We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities within the territory of the PRC.

LAWS AND REGULATIONS IN RELATION TO FOREIGN INVESTMENT

Company Law

Companies established and businesses operating in the PRC are subject to the PRC Company Law (《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 ("**SCNPC**") on 29 December 1993, was last amended on December 29, 2023 and which became effective on July 1, 2024. The PRC Company Law, regulated by SAMR, MOFCOM, and their local counterparts, provides general regulations for companies' set up and operation in the PRC including the Foreign Invested Enterprises ("**FIEs**"). Unless otherwise provided in the PRC Foreign Investment Law (《中華人民共和國外商投資法》), or the Foreign Investment Law, the provisions in the PRC Company Law shall prevail.

In accordance with the PRC Company Law, the company is required to make appropriation to the company's statutory reserve. At least 10% of the statutory after-tax profits must be allocated to the company's statutory reserve until the cumulative total of the company's statutory reserve reaches 50% of the company's registered capital. The company's statutory reserve may be used to offset any accumulated losses or increase the registered capital. The company's statutory reserve is not available for dividend distribution to shareholders.

Foreign Investment Law

The establishment procedures, examination and approval procedures, registered capital requirement, foreign exchange restriction, accounting practices, taxation, and labor matters of a wholly foreign-owned enterprise are governed by the Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法》), which was promulgated by the SCNPC on April 12, 1986, last amended on September 3, 2016, became effective on October 1, 2016 and expired along with the Foreign Investment Law came into force. Foreign Investment Law, which was promulgated by the National People's Congress of the PRC on March 15, 2019, and became effective on January 1, 2020, repealed simultaneously the Wholly Foreign-owned Enterprise Law, Sino-foreign Equity Joint Ventures Law of the PRC (《中華人民共和國中外合資經營企業法》), Sino-foreign Cooperative Joint Ventures Law of the PRC (《中華人民共和國中外合作經營企業法》), and their respective implementations. FIEs established prior to the Foreign Investment Law in accordance with the aforesaid laws may retain their original business forms for five (5) years after the Foreign Investment Law comes into force. The term "foreign investments", according to the Foreign Investment Law, refers to investment activities within the PRC directly or indirectly conducted by foreign natural persons, enterprises, or other organizations ("**Foreign Investor**"), including the following circumstances: (i) a Foreign Investor, alone or jointly with any other investors, forms a foreign-invested company within the PRC; (ii) a Foreign Investor acquires any shares, equities, portion of property, or other similar interests in a PRC domestic enterprise; (iii) a Foreign Investor, alone or jointly with any other investors, invests in any new PRC domestic project; and (iv) the investments in any other manner as specified by laws, administrative regulations or provisions regulated by the State Council. The Foreign Investment Law stipulates that the PRC implements system of pre-establishment national treatment and negative list foreign investment. The negative list, which would be issued by or upon approval by the State Council, refers to special administrative measures for access of foreign investment in specific fields in China. A Foreign Investor shall not invest in any field prohibited from foreign investment under the negative list. A Foreign Investor shall meet the investment conditions stipulated under the negative list for any restricted fields under the negative list. For fields not mentioned in such negative list, there shall be equal treatment of domestic and foreign investments. Foreign-invested enterprises can raise funds through public issuance of stocks, corporate bonds, and other securities in accordance with the law.

LAWS AND REGULATIONS IN RELATION TO BUSINESS OPERATION OF FOOD SERVICE INDUSTRY

Food Safety

In accordance with the Food Safety Law of the PRC (《中華人民共和國食品安全法》), or the Food Safety Law, which came into effect on June 1, 2009 and was most recently amended on April 29, 2021, the State Council has implemented a licensing system for food production and trading activities. Any person or entity engaged in food production, food sales or catering services shall obtain a license in compliance with the Food Safety Law.

The Implementation Rules of the Food Safety Law (《中華人民共和國食品安全法實施條例》), which came into effect on July 20, 2009 and were last amended on October 11, 2019, further specify the detailed measures required of food producers and business operators, as well as the penalties to be imposed if these measures are not implemented.

According to the Food Safety Law, the State Council shall establish a food safety committee whose duties shall be determined by the State Council. The food safety administration under the State Council is responsible for supervising and administering food production and trading activities according to the duties defined by both the Food Safety Law and the State Council. The health administrative department under the State Council shall organize the implementation of risk monitoring and risk assessment of food safety according to the duties defined by the Food Safety Law and the State Council, and shall formulate and issue national food safety standards together with the food and drug administration under the State Council. Other relevant departments under the State Council shall carry out relevant food safety work according to the duties as defined by the Food Safety Law and the State Council.

As penalties for violations, the Food Safety Law establishes various legal liabilities including warnings, orders to rectify, confiscations of illegal gains, confiscation of utensils, equipment, raw materials and other items used for illegal production and operation, fines, recalls, destruction of non-compliant food, orders to suspend production and/or operation, revocation of production and/or operation license, and even criminal punishment.

Food Production and Operation Licensing

According to the Food Safety Law and the Implementing Rules of the Food Safety Law, the PRC implements a licensing system for the food production, food operation and food additives. Enterprises engaging in food production, sales and catering services shall obtain permits in accordance with law.

According to the Administrative Measures for Food Operation Licensing and Record Filing (《食品經營許可和備案管理辦法》) promulgated by the State Administration for Market Regulation ("**SAMR**") on June 15, 2023 and effective on December 1, 2023, entities involved in food sales and catering services within the PRC shall obtain a food operation license which is valid for 5 years, except for certain circumstances. Applications for food operation license shall be filed according to food operators' types of operation and classification of operation projects. Food operators shall display their paper original food operation licenses or their electronic certificates prominently at their operation sites. If the licensing items which are indicated on a food operation license change, the food operator shall, within 10 business days after the changes take place, apply with the market regulatory authority which originally issued the license for alteration of the operation license. Those who engage in food operation activities but fail to obtain the required food operation license shall be punished by the local market regulatory authorities at or above the county level according to Article 122 of the Food Safety Law.

