OVERVIEW

This section sets out a summary of the major relevant laws, regulations, rules and policies which may have a material impact on our business.

PRC

Regulations Relating to Corporation and Foreign Investment

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress of the PRC (the "**SCNPC**") on December 29, 1993 and came into effect on July 1, 1994, and was last amended on December 29, 2023 and became effect on July 1, 2024. The Company Law of the PRC generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and 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 of the PRC shall also apply to foreign invested companies in form of limited liability company or joint stock limited company. Where laws on foreign investment have other stipulations, such stipulations shall apply.

On January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**FIL**") and the Regulations on the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) became effective. The FIL sets out the definition of foreign investment and the framework for promotion, protection and administration of foreign investment activities. On December 30, 2019, the Ministry of Commerce of the PRC (the "**MOFCOM**") and the State Administration for Market Regulation 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 by foreign investors and establishment through purchasing the equities of a non-foreign invested enterprise and its subsequent changes are required to submit an initial or change report through the Enterprise Registration System.

Pursuant to the FIL, China has adopted a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will be issued by, amended or released upon approval by the State Council, from time to time. The negative list will set forth industries in which foreign investments are prohibited and industries in which foreign investments are restricted. Foreign investment in prohibited industries is not allowed, while foreign investment in restricted industries must satisfy certain conditions stipulated in the negative list. Foreign investments and domestic investments in industries outside the scope of the prohibited industries and restricted industries stipulated in the negative list will be treated equally. The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), which were promulgated by the NDRC and the MOFCOM on September 6, 2024 and became effective on November 1, 2024 and the Catalogue of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the "**Encouraging Catalogue**"), which was promulgated by the NDRC and the MOFCOM on October 26, 2022 and became effective on January 1, 2023, listed the categories of encouraged, restricted, and prohibited industries. Any industry not included in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. According to the Negative List and the Encouraging Catalogue, as at the Latest Practicable Date, our business does not fall within the scope of the Negative List and is not subject to special management measures.

Regulations Relating to the Gold Jewellery Industry

Gold Production and Sales Qualification Requirements

According to the Decision of the State Council in Relation to the Cancellation of the Second Batch of Administrative Approval Items and Amendment to the Management Method of Certain Administrative Approval Items (《國務院關於取消第二批行政審批項目和改變一批行政審批項目管理方式的決定》) in 2003, China officially cancelled the approval system of the People's Bank of China (the "**PBOC**") for the production, processing and circulation of gold, including: (1) the gold purchase permit; (2) the approval of gold products production, processing and wholesale business; (3) the approval of gold supply; (4) the approval of gold products retail business.

Regulations Relating to the Controlling of the Import and Export of Gold and Gold Products

Foreign trade

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) (the "**Foreign Trade Law**") promulgated by the SCNPC on May 12, 1994 and amended on December 30, 2022, foreign trade operators are not required to register since December 30, 2022. The PRC government permits the free import and export of commodities and technologies, unless otherwise provided by laws and administrative regulations.

Import and export licencing system for gold and gold products

According to the relevant provisions of the Administrative Regulations on Gold and Silver of the PRC (《中華人民共和國金銀管理條例》) and the Measures for the Administration of the Import and Export of Gold and Gold Products (《黃金及黃金製品進出口管理辦法》), a permit system is in force for the import and export of gold and gold products (gold refers to unforged gold, and gold products refer to semi-manufactured gold and manufactured gold products, etc.). The PBOC may, in accordance with the needs of macroeconomic regulation and control of the State, grant restrictive approval on the quantity of gold and gold products to be imported and exported.

The PBOC, in cooperation with the General Administration of Customs, has formulated, adjusted and promulgated the Catalogue of Commodities for Management of Import and Export of Gold and Gold Products. When handling the import or export customs clearance for the gold and gold products listed in the Catalogue of Commodities for Management of Import and Export of Gold and Gold Products, the PBOC Import and Export Permit for Gold and Gold Products issued by the PBOC and its branches shall be submitted to the Customs.

