The following are the laws and regulations in Mainland China that have a material impact on our business operations:

LAWS AND REGULATIONS ON FOREIGN INVESTMENT AND OUTBOUND INVESTMENT

Company Law

The Company Law of the People's Republic of China (《中華人民共和國公司法》) (the "PRC Company Law") was promulgated by the Standing Committee of the National People's Congress of the PRC (全國人民代表大會常務委員會) (the "SCNPC") on 29 December 1993 and put into effect on 1 July 1994, last amended on 29 December 2023 and implemented since 1 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 companies. According to the PRC Company Law, where laws on foreign investment have other stipulations, such stipulations shall prevail. The latest PRC Company Law came into effect on 1 July 2024, the main amendments of which involve improving companies' establishment and exit system, optimizing companies' organizational structure, perfecting companies' capital system, strengthening the responsibilities of controlling shareholders and management personnel and strengthening the social responsibility of companies.

In accordance with the Regulations of the State Council on the Implementation of the Registered Capital Registration Management System under the Company Law of the People's Republic of China, promulgated by the State Council on 1 July 2024, Chinese companies incorporated on or before 30 June 2024 shall comply with the following requirements: for limited liability companies, if the remaining capital contribution period exceeds 5 years as of 1 July 2027, the companies shall adjust the remaining contribution period to within 5 years by 30 June 2027; for companies limited by shares, their promoters shall fully pay the subscribed share capital by 30 June 2027.

Foreign Investment

Investment activities in the PRC by foreign investors are primarily governed by the Catalogue of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》) (or the Encouraging Catalogue, which was promulgated by the Ministry of Commerce of the People's Republic of China and the NDRC on 26 October 2022 and became effective on 1 January 2023), the Special Administrative Measures for the Access of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) (or the Negative List, which was promulgated and is amended by the MOFCOM and the NDRC from time to time) and the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (or the Foreign Investment Law) as well as its implementation rules and supporting regulations.

The Foreign Investment Law was promulgated by the NPC on 15 March 2019 and came into effect on 1 January 2020, replacing the three then existing laws governing foreign investment in Mainland China, namely the Law on Sino-foreign Equity Joint Ventures of the PRC (《中華人民共和國中外合資經營企業法》), the Law on Sino-foreign Cooperative Joint Ventures of the PRC (《中華人民共和國中外合作經營企業法》) and the Law on Wholly Foreign-owned Enterprises of the PRC (《中華人民共和國外資企業法》). The Foreign Investment Law establishes a fundamental framework through legislation for the entry, promotion, protection and management of foreign investment, with emphasis on investment protection and fair competition. In accordance with the Foreign Investment Law, foreign investment shall enjoy pre-entry national treatment, except for foreign-invested companies in industries deemed to be "restricted" or "prohibited" in the Negative List. To ensure the effective implementation of the Foreign Investment Law, on 26 December 2019, the State Council promulgated the Implementation Rules to the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》) (or the Implementation Rules to the Foreign Investment Law), which became effective on 1 January 2020, further clarifying that the State encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment and advances a higher-level opening.

On 30 December 2019, the MOFCOM and the SAMR jointly promulgated the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which became effective on 1 January 2020. According to the provisions of these measures, where foreign investors carry out investment activities directly or indirectly within China, foreign investors or foreign-invested enterprises shall report investment information to commercial competent authorities, with the market regulatory authority providing guidance and assistance in information sharing.

On 6 September 2024, the NDRC and the MOFCOM jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version) (《外商投資準入特別管理措施(負面清單)(2024年版)》 (or the 2024 Negative List), which came into effect on 1 November 2024, to replace the previous Encouraging Catalogue and the Negative List thereunder. According to the Foreign Investment Law, the Implementation Rules to the Foreign Investment Law and the 2024 Negative List, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed "permitted" for foreign investments. The Group's business operations do not fall within the restricted or prohibited sectors under the PRC foreign investment laws and regulations and the Group has not violated any applicable foreign investment rules, and such laws and regulations have no material adverse impact on the Group's business operations or financial performance.

Outbound Investment

According to the Measures for the Administration of Outbound Investment (《境外投資管理辦法》) promulgated by the MOFCOM on 6 September 2014 and came into force on 6 October 2014, the outbound investment activities of companies established in China are subject to the filing and approval management by the MOFCOM and the provincial-level commercial competent authorities. If a PRC enterprise intends to make an outbound investment involving sensitive countries and regions and sensitive sectors, it is subject to approval management requirements. Other outbound investment projects shall be subject to filing management requirements.