According to the Administrative Measures of Food Production Licensing (《食品生產許可管理辦法》), which was promulgated by the State Food and Drug Administration on August 31, 2015, last amended on January 2, 2020 by the SAMR and came into effect on March 1, 2020, food production licensing is based on the principle of one license for one entity, which means the same food producer engaging in food production activities shall obtain one food production permit. The relevant authorities shall implement classified licensing for food production according to the risk level of the food. The food production permit is valid for five years. Where the production conditions of a food producer change and no longer satisfy the requirements for food production, the food producer shall immediately take corrective measures and shall re-apply for the license in accordance with the law if necessary. For packaging materials with direct contact with food and other food-related products with higher risks, the production licensing shall be implemented in accordance with the relevant administrative provisions of the State on production licenses for industrial products. Food producers engaging in food production activities without obtaining a food production permit or those engaging in the production activities of food additives without obtaining a food additive production license, may be subject to confiscation of illegal gains, illegally produced and operated food and food additive products and tools, facilities and raw materials used for illegal production and operation. In addition, they may be subject to fines, orders of suspension of production and/or operation, detention and even criminal penalties.

Online Catering Services

Pursuant to Measures for the Supervision and Administration of the Safety of Food Offered through Online Catering Services (《網絡餐飲服務食品安全監督管理辦法》) effective on January 1, 2018, which was amended on October 23, 2020, online catering service providers must have their own physical stores and must have obtained food business licenses according to the law, and shall carry out business activities pursuant to the business forms and business items specified on their own food business licenses, and must not do business beyond their business scope. A catering service provider that runs its own website must file the record with the administration for market regulation at its locality at county level, within 30 working days of filing for record with the competent authority of communications. Online catering service providers which do not have any physical stores, or fail to obtain the food operation licenses in accordance with the law shall be punished by the local market regulatory authorities at or above the county level according to Article 122 of the Food Safety Law.

Food Recall

The Administrative Measures for Food Recall (《食品召回管理辦法》) was promulgated by China Food and Drug Administration on March 11, 2015 and most recently amended on October 23, 2020. According to the Administrative Measures for Food Recall, food producers and business operators shall bear primary responsibility for food safety by establishing a sound management system, collecting and analyzing food safety information, and fulfilling their legal obligations to the cease of production and operation as well as recall and disposal of unsafe food. Where any food operator violates the Administrative Measures for Food Recall by failing to suspend operations or proactively recall unsafe food in a timely manner, the competent authorities shall issue a warning and impose a fine ranging from RMB10,000 to RMB30,000. Where food operators that violate the Administrative Measures for Food Recall, or do not cooperate with food producers to recall unsafe food, the market regulatory authorities shall issue warnings to them and impose fines between RMB5,000 and RMB30,000.

LAWS AND REGULATIONS IN RELATION TO ADVERTISING

The Advertising Law of the PRC (《中華人民共和國廣告法》), or the Advertising Law, was promulgated by the SCNPC on October 27, 1994, and was most recently amended on April 29, 2021, which applies to the commercial advertising activities conducted by business operators or service providers within the territory of PRC to directly or indirectly introduce their commodities or services through a certain medium and form.

According to the Advertising Law, advertisements shall not contain any false or misleading information, and shall not deceive or mislead customers. Each advertiser, advertising agent or advertisement publisher shall comply with laws and regulations, act in good faith, and conduct the fair competition when engaging in advertising activities. In an advertisement, the statements regarding the performance, function, place of origin, use, quality, ingredients, price, producer, valid period and guarantees of the product, or the content, provider, form, quality, price and guarantees of the service, shall be accurate, clear and explicit. Failure to comply with the Advertising Law may subject the violators to punishment, including but not limited to fine, confiscating advertising fees, suspension of the advertisement publishing business, revocation of business license, or revocation of advertisement censorship.

Regulations on short videos and livestreaming

On November 4, 2016, the CAC issued Administrative Provisions on Internet Livestreaming Services (《互聯網直播服務管理規定》),which became effective on December 1, 2016. Under the Administrative Provisions on Internet livestreaming Services , "internet livestreaming" refers to the activities of continuously releasing real-time information to the public based on the internet in forms such as video, audio, images and texts, and "internet livestreaming service providers" refers to the operators that provide internet livestreaming platform services. In addition, the internet livestreaming service providers shall take various measures when operating its services, such as examining and verifying the authenticity of the identification information and file this information for record.

The Administrative Measures for Online Livestreaming Marketing (for Trial Implementation) (《網絡直播營銷管理辦法(試行)》) was promulgated and implemented in 2021. It mainly regulates network livestreaming marketing activities. It clarifies the responsibilities and obligations of subjects such as livestreaming marketing platforms, live-stream room operators and livestreaming marketers. It requires livestreaming marketing platforms to establish and improve management mechanisms and review and manage livestreaming content. Livestreaming marketers should abide by laws and regulations and must not engage in false publicity and other behaviors.

The Opinions on Further Regulating the Profit-making Behavior of Network Livestreaming and Promoting the Healthy Development of the Industry (《關於進一步規 範網絡直播營利行為促進行業健康發展的意見》) released in 2022 mainly regulates the profit-making behavior of network livestreaming. It clarifies the responsibilities of subjects such as network livestreaming platforms, brokerage agencies and anchors in profit-making activities. It requires strengthening the management of profit-making behaviors such as livestreaming with goods, standardizing tax collection and management, and cracking down on tax evasion. The Guiding Opinions of State Administration for Market Regulation on Strengthening the Regulation of Online Livestreaming Marketing Activities (《國家市場監督管理總局關于加强網絡直播營銷活動監管的指導意見》 released in 2020 mainly regulates the supervision of network livestreaming marketing activities. It clarifies the regulatory responsibilities of market supervision departments in network livestreaming marketing activities and requires strengthening supervision over commodity quality, advertising promotion, consumer rights and interests' protection.

LAWS AND REGULATIONS IN RELATION TO SINGLE-PURPOSE COMMERCIAL PREPAID CARDS

Pursuant to the Administrative Measures on Single-Purpose Commercial Prepaid Cards (Trial Implementation) (《單用途商業預付卡管理辦法(試行)》), or the Administrative Measures on Single purpose Prepaid Cards, which was promulgated by the Ministry of Commerce of the People's Republic of China ("**MOFCOM**") in 2012 and was amended in 2016, single-purpose commercial prepaid cards are prepaid certificates issued by an enterprise engaging in retail industry, accommodation and catering industry and residential services industry which are limited to be used as payment for goods or services by the enterprise or within the group to which the enterprise belongs or within the franchise system of the same brand, including physical cards in various forms such as magnetic stripe cards, chip cards, and paper coupons as well as virtual cards. Card-issuers shall complete filing formalities within 30 days from the date of carrying out single purpose card businesses. Violation of the aforementioned regulations may result in an order of rectification. Where the card issuer fails to rectify within a stipulated period, a fine ranging from RMB10,000 to RMB30,000 may be imposed.