Customs Law

According to the Customs Law of the PRC (《中華人民共和國海關法》) adopted by the SCNPC on January 22, 1987, which was most recently amended on April 29, 2021 and became effective on the same date, the Customs of the PRC is the state's entry and exit customs supervision and administration authority. According to the relevant laws and administrative regulations, the Customs supervises the transportation vehicles, goods, luggages, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and counters smuggling and handles other customs operations.

According to the Regulations of PRC Customs on Administration of Recordation of Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) adopted by the General Administration of Customs on November 19, 2021 and effective from January 1, 2022, customs declaration entities refer to the consignees and consignors of import and export goods and customs declaration enterprises recorded with the customs. If the consignees and consignors of import and export goods and customs declaration enterprises apply for recordation, they shall obtain the qualification of market entities; among them, if the consignees and consignors of import and export goods apply for recordation, they shall also obtain the recordation of the foreign trade operators. The recordation of the customs declaration entities is valid for a long period of time.

Regulations Relating to Commercial Franchised Operation

Franchised operation is subject to the supervision and administration of the Ministry of Commerce and its local competent commercial departments. These activities are currently regulated by the Administrative Regulations on Commercial Franchised Operation (《商業特許經營管理條例》) promulgated by the State Council on February 6, 2007 and implemented from May 1, 2007, which was supplemented by the Administrative Measures for the Record-filing of Commercial Franchised Operation

(《商業特許經營備案管理辦法》) issued by the Ministry of Commerce on April 30, 2007 and most recently amended on December 29, 2023 and came into effect on the same day and the Administrative Measures for the Information Disclosure of Commercial Franchised Operation (《商業特許經營信息披露管理辦法》) issued by the Ministry of Commerce on April 30, 2007, and most recently amended on February 23, 2012 and effective from April 1, 2012.

According to the above-mentioned applicable regulations, franchisers may engage in franchised operation activities on conditions that they shall have a mature operation model and be capable of providing continuous operation guidance and training services for franchisees, as well as owning at least two direct-sale stores in China with the operation period being more than one year. Where franchisers fail to conduct franchised activities in accordance with the above provisions, punishment may be imposed, such as confiscating the illegal proceeds and imposing a fine of above RMB100,000 but less than RMB500,000, and an announcement will be made by the Ministry of Commerce or the local competent department of commerce. The franchise contract shall specify certain necessary provisions concerning terms, the right to terminate and payment.

Franchisers shall submit the business licence, draft of the franchise contract and other documents to the provincial competent commercial department where they are registered within 15 days from the date of the initial signing of the franchise contract with franchisees within China. Where a franchiser engages in franchised activities within the scope of two or more provincial areas, it shall file with the Ministry of Commerce. In addition, franchisers shall file with the commercial department concerning the execution, cancellation, renewal and amendment of franchise agreements before March 31 of every year.

In case of any changes to franchisers' filing information, such changes shall also be filed with the relevant commercial department after occurrence. Where franchisers fail to file in accordance with such regulations, relevant commercial departments may order the franchiser to file within a stipulated period and impose a fine of more than RMB10,000 but less than RMB50,000. Failure to file within the stipulated period may render a fine of more than RMB50,000 but less than RMB100,000, and a public announcement.

Regulations on Production Safety

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》), or the Production Safety Law, promulgated by the SCNPC on June 29, 2002 and implemented on November 1, 2002, and last revised on June 10, 2021, entities engaged in production and business activities in PRC shall comply with the Production Safety Law and other laws and regulations related to production safety. Entities shall strengthen the management, establish and improve responsibility systems and policies, improve conditions, promote the development of production safety standards, and improve the production level to ensure their production safety. Violation of the Production Safety Law may result in the imposition of fines and penalties, suspension of operation, an order to cease operation, or even criminal liability in severe cases.

