(s) and the actual controller of such company, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is currently under investigations for suspicion of criminal offences or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

Where an issuer submits an application for offering or listing to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted to the overseas regulators. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on any material events, such as change of control, investigation or punishment taken by overseas securities regulatory authorities or other competent authorities, change of listing status or listing plate, or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings.

If domestic companies fail to fulfil the above-mentioned filing procedures or offer and list in an overseas market against the prohibited circumstances, they would be ordered to rectify, warned, and fined between RMB1 million and RMB10 million. The directly liable personnel would be warned and fined between RMB0.5 million and RMB5 million. The controlling shareholders and actual controllers of such domestic companies that organise or instruct the aforementioned violations would be warned and fined between RMB1 million and RMB10 million. The directly liable personnel would be fined between RMB0.5 million and RMB5 million. The securities companies and securities service providers failing to supervise the domestic companies for compliance of relevant rules would be warned and fined between RMB0.5 million and RMB5 million. The directly liable personnel would be warned and fined between RMB0.2 million and RMB2 million. Also, if there is any false records, misleading statement or any material omission in the filing documents, the domestic companies would be ordered to rectify, warned, and fined between RMB1 million and RMB10 million. The directly liable personnel would be imposed warnings and fined between RMB0.5 million and RMB5 million. The controlling shareholders and actual controllers of such domestic companies who organise or instruct the aforementioned violations or conceal the relevant matters leading to the occurrence of the aforementioned violations would be warned and fined between RMB1 million and RMB10 million. The directly liable personnel would be fined between RMB0.5 million and RMB5 million.

REGULATIONS ON DIVIDEND DISTRIBUTION

The principal regulations governing the distribution of dividends of foreign-invested enterprises include the PRC Company Law. Under the PRC Company Law, when a company distributes its after-tax profit for the current year, 10% of the profit shall be accrued and included in the company's statutory reserve. Such accrual is no longer required when the accumulated amount of the company's statutory reserve is 50% or more of the company's registered capital. Where the accumulative amount of the company's statutory reserve is not enough to make up for the losses of the previous year, the current year's profits shall first be used to make up for the losses before the statutory reserve is accrued according to the provisions of the preceding paragraph. After having accrued statutory reserve from the after-tax profits, a company can also set aside discretionary reserve from the after-tax profits upon a resolution made by the shareholders' meeting. The residual after-tax profits after a company has made up its losses and accrued reserve shall be distributed by the company (in the case of a limited liability company) in proportion to the capital contribution paid up by its shareholders, except where all the shareholders have agreed not to distribute the profits in accordance with the proportion of the capital contribution; or such profits shall be distributed by the company (in the case of a joint stock limited company) in proportion to the shares held by its shareholders, except as otherwise provided for in the company's articles of association. Profit shall not be distributed for a company's shares held by this company.

REGULATIONS ON FOREIGN EXCHANGE

Pursuant to the Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管理條例》), as amended in 5 August 2008, the RMB is freely convertible for current account items, including for the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside the PRC, unless prior approval of the State Administration of Foreign Exchange (the "**SAFE**") is obtained and prior registration with SAFE is made.

According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**Circular 13**"), which was promulgated on 13 February 2015 and with effect from 1 June 2015 partially abolished on 30 December 2019, enterprises are not required to get foreign exchange registration approval under domestic direct investment or overseas direct investment. Domestic investors (including domestic foreign-invested enterprises, domestic investing entities of foreign enterprises) should carry out foreign exchange registration of direct investment with banks.

According to the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**") promulgated on 30 March 2015 and effective on 1 June 2015 partially abolished on 30 December 2019 and amended on 23 March 2023 and the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement under Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**Circular 16**") promulgated and effective on 9 June 2016 and amended on 4 December 2023, domestic enterprises (including Chinese funded enterprises and foreign-invested enterprises, excluding financial institutions) may go through foreign exchange settlement formalities for their foreign debts at their discretion. Where the current regulations contain any restrictive provisions on the foreign exchange settlement of foreign exchange receipts under capital accounts of domestic institutions, such provisions shall prevail. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. The SAFE may adjust the above proportion in due time according to the balance of payments. While being eligible for discretionary settlement of foreign exchange receipts under capital accounts, domestic institutions may also opt to use their foreign exchange receipts according to the payment-based settlement system. A bank shall, in handling each transaction of foreign exchange settlement for a domestic institution according to the principle of payment-based settlement, review the authenticity and compliance of the use of the funds settled in the previous transaction (including discretionary settlement and payment-based settlement) of such institution.

The Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) (the "**Circular28**") was promulgated and became effective on 23 October 2019 and amended on 4 December 2023. According to the Circular 28, non-investment foreign-funded enterprises are allowed to lawfully make domestic equity investments using their capital if the domestic investment projects are in compliance with the prevailing special administrative measures for access of foreign investments and the relevant regulations.

REGULATIONS ON TAXES

Corporate income tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), which was promulgated on 16 March 2007 and last amended on 29 December 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) which was promulgated on 6 December 2007 and lately amended on 6 December 2024, the income tax rate for both domestic and foreign invested enterprises is 25%. Furthermore, resident enterprises, which are enterprises that are set up in accordance with PRC law, or that are set up in accordance with the law of a foreign country (region) but with their actual administration institution in the PRC, must pay enterprise income tax originating both within and outside the PRC. While non-resident enterprises that have set up institutions or premises in the PRC shall pay enterprise income tax in relation to their income originating from the PRC and obtained by their institutions or establishments, and their income incurred outside the PRC but where there is an actual relationship with the institutions or establishments set up by such enterprises. Non-resident enterprises that have not set up institutions or establishments in the PRC, or where institutions or establishments are set up but where there is no actual relationship with the income obtained by the institutions or establishments set up by such enterprises, they must pay enterprise income tax in relation to the income originating from the PRC at the rate of 10%.

Value-added tax

Pursuant to the Value-added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》) and its implementing rules, which were promulgated by the SCNPC on 25 December 2024, and will take effect on 1 January 2026, all entities or individuals in the PRC engaged in the sale of goods, the provision of processing, repair and replacement services, or the importation of goods are required to pay value-added tax ("**VAT**"). Pursuant to the Circular on Comprehensively Promoting the Pilot Programme of the Collection of Value-added Tax in Lieu of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》) promulgated on 23 March 2016 and as amended on 11 July 2017, 25 December 2017 and 20 March 2019 respectively, upon approval of the State Council, as at 1 May 2016, the pilot programme of the collection of value-added tax in lieu of business tax shall be promoted nationwide in a comprehensive manner, and all taxpayers of business taxpayers engaged in the building industry, the real estate industry, the financial industry and the life service industry shall be included in the scope of the pilot programme with regard to payment of value-added tax instead of business tax.

Pursuant to the Provisional Regulations on Value-added Tax of the PRC, the Circular on Comprehensively Promoting the Pilot Programme of the Collection of Value-added Tax in Lieu of Business Tax, the Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) promulgated by Ministry of Finance and State Administration of Taxation on 4 April 2018 and became effective on 1 May 2018, and the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated by the Ministry of Finance, the State Administration of Taxation and General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, with respect to VAT taxable sales of a VAT general taxpayer, the applicable VAT rates are 13%, 9% and 6% respectively.

REGULATIONS RELATED TO THE "FULL CIRCULATION" OF H SHARE

"Full circulation" refers to the process of listing and trading on the Stock Exchange the domestically unlisted shares of an H-share listed company. This includes unlisted domestic shares owned by domestic shareholders before the overseas listing, unlisted domestic shares issued additionally after the overseas listing, as well as unlisted shares held by foreign shareholders.

On 14 November 2019, the CSRC announced the Guidelines for the "Full Circulation" Programme for Domestic **[REDACTED]** Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) ("**Guidelines for the 'Full Circulation'**"), which were amended on 10 August 2023. As outlined in the Guidelines for "Full Circulation," shareholders of domestic unlisted shares have the flexibility to jointly determine the amount and proportion of shares that will be included in the circulation application. This determination should be reached through mutual consultation, ensuring compliance with relevant laws, regulations and policies governing state-owned asset administration, foreign investment and industry regulation. Subsequently, the H-share listed company corresponding to these shares may be authorised to file for "full circulation" with the CSRC. An unlisted domestic joint stock company may file with the CSRC for "full circulation" at the time of its initial public offering and listing overseas. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China. Pursuant to the Overseas Listing Measures, which came into effect on 31 March 2023, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC. Additionally, they are required to authorise the domestic company to submit the conversion application to the CSRC on their behalf.

On 31 December 2019, China Securities Depository and Clearing Corporation Limited (the "**CSDC**") and Shenzhen Stock Exchange (the "**SZSE**") jointly announced the Measures for Implementation of H-share "Full Circulation" Business (《H股"全流通"業務實施細則》) (the "**Measures for Implementation**"). The operations related to the "full circulation" of H-share, including cross-border conversion registration, deposit and holding details maintenance, transaction entrustment, instruction transmission, settlement, management of settlement participants and services of nominal holders, are regulated by the Measures for Implementation. In cases where the Measures for Implementation do not provide specific guidance, procedures shall be followed by referring to other business rules established by the CSDC and China Securities Depository and Clearing (Hong Kong) Company Limited, as well as the SZSE.