LAWS AND REGULATIONS IN RELATION TO CONSUMER RIGHTS PROTECTION

The Consumer Rights and Interests Protection

The Consumer Rights and Interests Protection Law (《中華人民共和國消費者權益保護法》), which was promulgated on October 31, 1993, and last amended on October 25, 2013 and became effective on March 15, 2014, imposes stringent obligations on business operators, including ensuring that the goods they sell meet personal and property safety standards, providing accurate information about products, and guaranteeing the quality, functionality and validity of the goods. Business operators are also required to safeguard customer privacy and maintain strict confidentiality of any consumer information obtained during business operations. Failure to comply with this law may result in civil liabilities, such as refunds, repairs or compensation, as well as administrative sanctions, including warnings, fines, confiscation of illegal income, suspension of business operations, or revocation of business licenses. In cases of serious violations, responsible individuals may also face criminal penalties.

Product Quality

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 most recently 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 does not possess the functionality it should inherently possess, and no prior and clear indication is given of such a situation; (ii) the product does not conform to the applicable product standard stated on the product or its packaging; or (iii) the product does not conform to the quality specified through a product description or physical sample. If a consumer incurs losses due to the purchased product, the seller shall compensate for such losses.

On May 28, 2020, the Civil Code of the PRC (《中華人民共和國民法典》), or the Civil Code, was adopted by the SCNPC and came into force on January 1, 2021 Under the Civil Code, a manufacturer or a commercial seller is liable for harm caused to persons or property due to product defects. The aggrieved party may claim compensation from either the manufacturer or the seller. If compensation is sought from the seller, the seller is entitled to recover from the responsible manufacturer after fulfilling the compensation obligation.

LAWS AND REGULATIONS IN RELATION TO ANTI-UNFAIR COMPETITION

Anti-Unfair Competition Law

The principal legal provisions governing market competition are set out in the Anti-unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), or the Anti-Unfair Competition Law, which was promulgated by the SCNPC on September 2, 1993, and amended on November 4, 2017, and April 23, 2019, respectively. In accordance with the Anti-Unfair Competition Law, operators should abide by the principles of voluntariness, equality, fairness, honesty, and integrity, and abide by laws and recognized business ethics when trading in the market. When an operator disrupts the competition order and infringes the legitimate rights and interests of other operators or consumers in violation of the Anti-Unfair Competition Law, its behavior constitutes unfair competition. When the legitimate rights and interests of an operator are damaged by unfair competition, the operator may file a lawsuit with the people's court. If an operator violates the provisions of the Anti-Unfair Competition Law, engages in unfair competition, and causes damage to another operator, it shall be liable for damages. If the damage suffered by the injured operator is difficult to ascertain, it shall be determined in accordance with the profit obtained by the infringer through the infringement. The infringer shall also bear all reasonable expenses paid by the infringed operator to cease the infringement.

Price Law

According to the Price Law of the PRC (《中華人民共和國價格法》), or the Price Law, which was promulgated by the SCNPC on December 29, 1997 and effective on May 1, 1998, business operators are prohibited from engaging in unfair pricing activities, including manipulating market prices, dumping commodities at a price lower than cost, manipulation of prices, deception of consumers or other business operators by using false or misleading prices, and price discrimination. If a business operator violates the Price Law, he/she shall be subject to administrative penalties, such as warning, cessation of illegal activities, confiscation of illegal gains, being fined not more than five times the illegal gains thereof, and the business operator may be ordered to suspend business for rectification or the business license may be revoked in severe circumstances.

Anti-Bribery

According to the Anti-Unfair Competition Law of the PRC promulgated by SCNPC, as amended and effective as of April 23, 2019, and the Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) promulgated by the State Administration for Industry and Commerce on November 15, 1996, any business operator shall not provide or promise to provide economic benefits (including cash, other property or by other means) to a counter-party in a transaction or a third party that may be able to influence the transaction, in order to entice such party to secure a transactional opportunity or competitive advantages for the business operator. Any business operator breaching the relevant anti-bribery rules above-mentioned may be subject to administrative punishment or criminal liability depending on the seriousness of the cases.

LAWS AND REGULATIONS IN RELATION TO ENVIRONMENT PROTECTION AND WORK SAFETY

Environmental Protection Law

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), or the Environmental Protection Law, promulgated by the SCNPC on December 26, 1989, amended on April 24, 2014 and became effective on January 1, 2015, any entity which discharges or will discharge pollutants during the course of operations or other activities must implement effective environmental protection safeguards and procedures to control and properly treat waste gas, wastewater, waste residue, dust, malodorous gases, radioactive substances, noise, vibrations, electromagnetic radiation, and other hazards produced during such activities.

The Ministry of Emergency Management ("**MOEE**") and its local counterparts, and the local people's governments impose various administrative penalties on individuals or entities in violation of the Environmental Protection Law. Such penalties include warnings, fines, orders to rectify within the prescribed period, orders to cease construction, orders to restrict or suspend production, orders to make recovery, orders to disclose relevant information or make an announcement, imposition of administrative action against relevant responsible persons, and orders to shut down enterprises. Any individual or entity that pollutes the environment resulting in damage could also be held liable under the PRC Civil Code. Environmental organisations may also bring lawsuits against any entity that discharges pollutants detrimental to the public welfare. Where any violation of the provision of the Environmental Protection Law constitutes a crime, criminal liabilities shall be investigated in accordance with the PRC Criminal Law (《中華人民共和國刑法》).