Regulations on Fire Protection

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and recently amended on April 29, 2021, and the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (2023 Revision) (《建設工程消防設計審查驗收管理暫行規定(2023年修正)》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, became effective on June 1, 2020, and was latest amended on August 21, 2023, special construction projects that have failed to perform fire safety acceptance inspection or failed to pass fire safety acceptance inspection are prohibited from putting into use. Construction projects other than special construction projects shall go through the fire safety acceptance filing, and the competent housing and urban-rural development authorities shall conduct random inspections on the fire safety acceptance of other construction projects filed. If the construction projects fail to pass the random inspection on fire safety acceptance, such projects shall be ceased to use.

Regulations Related to Environmental Protection

Environmental Protection Law

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the "**Environmental Protection Law**") was first enacted on December 26, 1989, and underwent its most recent revision on April 24, 2014. This law was established to protect and enhance both living and ecological environments, mitigate pollution and other public hazards, and promote public health. Pursuant to the Environmental Protection Law, enterprises, institutions and other manufacturing operators shall prevent and reduce environmental pollution and ecological damage, and shall be liable for damages caused by them pursuant to the law.

Furthermore, the Environmental Protection Law mandates that construction projects with potential environmental impacts must undergo an Environment Impact Assessment (the "**EIA**"). Pollution control facilities in such projects must be designed, constructed, and put into operation simultaneously with the main construction work. These facilities cannot be dismantled or deactivated without approval from the relevant government authorities.

Laws on Environment Impact Assessment

Pursuant to the Law of the PRC on Environment Impact Assessment (《中華人民共和國環境影響評價法》) issued on October 28, 2002 and most recently amended on December 29, 2018, the State Council implemented an EIA, to classify construction projects according to the impact of the construction projects on the environment. Constructing entities shall prepare an Environmental Impact Report (the "**EIR**"), or an Environmental Impact Statement (the "**EIS**"), or fill out the EIR Form 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 the environmental impacts; and (iii) for projects with very small environmental impacts, an EIA is not required but an EIR Form shall be completed. Unless otherwise stipulated by laws and regulations, construction enterprises that are required to compile environmental impact reports or environmental impact report forms shall accept the environmental protection facilities upon completion of the construction project. When the environmental protection facilities of a construction project pass the inspection and acceptance, the construction project can be formally put into production or use.

Regulations Relating to Product Quality and Consumer Protection

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated on February 22, 1993 and latest amended on December 29, 2018 by the SCNPC, the seller shall be responsible for the repair, replacement or return of the product sold if (i) the product sold does not possess the properties for use that it should possess, and no prior and clear indication is given of such a situation; (ii) the product sold does not conform to the applied product standard as carried on the product or its packaging; or (iii) the product sold does not conform to the quality indicated by such means as a product description or physical sample. If a consumer incurs losses as a result of the purchased product, the seller shall compensate for such losses.

Under the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**") adopted by the SCNPC on May 28, 2020 and came into effect on January 1, 2021, a manufacturer or a commercial seller is subject to liability for physical injury or property loss caused by the product defects. The aggrieved party may seek compensation from the manufacturer or the commercial seller. Where the aggrieved party seeks compensation from the commercial seller, the commercial seller has the right to make a claim against the liable manufacturer after it has made compensation. The Protection of the Rights and Interests of Consumers Law of the PRC (《中華人民共和國消費者權益保護法》) was promulgated on October 31, 1993 and was amended on August 27, 2009 and October 25, 2013 to protect consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to consumers. Under the amendments made on October 25, 2013, all business operators must pay high attention to protecting consumers' privacy and must strictly keep confidential any consumer information they obtain during their business operations.

Regulations Regarding the Sale of Products

Laws related to anti-unfair competition

The Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by the SCNPC on September 2, 1993, and became effective on December 1, 1993, with the latest amendment taking effect on October 15, 2025, has established several measures to combat unfair competition and protect market order. These measures include prohibiting acts such as unfair prize promotions and dumping to exclude market competitors. According to the Anti-Unfair Competition Law of the PRC, operators are not allowed to bribe any employees of the counterpart units, any units or personnel entrusted by the counterpart, or influence the units or personnel of the counterpart to gain commercial opportunities or competitive advantages through their power. In addition, operators can openly pay discounts to the trading counterpart or commissions to intermediaries in their trading activities. Operators who violate the provisions of Article 8 of the law by bribing others or accept bribes can have their illegal gains confiscated by the regulatory authority, and they may be fined with an amount ranging from RMB100,000 to RMB5,000,000 depending on the severity of the circumstances. In severe cases, their business licences may be revoked.