In accordance with the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on 26 December 2017 and came into force on 1 March 2018, if a PRC enterprise (the "Investor") intends to make an outbound investment, it is required to complete the approval or filing procedures for outbound investment projects (the "Projects"), report relevant information, and cooperate with supervision and inspection. Sensitive Projects carried out by the Investor directly or through overseas enterprises controlled by the Investor shall be subject to approval requirements; non-sensitive Projects directly carried out by the Investor, namely, the non-sensitive Projects involving the Investor's direct investment of assets and equities or the provision of financing or guarantees shall be subject to filing requirement. The aforementioned "sensitive projects" refer to projects involving a sensitive country or region or projects involving a sensitive industry. The NDRC shall publish a catalogue of sensitive industries. The current catalogue of sensitive industries in force is the Catalogue of Sensitive Industries for Outbound Investment (Edition 2018) (境外投資敏感行業目錄(2018年版)), effective on 1 March 1 2018.

LAWS AND REGULATIONS ON RETAIL INDUSTRY

On-line Retail Business

On 31 August 2018, the SCNPC issued the E-commerce Law of the People's Republic of China (中華人民共和國電子商務法) (the "E-commerce Law"), which came into force on 1 January 2019. According to the E-commerce Law, "e-commerce" refers to business activities of selling goods or providing services through information networks such as the Internet. E-commerce operators shall register as market entities in accordance with the law, except for individuals selling self-produced agricultural and sideline products, household handicraft products, individuals who make use of their own skills to engage in labor service activities for the convenience of the people and sporadic small-sum trading activities which do not require a license in accordance with the law and those who do not need to be registered in accordance with law or administrative regulations. When engaging in business activities, e-commerce operators shall obtain relevant administrative licenses if so required by law, failing which such e-commerce operators may be subject to order of rectification within a prescribed period of time, imposition of fines, and order of suspension of operations by the market regulation department. E-commerce operators shall deliver commodities or services according to its commitment or the ways and time limits as agreed upon with consumers, and bear the risks and responsibilities when commodities are in transit. However, there is an exception where consumers select separate express logistics service providers. E-commerce operators shall also be responsible for the quality of their products and services. If e-commerce operators fail to fulfill contractual obligations or do not meet the agreed-upon terms or cause harm to others, they shall bear civil liability under the law. On 15 March 2021, the SAMR issued the Measures for the Supervision and Administration of Online Transactions (網絡交易監督管理辦法), which became effective on 1 May 2021 and amended on 18 March 2025 with the amendments becoming effective on 1 May 2025. These Measures clarify the statutory responsibilities and obligations of online transaction operators, including their duty to comply with the principles of voluntariness, equality, fairness, and good faith in conducting business activities in accordance with laws and regulations. These Measures also stipulate registration requirements for online transaction operators, and except under the circumstances where registration is not required under Clause 10 of the E-commerce Law, online transaction operators shall register themselves as market entities.

Retail and Promotion

On 12 September 2006, the MOFCOM, the NDRC, the Ministry of Public Security of the People's Republic of China, the State Taxation Administration, and State Administration for Industry and Commerce of the People's Republic of China (predecessor to the SAMR) jointly promulgated the Administrative Measures on Promotion Activities of Retailers (《零售商促銷行為管理辦法》), which came into force on 15 October 2006. These Measures establish standards and requirements for retailers' promotions and advertising.

Product Quality and Product Responsibility

On 22 February 1993, the SCNPC promulgated the Product Quality Law of the People's Republic of China (the "Product Quality Law"), which came into force on 1 September 1993. It was most recently amended by the SCNPC on 29 December 2018, with the amendments coming into force on the same date. According to the Product Quality Law, manufacturers are liable for the quality of products they produce and sellers must take reasonable actions to ensure the quality of the products they sell. The market regulatory department under the State Council is responsible for overseeing national product quality supervision. Relevant departments of the State Council shall conduct product quality supervision within their respective scopes of duties. Where other laws prescribe different authorities for product quality supervision, such provisions shall prevail. The state implements a product quality supervision and inspection system primarily based on random sampling. Where the quality of products for which supervision and random inspection have been carried out in accordance with the provision is not up to standard, the market regulation department that carried out the supervision and random inspection shall order the producer or seller to rectify the situation within a time limit. Where the situation is not rectified within the time limit, the market regulation department of the people's government at provincial level or above shall issue a public announcement; where products are re-examined after the announcement and are still not up to standard, the department shall order production to be suspended and the operations to be reorganized; where the quality of products that has been re-examined after the expiry of the period for reorganization is still not up to standard, the business licence shall be revoked. If an individual or enterprise has quality issues in products they produce or sell, they may be subject to order of suspension of production or sales, confiscation of products produced and sold illegally, confiscation of illegal gains; revocation of business licenses where the circumstances are serious; or even investigation for criminal liabilities where a crime is constituted.