Pollutant Discharge Permit

According to the Law on Prevention and Control of Water Pollution of the PRC (《中華人民共和國水污染防治法》) promulgated on May 11, 1984 and most recently amended on June 27, 2017, and the Environmental Protection Law, and the Administrative Measures for Pollutant Discharge Permit (《排污許可管理辦法》) promulgated by the Ministry of Ecology and

Environment on April 1, 2024, and became effective on July 1, 2024, the Ministry of Ecology, and Environment and its local counterparts at or above county level shall take charge of the administration and supervision on the matters of prevention and control of water pollution. The State implements a pollutant discharge permit management system and enterprises and other production operators that are included in the classification management catalog of pollutant discharge permits for stationary pollution sources shall apply for and obtain a pollutant discharge permit, and the pollutant discharge entities that are not included in the scope are not required to apply for a pollutant discharge permit for the time being.

Pursuant to the Law on the Prevention and Control of Environmental Pollution Caused by Solid Waste of the PRC (《中華人民共和國固體廢物污染環境防治法》), which was promulgated by the SCNPC in 1995 and was latest amended on April 29, 2020, all enterprises and individuals generating or engaging in the collection, storage, transport, utilization or disposal of solid wastes shall adopt measures to prevent or reduce environmental pollution by solid wastes and shall bear liability for any resulting environmental pollution in accordance with the law. In accordance with the Catalog of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) promulgated by the Ministry of Ecology and Environment on December 20, 2019, the State implements key management, simplified management and registration management of pollutant discharge permits based on factors such as the amount of pollutants generated and discharged, the degree of impact on the environment. The pollutant discharge entity that generates or discharges very small amount of pollutants and has small impact on the environment shall be implemented registration management, and is not required to apply for a pollutant discharge license, but shall fill in the pollutant discharge registration form on the national pollutant discharge license management information platform.

Environment Impact Assessment Law

Pursuant to the Law of the People's Republic of China on Environment Impact Assessment (《中華人民共和國環境影響評價法》), which was issued on October 28, 2002 and most recently amended on December 29, 2018, the State Council implemented an environment impact assessment (the "EIA"), to classify projects according to the impact of the projects on the environment. Entities shall have to prepare an EIR or EIS, or fill out an 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.

Urban Drainage and Sewage Treatment

Pursuant to the Regulations on Urban Drainage and Sewage Disposal (《城鎮排水與污水處理條例》), which was promulgated on October 2, 2013 and came into effect on January 1, 2014, and the Measures for the Administration of Permits for the Discharge of Urban Sewage into the Drainage Network (《城鎮污水排入排水管網許可管理辦法》), which was promulgated on January 22, 2015 and last amended on December 1, 2022, drainage entities covered by urban drainage facilities shall discharge sewage into urban drainage facilities in accordance with the relevant provisions of the state. Where a drainage entity needs to discharge sewage into urban drainage facilities, it shall apply for a drainage licence in accordance with the provisions of these Measures. The drainage entity that has not obtained the drainage licence shall not discharge sewage into urban drainage facilities.

Work Safety

Under relevant construction safety laws and regulations, including the Work Safety Law of the PRC (《中華人民共和國安全生產法》) which was promulgated by the SCNPC on June 29, 2002 and last amended on June 10, 2021, production and operating business entities must establish objectives and measures for work safety and improve the working environment and conditions for workers in a planned and systematic way. A work safety protection scheme must also be set up to implement the work safety job responsibility system. In addition, production and operating business entities must arrange work safety training and provide the employees with protective equipment that meets the national standards or industrial standards. Furthermore, production and operating business entities shall report their major hazard sources and related safety and emergency measures to the emergency management department and other relevant departments for the record, and establish a safety risk grading control system and take corresponding control measures. Pharmaceutical product manufacturers are subject to the above-mentioned environment protection and work safety requirements regulated by the MOEE, the Ministry of Emergency Management of the PRC (中華人民共和國應急管理部), its local counterparts, and the local people's governments.

LAWS AND REGULATIONS IN RELATION TO 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》) promulgated by the SCNPC on April 29, 1998, and most recently amended on April 29, 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 on April 1, 2020 and amended on August 21, 2023 and came into effect on October 30, 2023, the competent housing and urban-rural development authority replaced fire prevention and rescue departments to monitor and administer the fire protection as-built acceptance check and filing. Upon completion of construction of a development project which is required to apply for fire safety inspection and acceptance as stipulated by the housing and urban-rural development authority, the developer shall apply to the housing and urban-rural development authority for fire safety inspection and acceptance. For other development projects, the developer shall complete filing formalities with the housing and urban-rural development authority following the inspection and acceptance, the housing and urban-rural development department shall conduct spot check. Pursuant to the Fire Prevention Law, the construction project that fails to complete as-built acceptance check on fire prevention shall be ordered by the relevant government authorities to close and shall be fined not less than RMB30,000 but not more than RMB300,000. The construction project that fails to complete fire safety filing shall be ordered to rectify and be subject to a fine of up to RMB5,000.

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

LAWS AND REGULATIONS IN RELATION TO LEASING

According to the Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to rescind the 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. Moreover, pursuant to the Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

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

According to the Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (2020 version) (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋(2020修正)》), which took effect on January 1, 2021, if the ownership of the leased premises changes during lessee's possession in accordance with the terms of the lease contract, and the lessee requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except that the mortgage right has been established before the lease of the leased premises and the ownership changes due to the mortgagee's realization of the mortgage right.

LAWS AND REGULATIONS IN RELATION TO INTELLECTUAL PROPERTY

Patent Law

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984 and currently effective from June 1, 2021, the State Intellectual Property Office is responsible for administering patent law in the PRC. The patent administration departments of provincial, autonomous regions or municipal governments are responsible for administering patent law within their respective jurisdictions. The Chinese patent system adopts a first-to-file principle, which means that when more than one (1) person files different patent applications for the same invention, only the person who files the application first is entitled to obtain a patent of the invention. To be patentable, an invention or a utility model must meet three (3) criteria: novelty, inventiveness, and practicability. The protection period is twenty years for an invention patent and ten years for a utility model patent and fifteen years for a design patent, commencing from their respective application dates.