Regulations related to anti-money laundering

Pursuant to the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》), which was promulgated by the SCNPC on October 31, 2006, and became effective on January 1, 2007, with the latest amendment taking effect on January 1, 2025, anti-money laundering refers to the act of adopting the related measures in accordance with the provisions of the present Law to prevent the money laundering activities of concealing and covering up by various means the sources and nature of the proceeds and income generated from drug-related crimes, organised crimes in the nature of criminal syndicates, crimes of terrorism, crimes of smuggling, crimes of corruption and bribery, crimes of disrupting the financial management order, crimes of financial frauds and other crimes. Anyone who violates the provisions of the Anti-Money Laundering Law and constitutes a crime shall be held criminally responsible in accordance with the law. According to the provisions of the Notice of the PBOC on Strengthening Anti-Money Laundering and Anti-Terrorist Financing in Precious Metals Marketplaces (《中國人民銀行關於加強貴金屬交易場所反洗錢和反恐怖融資工作的通知》) (Yinfa [2017] No. 218), as for the trading venues of precious metals where business or services involve spot trading of precious metals, as well as those precious metal traders engaged in precious metals trading within their marketplaces shall actively fulfil their anti-money laundering and anti-terrorist financing obligations. Trading venues and traders shall take necessary monitoring measures to monitor the personnel whose name appears on lists of terrorist organisations and terrorist activities announced by the competent national authorities. No business relationship shall be established with any entity, organisation or individual on the list, nor any form of services shall be provided to them. Funds or other assets related to terrorist organisations and personnel shall be immediately frozen in accordance with the law and shall be promptly reported to local public security agencies, national security agencies and branches of the PBOC in accordance with regulations.

Laws related to advertising

The Advertisement Law of the PRC (《中華人民共和國廣告法》) promulgated by the SCNPC on October 27, 1994, and became effective on February 1, 1995, with the latest amendment taking effect on April 29, 2021, stipulates that advertisements must not contain false content and must not deceive or mislead consumers. Recommendation or certification from advertising endorsers on the goods and services in advertisements, shall be based on facts and in compliance with relevant laws and administrative regulations, and such endorsers are not allowed to recommend or certify the goods or services that they have not used or received. If operators violate the provisions of this law by disseminating false advertisements, the market supervision and management authorities shall order them to cease the publication of the advertisements, require them to eliminate the impact within the corresponding scope, impose fines of three to five times the advertising expenses. If the advertising expenses cannot be calculated or are significantly understated, fines of no less than RMB200,000 and no more than RMB1,000,000 shall be imposed. For those who commit violations three or more times within two years or have other serious circumstances, fines of five to ten times the advertising expenses shall be imposed. If the advertising expenses cannot be calculated or are significantly understated, fines of no less than RMB1,000,000 and no more than RMB2,000,000 may be imposed. In such cases, business licences may be revoked, and the advertising review authority may revoke the approval documents for advertising review and not accept their advertising review applications for one year. If the violation constitutes a crime, criminal liability may be pursued.

Legal aspects related to e-commerce

The E-commerce Law of the PRC (《中華人民共和國電子商務法》) promulgated by the SCNPC on August 31, 2018, and became effective since January 1, 2019, stipulates that e-commerce operators engaged in business activities should adhere to the principles of voluntariness, equality, fairness, and good faith. They must also comply with the law and business ethics, participate fairly in market competition, fulfil obligations related to consumer rights protection, environmental protection, intellectual property protection, network security and personal information protection, and assume responsibility for the quality of products and services. If e-commerce operators fail to fulfil contractual obligations or do not meet the agreed-upon terms or cause harm to others, when selling goods or providing services they shall bear civil liability under the law. E-commerce operators who engage in business activities without obtaining relevant administrative permits, sell or provide goods or services prohibited by laws or administrative regulations, or fail to fulfil their information provision obligations shall be subject to penalties by the market supervision and management authorities in accordance with relevant laws and administrative regulations.