On 28 May 2020, the NPC promulgated the Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the "Civil Code"), which became effective on 1 January 2021. According to the Civil Code, a producer shall bear tort liability if its product causes damage to others due to a defect. If a defect is found in a product after it has been put into circulation, the producer and the seller shall take remedial measures in a timely manner including, inter alia, withdrawal from sale, alerts and recalls. In the event of expanded damage arising from a failure to take remedial measures in a timely manner or inadequate remedial measures, the producer and the seller shall also bear tort liability.

Consumer Rights and Interests Protection

The Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), as passed by the SCNPC on 31 October 1993 and last amended on 25 October 2013 contains the code of conduct for business operators when dealing with consumers, including but not limited to: (i) ensuring that the goods or services shall comply with the relevant laws and regulations in relation to the product quality; (ii) providing true, comprehensive and accurate information concerning the quality, performance, purpose and term of validity of the goods or services they provide; (iii) issuing invoice or other shopping vouchers or service documents to consumers in accordance with relevant national regulations or commercial practices; (iv) ensuring that the actual quality and function of the goods or services is in conformity with the quality of the goods or services indicated by advertisement, product descriptions, samples or other means; (v) assuming responsibility for repair, remanufacturing, replacement, return of goods or other liability under national regulations or any agreement with consumers; and (vi) not to impose terms that are unreasonable or unfair on consumers.

Advertisement

On 27 October 1994, the SCNPC promulgated the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) (the "Advertising Law"), which was last amended on 29 April 2021. According to the Advertising Law, advertisements shall not have any false or misleading content, or defraud or mislead consumers. An advertiser shall be responsible for the veracity of the contents of its advertisement. Where a false advertisement is published, the market regulatory department shall order cessation of publishing the advertisement, order the advertiser to eliminate adverse effects within the corresponding extent, and impose a fine. Where a false advertisement has caused any damage to the lawful rights and interests of consumers who purchase goods or receive services, the advertiser shall assume civil liability in accordance with the law.

According to the Measures for the Administration of Internet Advertisements (《互聯網廣告管理辦法》) promulgated by the SAMR on 25 February 2023 and became effective on 1 May 2023, publishing advertisements for medical treatment, drugs, medical devices, dietary supplements and special formula foods for medical purposes in a disguised manner such as introducing health and wellness knowledge is prohibited. When introducing health and wellness knowledge, the addresses, contact information and shopping links of the goods operators or service providers of related medical treatment, drugs, medical devices, dietary supplements and special formula foods for medical purposes shall not be displayed on the same page or at the same time. Internet advertisements should be identifiable so that consumers can recognize them as advertisements. Except in cases where laws or administrative regulations prohibit the publishing or publishing in a disguised manner of advertisements, advertisers who promote goods or services through introducing knowledge, sharing experiences, consumer review and other means and attach shopping links or other purchasing methods shall conspicuously mark "advertisement".

LAWS AND REGULATIONS ON CYBER SECURITY, DATA SECURITY AND PERSONAL DATA PROTECTION

Regulations relating to Cyber Security and Data Security

The Chinese government has enacted laws and regulations concerning internet information security and the protection of personal data against misuse or unauthorized disclosure. The Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》), which was promulgated by the SCNPC on 7 November 2016 and came into force on 1 June 2017, provides that network operators (including internet information service providers) shall comply with laws and regulations and fulfil their obligations to ensure the security of the network when conducting business and providing services. The Cyber Security Law of the People's Republic of China further provides that network operators shall take technical measures and other necessary measures in accordance with laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities committed on the network, and maintain the integrity, confidentiality, and availability of network data. Any violation of the provisions and requirements under the Cyber Security Law of the People's Republic of China may subject the internet service providers to penalties including warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, shutdown of websites, or even criminal liability.