Regulations on Copyright

The Copyright Law (《中華人民共和國著作權法》), promulgated by the SCNPC on September 7, 1990, which was last amended on November 11, 2020 and became effective on June 1, 2021, provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including right of publication, right of authorship and right of reproduction. The Copyright Law extends copyright protection to Internet activities, products disseminated over the Internet and software products. In addition, the Copyright Law provides for a voluntary registration system administered by the China Copyright Protection Center. According to the Copyright Law, an infringer of the copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners and compensating the loss of the copyright owner. Infringers of a copyright may also be subject to fines and/or administrative or criminal liabilities in severe situations.

Pursuant to the Computer Software Copyright Protection Regulations (《電腦軟體保護條例》) promulgated by the State Council on December 20, 2001 and amended on January 30, 2013, the software copyright owner may go through the registration formalities with a software registration authority recognized by the State Council's copyright administrative department. The software copyright owner may authorize others to exercise that copyright, and is entitled to receive remuneration.

Trademark Law

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》), or the Trademark Law, which was promulgated by the SCNPC on August 23, 1982 and last amended in 2019, as well as by the Implementation Regulations of the PRC Trademark Law (《中華人民共和國商標法實施條例》) promulgated by the State Council in 2002 which was last amended on April 29, 2014. The Trademark Office under the SAMR handles trademark registrations. The Trademark Office grants a ten-year term to registered trademarks and the term may be renewed for another ten-year period upon request by the trademark owner. A trademark registrant may licence its registered trademarks to another party by entering into trademark licence agreements, which must be filed with the Trademark Office for its record. As with patents, the Trademark Law has adopted a first-to-file principle with respect to trademark registration. If a trademark applied for is identical or similar to another trademark which has already been registered or subject to a preliminary examination and approval for use on the same or similar kinds of products or services, such trademark application may be rejected. Any person applying for the registration of a trademark may not injure existing trademark rights first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

Regulations on Domain Names

The Ministry of Industry and Information Technology (the "MIIT") promulgated the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) (the "Domain Name Measures") on August 24, 2017, which took effect on November 1, 2017. Pursuant to the Domain Name Measures, the MIIT oversees the administration of PRC internet domain names. The domain name registration follows a first-to-file principle. Applicants for registration of domain names must provide the true, accurate, and complete information of their identities to domain name registration service institutions. The applicants will become the holder of such domain names upon the completion of the registration procedure.

LAWS AND REGULATIONS IN RELATION TO FOREIGN EXCHANGE

Under the Administrative Regulations of the PRC on Foreign Exchange (《中華人民共和國外匯管理條例》) (the "Foreign Exchange Administrative Regulations") (promulgated by the State Council on January 29, 1996, newly amended on August 5, 2008), Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but is not freely convertible for capital account items, such as direct investment or engaging in the issuance or trading of negotiable securities or derivatives unless the prior approval by the competent authorities for the administration of foreign exchange is obtained. In accordance with the Foreign Exchange Administrative Regulations, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of the State Administration of Foreign Exchange (the "SAFE") for paying dividends by providing certain evidencing documents (board resolutions, tax certificates, etc.), or for trade and service-related foreign exchange transactions by providing commercial documents evidencing such transactions. They are also allowed to retain foreign currency (subject to a cap approval by the SAFE) to satisfy foreign exchange liabilities. In addition, foreign exchange transactions involving overseas direct investment or investment and trading in securities, derivative products abroad are subject to registration with the competent authorities for the administration of foreign exchange and approval or filings with the relevant government authorities (if necessary).

According to the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (Hui Fa [2015] No. 13) (《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》) (匯發[2015]13號) (the "Circular 13"), which was promulgated by the SAFE on February 13, 2015 and came into effect on June 1, 2015, and was amended on December 30, 2019, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment are directly reviewed and handled by banks in accordance with the Circular 13. The SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks. On April 3, 2024, the SAFE promulgated the Guidelines on Foreign Exchange Operations for Capital Accounts (2024 Edition) (《資本項目外匯業務指引(2024年版)》), which became effective on May 6, 2024, to provide guidelines on foreign exchange operations for capital accounts.

According to the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "Circular 19") (promulgated by SAFE on March 30, 2015, and became effective on June 1, 2015 and partially repealed on December 30, 2019, and amended on March 23, 2023), the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretional Foreign Exchange Settlement (the "Discretional Foreign Exchange Settlement"). The Discretional Foreign Exchange Settlement refers to the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution has been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital of a foreign-invested enterprise is temporarily determined as 100%. The Renminbi converted from the foreign exchange capital will be kept in a designated account. If a foreign-invested enterprise needs to make a further payment from such assigned accounts, it still needs to provide supporting documents and go through the banks' review process.

Pursuant to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (Hui Fa [2016] No. 16) (《關於改革和規範資本項目結匯管理政策的通知》(匯發[2016]16號)) (the "Circular 16") (promulgated by SAFE on June 9, 2016, which became effective simultaneously) and as amended on December 4, 2023, enterprises registered in the PRC (including Chinese-funded enterprises and foreign-invested enterprises, excluding financial institutions) may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. The Circular 16 provides an integrated standard for converting foreign exchange under capital account items (including but not limited to foreign exchange capital and foreign debts) on a discretionary basis which applies to all enterprises registered in the PRC. The Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, and such converted Renminbi shall not be provided as loans to its non-affiliated entities, except where it is expressly permitted in the business license.

In accordance with the Circular on Further Promoting Cross-border Trade and Investment Facilitation (Hui Fa [2019] No. 28) (《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》) (匯發[2019]28號), which was issued and came into effect on 23 October 2019 by the SAFE and was amended on December 4, 2023, foreign-invested enterprise engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to laws and regulations under the condition that the current Special Administrative Measures (Negative List) for Foreign Investment Access are not violated and the relevant domestic investment projects are true and compliant.

According to the Circular of the State Administration of Foreign Exchange on Further Deepening Reforms to Facilitate Cross-Border Trade and Investment (Hui Fa [2023] No. 28) (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》)(匯發[2023]28號), which was issued and came into effect on December 4, 2023 by the SAFE, the equity transfer consideration paid in foreign currency by domestic entities owe to domestic equity transferors (including institutions and individuals), as well as the foreign exchange funds raised by domestic enterprises listed overseas, can be remitted to the capital project settlement account directly. The funds in the capital project settlement account can be independently settled and utilized.