Regulations on Cyber Information Security, Privacy and Data Protection

Cybersecurity

Pursuant to the State Security Law of the PRC (《中華人民共和國國家安全法》) promulgated by the SCNPC on July 1, 2015, which became effective on the same date, the State shall establish a system and mechanism for national security examination and supervision, and carry out national security examination of key technology and networking information technology products as well as services relating to national security, so as to effectively prevent and eliminate national security risks.

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), which was promulgated by the SCNPC and took effect on June 1, 2017 and was amended on October 28, 2025 and will become effect on January 1, 2026, network operators shall comply with laws and regulations and fulfil their obligations to safeguard the security of network when conducting business activities and providing services. Network operators that provide services through the network shall take technical measures and other necessary measures in accordance with laws, regulations, and compulsory requirements of national standards 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. In addition, network operators shall not collect the personal information irrelevant to the services they provide or collect or use the personal information in violation of the provisions of laws or agreements between both parties. According to the Measures for Cybersecurity Review (《網絡安全審查辦法》), which was promulgated by the Cyberspace Administration of China (the "**CAC**") on December 28, 2021 and took effect on February 15, 2022, any procurement of network products and services by critical information infrastructure operators and data processing activities by network platform operators that affect or may affect national security, shall be subject to the cybersecurity review by the Cybersecurity Review Office. Besides, a network platform operator with more than one million users' personal information that seeks to list abroad must apply to the Cybersecurity Review Office for a cybersecurity review. Where any enterprise is regarded by the relevant regulatory authorities as an entity with network products and services as well as data processing activities that affect or may affect national security, the relevant regulatory authorities shall take the initiative to carry out a cybersecurity review.

Data Security

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 and took effect on September 1, 2021, sets forth specific provisions on the basic data security management systems, such as data classification and grading management system, risk assessment system, monitoring and early warning system and emergency response system. In addition, it also clarifies the data security protection obligations of organisations and individuals carrying out data activities and implementing data security protection responsibilities. The Administrative Regulations on Cyber Data Security (《網絡數據安全管理條例》), which was promulgated by the State Council and took effect on January 1, 2025, stipulates that network data processors engaging in network data processing activities that affect or may affect national security, shall be subject to national security review pursuant to the relevant government regulations. Moreover, the Administrative Regulations on Cyber Data Security also sets forth other specific requirements regarding data processing activities by network data processors in aspects of personal data protection, security of important data, security management of cross-border data and obligations of internet platform service providers.

The Provisions on Facilitating and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》), which was promulgated by the CAC and took effect on March 22, 2024, redefines the subjects and circumstances that require security assessment of cross-border data transfer, signing and filing standard contracts, and applying for protection certification, stipulates the conditions for data cross-border transfer that are exempted from declaring the security assessment, signing and filing standard contracts, and applying for protection certification, and establishes a negative list system for pilot free trade zones, to promote the free flow of data in an orderly manner in accordance with the law.

Personal Information Protection

The personal information of a natural person shall be protected by law pursuant to the Civil Code. Any organisation or individual needing to obtain the personal information of other persons shall legally obtain and ensure the security of such information, and shall not illegally collect, use, process, or transmit the personal information of other persons, nor illegally buy, sell, provide, or publish the personal information of other persons.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), which was promulgated by the SCNPC and took effect on November 1, 2021, establishes a comprehensive regulatory system for personal information processing. It includes that the personal information shall be processed for explicit and reasonable purposes, that the processing of sensitive information is subject to additional protection, that the provision of personal information to outsiders and the entrusted processing of personal information require the signing of a special agreement to ensure security, that the storage, deletion, disclosure and automated decision-making of personal information shall comply with special rules, and that processors of personal information shall have appropriate organisational, institutional and technical measures safeguards. Personal information processors who violate the provisions and requirements of the Personal Information Protection Law may be subject to correction, warning, fines, suspension of related business, revocation of licences, entry into credit files, or even criminal liability.