On 10 June 2021, the SCNPC promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), which became effective on 1 September 2021. The Data Security Law of the People's Republic of China imposes data security and privacy obligations on entities and individuals carrying out data activities, and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The Data Security Law of the People's Republic of China also provides for a data security review procedure for the data processing activities that may affect national security and imposes export restrictions on certain categories of data and information. Violations of the Data Security Law of the People's Republic of China may subject relevant entities or individuals to penalties including warnings, fines, suspension of business for rectification, revocation of licenses or business permits, and/or even criminal liability. Under the Data Security Law of the People's Republic of China, the maximum fine for violators may reach RMB10 million.

On 28 December 2021, the CAC and other government departments jointly promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), which came into effect on 15 February 2022, and the Measures for Cybersecurity Review (《網絡安全審查辦法》) which took effect on 1 June 2020 was abolished at the same time. The Measures for Cybersecurity Review have introduced additional regulatory procedures for "overseas listing" in the cybersecurity sector. The network platform operators possessing personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review. In addition, the Measures for Cybersecurity Review provides that the purchase of cyber products and services by critical information infrastructure operators and the data processing activities engaged in by network platform operators that affect or may affect "national security" shall be subject to the strict cybersecurity review. Pursuant to the Measures for Cybersecurity Review, any violations shall be subject to penalization in accordance with the Cyber Security Law of the People's Republic of China and the Data Security Law of the People's Republic of China, including government enforcement actions and investigations, fines, sanctions, and suspension of non-compliant operations.

On 24 September 2024, the Regulations on Network Data Security Management (《網絡數據安全管理條例》) was issued by the State Council, which took effect on 1 January 2025. The Regulations on Network Data Security Management provides that network data processors shall, in accordance with the provisions of laws and administrative regulations and the mandatory requirements of national standards, and on the basis of classified protection of cyber security, strengthen the protection of network data security, establish and perfect the system of network data security management, take technical measures and other necessary measures to protect network data, and prevent illegal and criminal activities aiming at and using network data.

Regulations relating to Personal Data Protection

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

On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) (the "Personal Information Protection Law"), which took effect on 1 November 2021. The Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as where (i) the individual's consent has been obtained; (ii) the processing is necessary for the conclusion or performance of a contract to which the individual is a party; (iii) the processing is necessary to fulfill statutory duties and statutory obligations; (iv) the processing is necessary to respond to public health emergencies or protect natural persons' lives, health and property safety under emergency circumstances; (v) the personal information that has legally been made public by the relevant individual or otherwise is processed within a reasonable scope; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation. No organization or individual may illegally collect, use, process or transmit personal information of others, illegally buy or sell, provide or make personal information of others public, or engage in the processing of personal information that endangers the national security or public interests. In terms of cross border transmission of personal information, pursuant to the Personal Information Protection Law, a personal information processor, providing personal information to any party outside the territory of the PRC, shall notify the individuals of the overseas recipient's identity, contact information, processing purposes, processing methods, categories of personal information, the methods and procedures in which individuals exercise the rights over the overseas recipient, and other matters, and obtain the individuals' separate consent. Furthermore, critical information infrastructure operators and the personal information processors that process the personal information reaching or exceeding the threshold specified by the national cyberspace administration in terms of quantity shall store domestically the personal information collected and generated within the territory of the PRC. Where it is truly necessary to provide the information abroad, the security assessment organized by the national cyberspace administration shall be passed, unless otherwise regulated by laws, administrative regulations, or provisions issued by the national cyberspace administrative authorities. On the other hand, based on the processing purposes and processing methods of personal information, types of personal information, impacts on personal rights and interests, and possible security risk, etc., personal information processors shall also take necessary measures to ensure that personal information processing activities comply with laws and administrative regulations and to prevent unauthorized access and personal information leakage, tampering, and loss.

The Regulations on Network Data Security Management (《網絡數據安全管理條例》) further regulate data processing activities conducted through network, including but not limited to formulating personal data processing rules, general requirements for processing personal data, and responding to individual requests regarding personal data.