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "SAFE Circular 37"), promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests to an overseas special purpose vehicle (the "Overseas SPV") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

LAWS AND REGULATIONS IN RELATION TO CYBER SECURITY AND DATA PROTECTION

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which became effective on September 1, 2021. The PRC Data Security Law establishes the regulatory framework and outlines the responsibilities of the relevant administrative authorities in regulating data security. It provides that the central government of the PRC shall establish a central data security work liaison system, which shall coordinate the relevant authorities across different industries to formulate catalogues of important data and implement special measures to protect the security of such important data.

On November 7, 2016, the SCNPC promulgated the PRC Cyber Security Law (《中華人民共和國網絡安全法》), which became effective on June 1, 2017. According to the PRC Cyber Security Law, network operators are required to fulfill their obligations to safeguard network security when conducting business and providing services. Service providers operating through networks must implement technical and other necessary measures in accordance with laws, regulations, and compulsory national standards to ensure the safe and stable operation of networks, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. Network operators are prohibited from collecting personal information irrelevant to the services they provide, or from collecting or using personal information in violation of the provisions of laws or agreements with users. Additionally, network operators of critical information infrastructure shall store within the PRC all personal information and important data collected and produced within the PRC. The purchase of network products and services by the network operators of critical information infrastructure that may affect national security shall be subject to national cyber security review.

According to the PRC Civil Code, the personal information of natural persons is protected by law. Any organization or individual that needs to obtain personal information from others shall do so legally, ensure information security, and shall not illegally collect, use, process, transmit, trade, provide or disclose personal information. The PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), which was promulgated by the SCNPC on August 20, 2021 and became effective from November 1, 2021, further emphasises the duties and responsibilities of the data processors in protecting personal information, and provides stricter protection measures for processing sensitive personal information.

On July 30, 2021, the State Council promulgated the Regulations on the Protection of the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which became effective on September 1, 2021. According to the Regulations on the Protection of the Security of Critical Information Infrastructure, "critical information infrastructure" refers to important network facilities and information systems in important industries, such as, among others, public communications and information services, as well as other important network facilities and information systems that, if damaged, disabled, or subject to data leakage, could seriously endanger national security, the national economy, public welfare, or the public interest. These regulations supplement and specify the provisions on the security of critical information infrastructure as stated in the PRC Cyber Security Law, and provide that the competent administrative authorities and supervision and management authorities of the aforementioned important industries are responsible for (1) organizing the identification of critical information infrastructures in their respective industries in accordance with certain identification rules, and (2) promptly notifying the identified operators and the Ministry of Public Security of the PRC of the identification results. These regulations require that the relevant operators shall submit a report to the competent PRC administrative authority in accordance with relevant provisions upon the occurrence of any major cybersecurity incident or the discovery of any major cybersecurity threat to the critical information infrastructure. Additionally, operators of critical information infrastructure are required to prioritize the purchase of safe and trusted network products and services. If the purchase of such network products and services may affect national security, such operators shall undergo and pass the cybersecurity review accordingly.

On December 28, 2021, the CAC, jointly with 12 other administrative authorities, promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), which became effective on February 15, 2022. According to the Measures for Cybersecurity Review, the purchase of network products and services by critical information infrastructure operators and the data processing activities carried out by network platform operators, which affect or may affect national security are subject to cybersecurity review. In addition, network platform operators possessing personal information of over one (1) million users shall be subject to cybersecurity review before listing abroad. The competent administrative authorities may also initiate a cybersecurity review against the operators if they believe that the purchase of network products or services, or the data processing activities of such operators affect or may affect national security.

On July 7, 2022, the CAC promulgated the Security Assessment Measures of Cross-border Data Transfer (《數據出境安全評估辦法》), which became effective on September 1, 2022. The Security Assessment Measures provide that, among others, data processors shall apply to CAC for a security assessment if certain thresholds are met. In addition, on February 22, 2023, the Measures on Standard Contract (《個人信息出境標準合同辦法》) were promulgated by the CAC, which became effective on June 1, 2023. The Measures on Standard Contract include a standard contract template for the outbound transfer of personal information, which can be used to meet the requirements of Article 38 of the Personal Information Protection Law. On March 22, 2024, the CAC promulgated Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), which became effective on March 22, 2024. The Provisions on Promoting and Regulating Cross-border Data Flows updated the regulatory mechanisms for outbound data transfers. According to the Provisions on Promoting and Regulating Cross-border Data Flows, data processors shall apply for an outbound data transfer security assessment with the CAC in any of the following circumstances: (i) where a critical information infrastructure operator provides personal information or important data abroad; (ii) where a data processor, other than a critical information infrastructure operator, provides important data abroad or, cumulatively as of January 1 of the current year, provides personal information (excluding sensitive personal information) of not less than 1 million people or sensitive personal information of not less than 10,000 people to overseas parties, unless the exemptions specified in Articles 3, 4, 5 and 6 of the Provisions apply. If the data have not been identified or publicly announced as important data by relevant departments or regions, data processors are not required to declare a security assessment for cross-border provision of the data as important data. A data processor, other than a critical information infrastructure operator, shall conclude a standard contract with overseas recipients for provision of personal information abroad or undergo certification for the protection of personal information if it is provided abroad, cumulatively as of January 1 of the current year, personal information (excluding sensitive personal information) of not less than 100,000 but not more than 1 million persons, or sensitive personal information of not more than 10,000 persons, unless the exemptions specified in Articles 3, 4, 5 and 6 of the Provisions apply.

On September 24, 2024, the Regulation on Network Data Security Management (《網絡數據安全管理條例》) was promulgated by the State Council and will come into effect on January 1, 2025. The Regulation on Network Data Security Management reiterates the general regulations for data processing activities and rules of personal information protection, important data security protection, network data cross-border transfer management, and online platform service providers' obligations.

LAWS AND REGULATIONS IN RELATION TO LABOR PROTECTION

Labor Law and Labor Contract Law

According to the Labor Law of the PRC (《中華人民共和國勞動法》) or the Labor Law, which was promulgated on July 5, 1994 and last amended on December 29, 2018, employer shall establish and improve its system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, and conduct employee training on labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with statutory standards. Employer shall provide employees with a safe workplace and sanitation conditions which are in compliance with applicable laws and regulations of labor protection.

The PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated on June 29, 2007 and amended on December 28, 2012, is primarily aimed at regulating rights and obligations of employer and employee relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the PRC Labor Contract Law, regulated by the Ministry of Human Resources and Social Security of the PRC (the "MOHRSS") and its local counterparts, labor contracts shall be concluded in writing if labor relationships are to be or have been established between employers and employees. If an employee is a part-time labor, which is a form of labor for which the remuneration is mainly calculated on an hourly basis, and the employee's average daily working hours shall not exceed four (4) hours and the aggregate working hours per week shall not exceed twenty-four hours for the same employer. Both parties to part-time labor may conclude an oral agreement. Either party to part-time labor may notify the other party at any time to terminate employment. Upon termination of employment, the employer will not have to pay severance pay to the employee.

Employers are prohibited from forcing employees to work above certain time limits and employers shall pay employees for overtime work in accordance with national regulations. In addition, employee wages shall be no lower than local standards on minimum wages and must be paid to employees in a timely manner.

Interim Provisions on Labor Dispatch

Pursuant to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated and regulated by the MOHRSS on January 24, 2014 and became effective on March 1, 2014, dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are allowed to use dispatched workers for temporary, auxiliary, or substitutive positions, and the number of dispatched workers may not exceed 10% of the total number of employees. Pursuant to the PRC Labor Contract Law, if the employer violates the relevant labor dispatch regulations, the labor administrative department shall order it to make corrections within a prescribed time limit; if it fails to make corrections within the time limit, penalty will be imposed on the basis of more than RMB5,000 and less than RMB10,000 per person. As advised by our PRC Legal Advisor, our outsourced workers and part-time workers do not fall under the definition of "dispatched workers," due to the fundamental differences in contractual relationships, payment structures, and management control between our outsourced employees and the definition of dispatched workers.

Social Insurance and Housing Fund

As required under 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, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Old-Aged Pension Insurance of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on December 14, 1998, the Unemployment Insurance Measures (《失業保險條例》) promulgated on January 22, 1999 and the Regulation of Insurance for Labor Injury (《工傷保險條例》) implemented on January 1, 2004 and amended in 2010, employers are required to provide their employees in the PRC with welfare benefits covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance and medical insurance. These payments are made to local human resources and social security departments. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

In accordance with the Regulations on the Administration of Housing Funds (《住房公積金管理條例》) which were promulgated by the State Council in 1999 and last amended in March 2019, employers must register at the designated administrative centres and open bank accounts for depositing employees' housing funds. Regulated by the Ministry of Housing and Urban-Rural Development and its local housing fund administration centres, employer and employee are also required to pay and deposit housing funds, with an amount no less than 5% of the monthly average salary of each employee in the preceding year in full and on time. For enterprises which violate the above laws and regulations and fail to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative center 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 center 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.

In addition, pursuant to the Urgent Notice on Enforcing the Requirement of the Executive Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative authorities are prohibited from collectively recovering enterprises' historical social insurance arrears. The Notice on Implementing Measures to Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展的若干措施的通知》), promulgated by the State Administration of Taxation on November 16, 2018, repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises from the previous years. The Notice of General Office of the State Council on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《國務院辦公廳關於印發降低社會保險費率綜合方案的通知》), promulgated on April 1, 2019, requires steady advancement of the reform of the system of social security collection. In principle, the basic pension insurance for enterprise employees and other insurance types for enterprise employees shall be collected temporarily according to the existing collection system to stabilize the payment method. It also emphasizes that the historical unpaid arrears of the enterprise shall be properly treated. In the process of reformation of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises, and it is not allowed to adopt any method of increasing the actual payment burden of small and micro enterprises to avoid causing difficulties in the production and operation of the enterprises.

LAWS AND REGULATIONS ON EMPLOYEE STOCK INCENTIVE PLAN

Pursuant to the Notice of Issues Related to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), which was issued by the SAFE on February 15, 2012, employees, directors, supervisors, and other senior management who participate in any stock incentive plan of a publicly-listed overseas company and who are PRC individuals or non-PRC individuals residing in China for a continuous period of no less than one (1) year, subject to a few exceptions, are required to register with the SAFE through a qualified domestic agent, which may be a PRC subsidiary of such overseas listed company, and complete certain other procedures.

In addition, the State Taxation Administration ("**STA**"), has issued certain circulars concerning employee stock options and restricted shares. Under these circulars, employees working in the PRC who exercise stock options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of an overseas listed company are required to file documents related to employee stock options and restricted shares with relevant tax authorities and to withhold individual income taxes of employees who exercise their stock options or purchase restricted shares. If the employees fail to pay or the PRC subsidiaries fail to withhold income tax in accordance with relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC governmental authorities.

LAWS AND REGULATIONS IN RELATION TO TAX

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, which was promulgated on March 16, 2007 and last amended on December 29, 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), or the EIT Implementation Regulations, which was promulgated on December 6, 2007 and further amended on April 23, 2019, both resident enterprises and non-resident enterprises are subject to tax in the PRC, regulated by the State Taxation Administration ("**STA**") and its local counterparts. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within the PRC. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and the EIT Implementation Regulations, a uniform corporate income tax rate of 25% is applied. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from the PRC.

Value-added Tax

Pursuant to the Value-added Tax of the PRC (《中華人民共和國增值稅法》) promulgated by SCNPC on December 25, 2024 and will become effective from January 1, 2026 and the Provisional 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》), promulgated on December 13, 1993 and last amended on November 19, 2017, and the Decision of State Council on Abolition of the Provisional Regulations of the People's Republic of China on Business Tax and Revision of the Provisional Regulations of the People's Republic of China on Value-added Tax (《國務院關於廢止<中華人民共和國營業稅暫行條例>同修改<中華人民共和國增值稅暫行條例>的決定》), promulgated on November 19, 2017, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real property, and the importation of goods within the territory of the PRC shall be liable for Value-added Tax ("**VAT**"). According to Announcement 39, regulated by the STA and its local counterparts, the VAT rates generally applicable are simplified as 13%, 9%, 6% and 0%, which become effective on April 1, 2019, and the VAT rate applicable to the small-scale taxpayers is 3%.