The Administrative Measures for the Compliance Audit of Personal Information Protection (《個人信息保護合規審計管理辦法》), which was promulgated by the CAC and took effect on May 1, 2025, stipulates that personal information processors that process the personal information of more than 10 million individuals shall carry out the compliance audit of personal information protection at least once every two years. Personal information processors that process the personal information of more than 1 million individuals shall designate a person in charge of personal information protection to be responsible for the compliance audit of personal information protection of the personal information processor.

Regulations on Employment and Social Welfare

Employment

The major PRC laws and regulations that govern employment relationship are the PRC Labour Law (《中華人民共和國勞動法》), the PRC Labour Contract Law (《中華人民共和國勞動合同法》) (the "**Labour Contract Law**") and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

The Labour Law of the PRC (《中華人民共和國勞動法》) was promulgated by the SCNPC on July 5, 1994, implemented on January 1, 1995, and most recently revised and implemented on December 29, 2018. The Labour Law of the PRC stipulates matters related to promoting employment, labour contracts, working hours, rest and leave, wages, labour safety and hygiene, special protection for female and minor workers, vocational training, social insurance and welfare, labour disputes, supervision and inspection, as well as legal liabilities.

The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) was issued by the SCNPC on June 29, 2007, implemented on January 1, 2008, and most recently revised on December 28, 2012, with the revision taking effect on July 1, 2013. The Implementation Regulation of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) were issued and implemented by the State Council on September 18, 2008. According to the aforementioned law and regulation, a written labour contract shall be established when forming a labour relationship. Employers shall not force employees to work overtime and must pay overtime wages according to national regulations if overtime is arranged. Wages must not be lower than the local minimum wage standard and must be paid to employees promptly.

Social Insurance and Housing Provident 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 October 28, 2010 and with effect from July 1, 2011 and latest amended on December 29, 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 January 22, 1999 and last amended on March 24, 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 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 January 19, 2017 and March 6, 2019, the 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 relevant administrative department.

On July 31, 2025, the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**New Judicial Interpretation**"), which took effect on September 1, 2025. Article 19(1) of the New Judicial Interpretation stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People's Court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law. The New Judicial Interpretation has neither repealed any existing laws relating to social insurance nor expanded the potential penalty exposure for the Group's compliance status in the payment of social insurance and housing provident fund.

Pursuant to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) which were promulgated on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, employers shall timely pay the housing provident fund in full and overdue or insufficient payment shall be prohibited. Employers shall process the housing fund payment and deposit registration in the housing provident fund administrative centre. For enterprises who 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 Relating to Overseas Offering and Listing

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and relevant five guidelines, which came into effect on March 31, 2023. According to the Overseas Listing Trial Measures, PRC domestic enterprises that seek to offer and list securities in overseas markets, either in direct or indirect means (the "**Overseas Offering and Listing**"), are required to fulfil the filing procedure with the CSRC and submit filing reports, legal opinions, and other relevant documents. Subject to specific circumstances, the Overseas Listing Trial Measures require that, among other things, (i) initial public offerings or listings on overseas markets shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent securities offerings of an issuer on the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, and (iii) subsequent securities offerings or listings of an issuer on other overseas markets other than where it has offered and listed securities shall be filed with the CSRC within three working days after the relevant application is submitted overseas. If a PRC company fails to complete the filing procedure or the filing documents submitted by a PRC company contain misrepresentation, misleading statement or material omission, such PRC company may be subject to order to rectify, warnings and fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly responsible persons may also be subject to fines.