LAWS AND REGULATIONS ON IMPORT AND EXPORT OF GOODS

According to the Regulations of the People's Republic of China on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on 10 December 2001 (and became effective on 1 January 2002, with the latest amendments being made on 10 March 2024 and the latest amended version coming into force on 1 May 2024), the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》) promulgated by the SCNPC on 12 May 1994 (and became effective on 1 July 1994, with the latest amendments being made on 30 December 2022), the Customs Law of the People's Republic of China (《中華人民共和國海關法》) promulgated by the SCNPC on 22 January 1987 (and became effective on 1 July 1987, with the latest amendments being made on 29 April 2021), the Measures for Record Filing and Registration by Foreign Trade Dealer (《對外貿易經營者備案登記辦法》) promulgated by the MOFCOM on 25 June 2004 (and became effective on 1 July 2004, with the latest amendments being made on 10 May 2021), and the Administrative Provisions of the Customs of the People's Republic of China on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC on 19 November 2021 and took effect on 1 January 2022, foreign trade business operators engaging in the import or export of goods or technology must go through the accounts filing and registration formalities with the MOFCOM or the agency entrusted by the MOFCOM. Unless otherwise provided for, the declaration of import or export goods and the payment of duties may be made by the consignees or consigners themselves, or by entrusted customs brokers. A customs declarant may make a customs declaration within the territory of the People's Republic of China.

LAWS AND REGULATIONS ON FIRE PREVENTION

According to the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) (the "Fire Prevention Law") promulgated by the SCNPC on 29 April 1998 and last amended on 29 April 2021, and the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design 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 last amended on 21 August 2023, special construction projects that fail to undergo or pass the fire protection acceptance check are prohibited from being put 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 suspended from use. Any special construction projects put into use without passing the fire protection acceptance check, or failure to suspend the use of any construction projects other than special construction projects which fail to pass the random inspection on fire safety acceptance, shall be ordered to discontinue the construction, use, production or operation and be fined not less than RMB30,000 but not more than RMB300,000. Any constructing entity fails to go through the fire safety acceptance filing for any construction projects other than special construction projects shall be ordered to make corrections and imposed a fine of not more than RMB5,000 by the competent housing and urban-rural development authorities. Pursuant to the Fire Prevention Law, the constructing entity or the entity occupying the facility shall apply to the fire prevention and rescue department of the local people's government at or above the county level for a fire safety inspection before a public gathering place is put into use or opens for business. Any public gathering place put into use or operated without passing the fire safety inspection or without satisfying the fire safety requirements, shall be ordered to discontinue the construction, use, production or operation and be fined not less than RMB30,000 but not more than RMB300,000.

LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

According to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) (the "Environmental Protection Law") promulgated by the SCNPC on 26 December 1989 and became effective on the same date and last amended on 24 April 2014, enterprises, public institutions and other producers and operators shall prevent and reduce environmental pollution and ecological damage as well as take the liabilities for the damages caused according to the laws. The state implements a pollutant discharge licence management system. Enterprises, public institutions and other producers and operators that implement the pollutant discharge licence management shall discharge pollutants according to the requirement of the pollution discharge licence, and those who fail to obtain the pollution discharge licence shall not discharge pollutants.

According to the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on 28 October 2002 and implemented since 1 September 2003, and last amended on 29 December 2018, and the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) promulgated by the State Council on 29 November 1998 and came into effect on the same date, and last amended on 16 July 2017, the state implements an environmental impact assessment system for construction projects. An environmental impact report is required to thoroughly assess the potential environmental impact if the construction project may result in a material impact on the environment; an environmental impact statement is required to analyze or conduct a project-based evaluation if the construction project may result in slight impact on the environment; a registration form of environmental impact is required to be filed if the construction project may only result in minimal impact on the environment and no environmental impact assessment is required. No construction project can be commenced without undergoing assessment on environmental impact in accordance with the laws. After the completion of the construction project for which an environment impact report or an environment impact statement was prepared, the construction unit shall, in accordance with the standards and procedures formulated by competent administrative department for environment protection under the State Council, conduct inspection and acceptance of the ancillary environment protection facilities, and prepare an inspection and acceptance report. No ancillary environment protection facilities of such projects may be put into production or use until such facilities pass the inspection and acceptance; Any ancillary facilities that failed to undergo or pass the inspection and acceptance procedure may not be put into production or use. If an enterprise violates the aforesaid laws and regulations, the environmental protection administrative departments at the county level or above may order it to suspend production or construction, impose a fine and order it to conduct restoration; investigation for criminal liabilities will be imposed where a crime is constituted.