Dividend Withholding Tax

The EIT Law provides that since January 1, 2008, an income tax rate of 10% will normally apply to dividends declared to non-PRC resident investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Pursuant to the Double Taxation Avoidance Arrangement (《避免雙重徵稅協定》), and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Taxation Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》), issued on February 20, 2009 by the STA, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. According to the Circular on Several Questions regarding the "Beneficial Owner" in Tax Treaties (《關於稅收協定中"受益所有人"有關問題的公告》), which was issued on February 3, 2018 by the STA and became effective on 1 April 2018, when determining the applicant's status as the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including, without limitation, whether the applicant is obligated to pay more than 50% of his or her income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant any tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and such factors will be analyzed according to the actual circumstances of the specific cases.

This circular further provides that an applicant who intends to prove his or her status as the "beneficial owner" shall submit the relevant documents to the relevant tax bureau according to the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under the Double Taxation Avoidance Arrangement.

REGULATIONS IN RELATION TO IMPORT AND EXPORT OF GOODS

Under the Foreign Trade Law, which was promulgated by the SCNPC on May 12, 1994, came into effect on July 1, 1994 and last amended with effect from December 30, 2022, foreign trade operators engaged in the import and export of goods or technologies are no longer required to make a record-filing with the administrative authority of the foreign trade of the State Council or its authorized agency from December 30, 2022.

Pursuant to the Administrative Provisions of the Customs of the PRC on Record-filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》), which was promulgated by the General Administration of Customs on November 19, 2021 and became effective on January 1, 2022, unless otherwise required by laws, where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for filings, it shall obtain the qualification of market entities; particularly where the consignee or consignor of imported or exported goods applies for filings, it shall be filed as a foreign trade business. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise has completed relevant filings for customs declaration entities, the branches that meet the requirements of the preceding paragraph may also apply for filings for customs declaration entities.

REGULATIONS IN RELATION TO DIVIDEND DISTRIBUTION

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

LAWS AND REGULATIONS RELATING TO M&A RULES AND OVERSEAS LISTING

On August 8, 2006, six (6) PRC governmental and regulatory agencies, including the MOFCOM and the CSRC, promulgated the M&A Rules (《關於外國投資者併購境內企業的規定》), which govern the mergers and acquisitions of domestic enterprises by foreign investors. These rules became effective on September 8, 2006, and were revised on June 22, 2009. The M&A Rules, among other things, require that if an overseas company established or controlled by PRC citizens intends to acquire equity interests or assets of any other PRC domestic company affiliated with the PRC citizens, such acquisition must be submitted to the MOFCOM for approval. The M&A Rules also require that a special purpose vehicle (SPV), established for overseas listing purposes and controlled directly or indirectly by PRC citizens, shall obtain the approval of the CSRC prior to overseas listing and trading of its securities on an overseas stock exchange.

On July 6, 2021, the General Office of the State Council and General Office of the Central Committee of the Communist Party of China (中共中央辦公廳) issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). The opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by PRC-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by PRC-based overseas-listed companies.

On February 17, 2023, the CSRC issued the PRC Overseas Listing Regulations (《境內企業境外發行證券和上市管理試行辦法》), which became effective on March 31, 2023, and five (5) supporting guidelines. Pursuant to the PRC Overseas Listing Regulations, companies in the PRC that directly or indirectly offer or list their securities in an overseas market, including a company in the PRC limited by shares and an offshore company whose main business operations are in the PRC and intends to offer shares or be listed in an overseas market based on its equities, assets or similar interests in the PRC are required to file with the CSRC within three (3) business days after submitting their [**REDACTED**] application documents to the regulator in the place of intended listing. Failure to complete the filing under the PRC Overseas Listing Regulations or conceals any material fact or falsifies any major content in its filing documents may subject the company to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, direct officers-in-charge and other direct personnel-in-charge may also be subject to administrative penalties, such as warnings and fines.

In addition, pursuant to the PRC Overseas Listing Regulations, enterprises in the PRC are prohibited from overseas offering and listing under any of the following circumstances, if (i) the overseas offering and listing is explicitly prohibited by PRC laws; (ii) the overseas offering and listing may constitute a threat to or endanger national security as determined by relevant PRC authorities; (iii) the domestic enterprises and their controlling shareholders and actual controllers have committed certain criminal offenses (such as corruption, bribery, embezzlement, misappropriation of property or other criminal offenses undermining the order of the socialist market economy) in the past three (3) years; (iv) the domestic enterprises are currently under investigations in connection with suspicion of having committed criminal offences or material violations of applicable laws and regulations and there is still no explicit conclusion; or (v) there are material ownership disputes over the shareholdings held by the controlling shareholder or the shareholder under the control of the controlling shareholder or the actual controllers.

On February 24, 2023, the CSRC, jointly with other relevant governmental authorities, issued the Provisions on Strengthening the Confidentiality and Archive Management Work Relating to the Overseas Securities Offering and Listing by Domestic Companies (《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》), which took effect on March 31, 2023. Pursuant to these provisions companies based in the PRC that offer and list securities in overseas markets shall establish confidentiality and archives system.

The phrase "companies based in the PRC" refers to companies in the PRC limited by shares which are directly listed in the overseas capital market and the domestic operating entities of an offshore company being indirectly listed on a foreign stock exchange.

Companies based in the PRC shall obtain approval from the relevant authorities and file with the confidential administration department at the same level when providing or publicly disclosing documents and materials related to state secrets or secrets of the government authorities to the relevant securities companies, securities service agencies or the offshore regulatory authorities, or providing or publicly disclosing such documents and materials through its offshore listing entity.

In addition, companies based in the PRC shall complete corresponding procedures when (i) providing or publicly disclosing documents and materials which may adversely affect national security and public interest to the relevant securities companies, securities service agencies or the offshore regulatory authorities, (ii) providing or publicly disclosing such documents and materials through its offshore listing entity; or (iii) providing accounting files or copies to relevant securities companies, security service institutions, overseas regulators and individuals. Companies based in the PRC are also required to provide written statements on the implementation of the aforementioned rules to the relevant securities companies and securities service agencies. If a company based in the PRC finds that the documents and materials related to state secrets or secrets of the government authorities or other materials which may adversely affect national security and public interest have been leaked or are going to be leaked, it should take remedial measures immediately and report to the relevant authorities.