The Overseas Listing Trial Measures also set forth the issuer's reporting obligations in the event of occurrence of material events (the "**Material Events**") after the Overseas Offering and Listing. If the overseas offering and listing has been deemed as indirect Overseas Offering and Listing by PRC domestic enterprises, the issuer shall make a detailed report to the CSRC within 3 working days after the occurrence and public announcement of the relevant event: (i) change in controlling rights; (ii) being subject to investigation, punishment or other measures by overseas securities regulatory authorities or the relevant authorities; (iii) changing listing status or changing the listing board; or (iv) voluntary or compulsory termination of listing. Besides, if any material change in the principal business and operation of the issuer after its Overseas Offering and Listing makes the issuer no longer within the scope of record-filing, the issuer shall submit a special report and a legal opinion issued by a PRC domestic law firm to the CSRC within 3 working days after the occurrence of the relevant change to provide an explanation of the relevant situation. According to the Overseas Listing Trial Measures, the PRC domestic enterprises engaging in Overseas Offering and Listing activities shall strictly comply with the PRC laws, administrative regulations, and relevant provisions on foreign investment, state-owned assets, industry regulation, overseas investment, etc., shall not disrupt domestic market order, and shall not harm national interests, public interests and the legitimate rights and interests of domestic investors.

In addition, the Overseas Listing Trial Measures also provides the circumstances where the Overseas Offering and Listing is explicitly prohibited, including: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the Overseas Offering and Listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the PRC domestic enterprise, or its controlling shareholder(s) and the actual controller, 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 PRC domestic enterprise 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 controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

On February 24, 2023, the CSRC together with National Administration of State Secrets Protection and National Archives Administration of China have promulgated the Provisions on Strengthening the Confidentiality and File Management of Domestic Enterprises Related to Overseas Issuance of Securities and Listing (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), according to which, during the overseas offering and listing activities of domestic enterprises, domestic enterprises, securities companies and securities service providers providing corresponding services shall strictly abide by the relevant PRC laws and regulation as well as the requirements of the provisions, enhance legal awareness of guarding state secrets and strengthening the management of archives, establish and complete systems for confidentiality and archives work, employ necessary measures to implement the responsibility for confidentiality and archives management, and shall not divulge state secrets and work secrets of state organs, and shall not harm the interests of state and the public. If domestic enterprises provide or publicly disclose to relevant securities companies, securities service institutions, overseas regulatory agencies and other parties, or provide or publicly disclose documents and materials involving state secrets or state organ work secrets through the issuer, they shall report the matters to the competent authorities for examination and approval, and file them with the department for the administration and management of state secrets at the same level for the record.

HONG KONG

Regulations Relating to the Gold Jewellery Industry

Registration Regime for Dealers in Precious Metals and Stones

The Anti-Money Laundering and Counter-Terrorist Financing Ordinance ("**AMLO**") (Cap. 615) has been amended to introduce a registration regime for dealers in precious metals and stones for commencement on 1 April 2023. The Customs and Excise Department would take charge of the regime to enforce the registration requirements and supervise the anti-money laundering and counter-terrorist financing ("**AML/CTF**") conduct of registrants.

Any person who intends to engage in non-cash transaction(s) with total value at or above HK$120,000 ("**Specified Transaction**") in the course of business of dealing in precious metals and stones is required to register as a Category A registrant. Any person who is seeking to engage in cash transaction(s) with total value at or above HK$120,000 and non-cash transaction(s) with total value at or above HK$120,000 ("**Specified Cash Transaction**") in the course of business of dealing in precious metals and stones is required to register as a Category B registrant. A Category A registrant is not allowed to conduct any Specified Cash Transaction and is not required by any local laws or regulations to identify and verify the identities of its cash-settling customers. A Category B registrant is subject to AML/CTF supervision.

Any person (i) (other than a registrant) carrying out a Specified Transaction, (ii) (other than a Category B registrant) carrying out a Specified Cash Transaction in Hong Kong, (iii) claiming or holding out to be a registrant or be authorised to carry out a Specified Transaction in Hong Kong; or (iv) claiming or holding out to be a Category B registrant or be authorised to carry out a Specified Cash Transaction in Hong Kong commits an offence and is liable on conviction to a fine at level 6 (currently at HK$100,000) and to imprisonment for 6 months.

As of the Latest Practicable Date, CHJ International Jewelry was a Category A registrant which is allowed to carry out Specified Transactions in its course of business.