LAWS AND REGULATIONS ON TAXATION

Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (the "EIT Law") promulgated by the SCNPC on 16 March 2007, came into effect on 1 January 2008 and last amended on 29 December 2018, as well as the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on 6 December 2007, came into force on 1 January 2008 and amended on 23 April 2019 and 6 December 2024, an enterprise, which is established within the territory of PRC according to law or established as per the laws of a foreign country (region) but has an actual management office within the territory of PRC, is a resident enterprise. A resident enterprise shall pay enterprise income tax for the income derived from both inside and outside the PRC at a rate of 25%. An enterprise income tax preference shall be granted to industries and projects strongly supported and encouraged by the state; an enterprise income tax shall be levied on high-tech enterprises at a reduced rate of 15%.

Value-added Tax

According to the Interim Regulations of the People’s Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》) which was promulgated by the State Council on 13 December 1993 and last amended on 19 November 2017 and the Detailed Rules for the Implementation of the Interim Regulations of the People’s Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the Ministry of Finance (the “MOF”) on 25 December 1993 and last amended on 28 October 2011, entities and individuals that sell goods or labour services of processing, repair or replacement, sell services, intangible assets, or immovables, or import goods within the territory of the PRC are taxpayers of value-added tax, and shall pay VAT in accordance with law. Unless otherwise stipulated, the VAT rate is 17% for taxpayers selling goods, labor services, or tangible movable property leasing services or importing goods; 11% for taxpayers selling transportation, postal, basic telecommunications, construction, or immovable property leasing services, selling immovables, transferring land use rights, or selling or importing specific goods; unless otherwise stipulated, 6% for taxpayers selling services or intangible assets.

According to the Notice 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》) which was promulgated by the Ministry of Finance and the State Taxation Administration on 4 April 2018 and came into effect on 1 May 2018, the tax rates of 17% and 11% applicable to any taxpayer’s VAT taxable sale or import of goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening the Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》) jointly promulgated by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on 20 March 2019, the tax rates of 16% and 10% originally applicable to ordinary taxpayers’ VAT sales or import of goods are adjusted to 13% and 9%, respectively.

On 25 December 2024, the SCNPC promulgated the Value-Added Tax Law of the People’s Republic of China (the “VAT Law”), which will come into force on 1 January 2026, and repeal the Interim Regulations of the People’s Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》). According to the VAT Law, the VAT rate is 13% for taxpayers selling goods, providing labor services of processing, repair or replacement, or tangible movable property leasing services or importing goods; 9% for taxpayers selling transportation, postal, basic telecommunications, construction, immovable property or immovable property leasing services, transferring land use rights, or selling or importing specific goods specified under the VAT Law; 6% for taxpayers selling services or intangible assets; 0% for taxpayers exporting goods; and a 3% VAT levy rate applies under simplified tax calculation method.

LAWS AND REGULATIONS ON FOREIGN EXCHANGE

According to the Regulations of the People’s Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》), which was amended by the State Council and became effective on 5 August 2008, all international payments and transfers are classified into current account items and capital account items. The state does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the state. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval by foreign exchange administrative authorities, unless otherwise stipulated by the state.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and became effective on 24 February 2015, the administrative approval by the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Control Pertaining to Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE and became effective on 26 December 2014, a domestic company shall complete registration formalities for overseas listing with the SAFE's local branch at its place of registration within 15 working days from completion of issuance for its overseas listing. Funds raised from overseas listing of a domestic company may be repatriated to China or deposited overseas, and the usage of funds shall be consistent with the relevant contents set out in the document or disclosure documents.

According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Administration 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》) promulgated on 13 February 2015 and implemented since 1 June 2015, the requirements that confirmation of foreign exchange registration under domestic direct investment and confirmation of foreign exchange registration under overseas direct investment are canceled, and the bank, instead, shall directly review and handle the foreign exchange registration and approval under domestic and overseas direct investment while the SAFE and its branches indirectly supervise the foreign exchange registration and approval under direct investment through the bank.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionizing and Regulating Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated by the SAFE and became effective on 9 June 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

On 18 January 2017, the SAFE released the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), to further expand the settlement scope for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilisation, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

On 23 October 2019, the SAFE issued 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促進跨境貿易投資便利化的通知》), which stipulated that on the basis that investing foreign-funded enterprises (including foreign-invested investment companies, foreign-invested venture capital enterprises and foreign-invested equity investment enterprises) may make domestic equity investments with their capital funds in accordance with laws and regulations, non-investing foreign-funded enterprises are permitted to legally make domestic equity investments with their capital funds under the premise that the existing Special Administrative Measures for the Access of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) are not violated and domestic invested projects are true and compliant.

According to the Notice of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), issued by the SAFE on 10 April 2020, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without submitting the evidentiary materials concerning authenticity of such capital for banks in advance; provided that their capital use is authentic and in compliance with administrative regulations on the use of income under capital accounts. The bank in charge shall follow the principle of prudential business development to manage and control relevant business risks, and conduct post spot checking on the facilitation of payment for the income under capital accounts in accordance with relevant requirements.

LAWS AND REGULATIONS ON LABOR AND SOCIAL SECURITY

Labor Law and Labor Contract Law

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》),which was promulgated by the SCNPC on 5 July 1994, became effective on 1 January 1995 and last amended on 29 December 2018 and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), which was promulgated on 29 June 2007, amended on 28 December 2012 with the amendments coming into force on 1 July 2013, employers and employees shall enter into written employment contracts if they intend to establish employment relationships. Employers are required to inform their employees about their job responsibilities, working conditions, occupational hazards, remuneration and other matters with which the employees may be concerned. Employers shall pay remuneration to employees on time and comply in full with the commitments set forth in their employment contracts and with the relevant PRC laws and regulations.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) promulgated by the SCNPC on 28 October 2010, became effective on 1 July 2011 and last amended on 29 December 2018, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) implemented since 22 January 1999 and amended on 24 March 2019, the Pilot Measures for Childbirth Insurance for Enterprise Employees (《企業職工生育保險試行辦法》) implemented since 1 January 1995, the Occupational Injury Insurance Regulations (《工傷保險條例》) implemented since 1 January 2004 and amended on 20 December 2010 with the amendments coming into effect on 1 January 2011 and the Administrative Regulations on Housing Provident Fund (《住房公積金管理條例》) promulgated on 3 April 1999 and last amended on 24 March 2019, an employer established within the PRC shall pay premium for basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and contribute to the housing provident fund for its employees. Employers that fail to promptly pay social insurance premiums in full amount will be ordered by the social insurance premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a penalty for late payment from the due date at the rate of 0.05% per day. If such payment is still not made within the stipulated period, a fine ranging from one to three times of the amount in arrears will be imposed. With respect to employers who violate the above regulations and fail to complete housing provident fund contribution registration or open housing provident fund accounts for their employees, the competent managing center of housing provident funds shall order such employers to complete such procedures within the prescribed period. Those who do not fulfill these procedures within the specified timeframe will be liable to a fine ranging from RMB10,000 to RMB50,000. In cases of overdue or insufficient payment of the housing provident fund in contravention of the regulations, the housing provident fund managing center is authorized to instruct pertinent employers to make contributions within the designated period. Failure to comply may result in an application to a people's court for compulsory enforcement.

On July 31, 2025, the Supreme People's Court of the PRC issued the Interpretation II by the Supreme People's Court of the PRC on Legal Issues in the Trial of 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 "**Interpretation II**"), which took effect from September 1, 2025. Pursuant to the Interpretation II, the provision in a labor contract, agreed upon between an employer and an employee, or the employee's commitment to the employer, stipulating that social insurance contributions need not be paid, shall be deemed invalid by the people's court. If an employer fails to pay social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and demands the employer to pay economic compensation pursuant to Article 38(3) of the Labor Contract Law, the people's court shall support such a request in accordance with the law.

LAWS AND REGULATIONS ON REAL ESTATE

State-Owned Land Use Right

According to the Land Administration Law of the People's Republic of China promulgated by the SCNPC on 25 June 1986 and became effective on 1 January 1987 and last amended on 26 August 2019 with the amendments coming into effect on 1 January 2020, the Rules for Implementation of the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法實施條例》) last amended by the State Council on 2 July 2021 and implemented since 1 September 2021 and the Provisional Regulations of the People's Republic of China Concerning the Grant and Transfer of the Right to Use State Land in Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) issued by the State Council on 19 May 1990 and implemented since the same date, and last amended on 29 November 2020 and implemented since the same date, except for assignment by the state under the law as state-owned land use rights, the state implements a system of compensated use of state-owned land in accordance with the law. The methods of compensated use of state-owned land mainly include transfer of state-owned land use rights, leasing of state-owned land, and using state-owned land use rights as a way of capital contribution or investment in exchange for equity. Grant of land use rights can be conducted by means of agreement, tender and auction. Grant of land use rights requires the signing of a land use right grant contract and payment of land premium.

Real Estate Leasing

According to the Civil Code of the People's Republic of China which became effective on 1 January 2021, owners shall have the rights to possess, use, benefit from and dispose of their real estate or movable properties in accordance with the law. The lessee may sublease the leased premises to a third party with the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract 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 MOHURD promulgated the Administrative Measures for Commodity Housing Tenancy (《商品房屋租賃管理辦法》), which became effective on 1 February 2011. According to these measures, the parties concerned to a housing tenancy shall go through the housing tenancy registration formalities with the competent construction (real estate) departments of the municipalities directly under the Central Government, cities and counties where the housing is located within 30 days after the housing tenancy contract is signed. Failure to go through the housing tenancy registration formalities within the specified period will result in an order to rectify within a prescribed time limit. If the parties concerned fail to comply with the rectification order, a fine ranging from RMB1,000 to RMB10,000 per tenancy contract may be imposed.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY

Patent

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》) which was promulgated by the SCNPC on 12 March 1984, implemented since 1 April 1985 and last amended on 17 October 2020 with the amendments coming into force on 1 June 2021 as well as the Implementation Rules of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》) promulgated by the State Council on 15 June 2001, implemented since 1 July 2001 and last amended on 11 December 2023 with the latest revised version coming into force on 20 January 2024, patents in China are divided into invention patent, utility model patent and design patent. Invention patent shall be valid for 20 years from the date of application while utility patent shall be valid for ten years from the date of application, and design patent shall be valid for fifteen years from the date of application. The patent right entitled to its owner shall be protected by the laws. Any person shall be licensed or authorized by the patent owner before using such patent. Otherwise, the use of which constitutes an infringement of the patent right.

Trade Mark

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) (the Trademark Law) promulgated by the SCNPC on 23 August 1982 and became effective on 1 March 1983 and last amended on 23 April 2019 with the amendments coming into force on 1 November 2019 as well as the Implementation Regulation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》promulgated by the State Council on 3 August 2002, became effective on 15 September 2002 and amended on 29 April 2014, registered trademarks are those that have been approved and registered by the Trademark Office of China National Intellectual Property Administration, including commodity trademarks, service trademarks, collective marks and certification marks. The period of validity of a registered trademark shall be ten years commencing from the day the approval and registration. If a registrant needs to continue to use the registered trademark after the period of validity, an application for renewal of registration shall be made within twelve months before the expiration. The period of validity for each renewal of registration shall be ten years from the date immediately following the date of expiry of the preceding validity period of such trademark.

Copyright

According to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) which was promulgated by the SCNPC on 7 September 1990, became effective on 1 June 1991 and last amended on 11 November 2020 with the amendments coming into force on 1 June 2021, Chinese citizens, legal persons or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing or oral or other forms. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

According to 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 and the Regulation on Computers Software Protection (《計算機軟件保護條例》) which was amended by the State Council on 30 January 2013 with the amendments coming into force on 1 March 2013, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) and the Regulation on Computers Software Protection (《計算機軟件保護條例》).

Domain Name

Domain names are protected under the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology of the PRC on 24 August 2017 and became effective on 1 November 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

LAWS AND REGULATIONS ON SECURITIES AND OVERSEAS LISTING

Securities Laws and Regulations

The Securities Law of the People's Republic of China (中華人民共和國證券法) (the "Securities Law"), promulgated by the SCNPC on 29 December 1998 and last amended on 28 December 2019 with the amendments coming into force on 1 March 2020, comprehensively regulating activities in the mainland China securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further provides that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. China Securities Regulatory Commission (the CSRC) is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listing

On 17 February 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration on 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》), or the Overseas Listing Trial Measures, together with several supporting guidelines (collectively referred to as the "Overseas Listing Regulations"). Under Overseas Listing Regulations, domestic companies in Mainland China that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

The Overseas Listing Regulations provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities listing and financing 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 reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholders and actual controller, have committed 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 suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law 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 or by other shareholders that are controlled by the controlling shareholder, actual controller. Additionally, the Overseas Listing Regulations stipulates that after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) a change of control thereof; (ii) investigations or penalizations imposed on the issuer by overseas securities regulators or relevant competent authorities; (iii) changes of listing status or transfers of listing segment; and (iv) a voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security.

The CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) on 24 February 2023. Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises, where a domestic enterprise provides or publicly discloses, or provides or publicly discloses through its overseas listed entity or other means, any document or material involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report it to the competent department with the examination and approval authority for approval in accordance with the law, and submit it to the secrecy administration department of the same level for filing. The working papers formed within Mainland China by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within Mainland China. Cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the state.