PRC REGULATORY OVERVIEW

Our business and operations in the PRC are subject to laws and regulations issued by various PRC government authorities. Set forth below are the principal laws and regulations applicable to our current business and operations in the PRC.

PRC LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Environmental Protection Law

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) issued by the SCNPC on 26 December 1989, effective on the same day and last amended on 24 April 2014 and became effective on 1 January 2015, the construction of projects that cause environmental pollution shall comply with the requirements of the Ministry of Environmental Protection (環境保護部) (the "**MEP**") (the predecessor of the Ministry of Ecology and Environment (生態環境部) (the "**MEE**")) and local environmental protection authorities for the respective construction projects. Installations for the prevention and control of pollution at a construction project must be designed, built and commissioned simultaneously with the principal project. The PRC government implements the pollution discharge license management system in accordance with the law. Enterprises, public institutions and other producers and operators that implement the pollution discharge license management shall discharge pollutants in accordance with the requirements of the pollution discharge license; those that fail to obtain the pollution discharge license shall not discharge pollutants.

Prevention and Control of Environment Pollution Caused by Wastes

Pursuant to the Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), which was issued by the SCNPC on 30 October 1995, last revised on 29 April 2020 and became effective on 1 September 2020, construction projects where solid waste will be generated or projects for the storage, utilisation or treatment of solid waste shall be subject to environmental impact assessment according to law. The necessary supporting facilities for the prevention and control of environmental pollution by solid wastes as specified in the statement of the environmental effect of the construction project shall be designed, constructed and put into use in production simultaneously with the body of the project.

Pursuant to the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》) promulgated by the SCNPC on 5 September 1987 and last amended on 26 October 2018, enterprises and institutions and other manufacturers and business operators undertaking development projects which have an impact on atmospheric environment shall conduct environmental impact assessment, and announce the environmental impact assessment documents pursuant to the law. Emission of atmospheric pollutants shall comply with the atmospheric pollutants' emission standards, and comply with the total quantity control requirements for emission of key atmospheric pollutants. The production and business operation entities that discharge pollutants into the atmosphere shall set up outlets for the discharge of atmospheric pollutants in accordance with laws and regulations and the provisions of the competent department.

Pursuant to the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) promulgated by the SCNPC on 11 May 1984 and last amended on 27 June 2017 and became effective on 1 January 2018, new construction, reconstruction or expansion of all projects and other installations on water that directly or indirectly discharge pollutants to water bodies shall be subject to environmental impact assessment in accordance with the law. The facilities for prevention and control of water pollution must be designed, constructed and put into use or into operation simultaneously with the main part of a construction project. Enterprises that directly or indirectly discharge industrial waste water into water bodies shall discharge waste water or sewage only after obtaining a pollutant discharge permit according to the relevant provisions. Discharged water pollutants shall not exceed the national or local standards for discharge of water pollutants and the indices for control of the total discharge of major water pollutants.

Administrative Measures for Pollutant Discharge Licensing

Pursuant to the Administrative Measures for Pollutant Discharge Licensing (for Trial Implementation)(《排污許可管理辦法(試行)》) promulgated by the MEP on 10 January 2018 and last revised on 22 August 2019 and became effective on the same day and the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》) promulgated by the State Council on 24 January 2021, and became effective on 1 March 2021, a pollutant discharging entity shall legally hold a pollutant discharge license in accordance, and discharge pollutants in compliance with the pollutant discharge license. Any entity that fails to obtain a pollutant discharge license as required shall not discharge pollutants. A pollutant discharge license shall be valid from the date on which the decision on the granting of the license is made. A discharge license issued for the first time shall be valid for three years and a renewed license for five years.

Environmental Impact Assessment

Pursuant to the Law of the PRC on Environmental Impact Assessment (《中華人民共和國環境影響評價法》) issued by the SCNPC on 29 December 2018 and became effective on the same day, a construction entity shall, based on the Classified Administration Catalogue for Environmental Impact Assessment of Construction Projects (2021 Version) (《建設項目環境影響評價分類管理名錄》(2021年版)) issued by the MEE on 30 November 2020 and became effective on 1 January 2021, carry out procedures for its construction project in accordance with the following stipulations: (i) if the environmental impact is potentially significant, it shall produce a report with an all-round assessment of the environmental impacts, (ii) if the environment impact is expected to be slight, it shall produce a report to include an analysis or special assessment of the environmental impacts, and (iii) if the environment impact is expected to be minor it should submit a registration form on the environmental impacts, and it is not necessary to conduct an assessment. Where the environmental impact assessment document of a construction project fails to undergo the examination of the approval department in accordance with the law or is disapproved after examination, the construction entity shall not commence construction.

Pursuant to the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) issued by the State Council on 29 November 1998, last revised on 16 July 2017 and became effective on 1 October 2017, the evaluation of environmental effects of construction projects shall be conducted prior to the construction. Based on the extent of effects to the environment, the construction unit shall submit to the relevant administrative departments of construction protection the report on the environmental effects or the report form for the environmental effects, which shall be prepared by institutions with corresponding qualifications, or the registration form for the environmental effects as stipulated and obtain approvals from such administrative departments. Environmental protection facilities shall be designed, built and put into operation together with the main body of the construction project. Upon completion of the construction projects, the construction units shall apply to the administrative departments of environmental protection for acceptance check of the environmental protection facilities before the construction projects can be put into operation.

PRC Laws Relating to Circular Economy Promotion

Pursuant to the Circular Economy Promotion Law of the PRC (《中華人民共和國循環經濟促進法》) promulgated by SCNPC on 29 August 2008, last amended on 26 October 2018 and became effective on the same day, the term "circular economy" as mentioned hereof is a generic term for the reducing, reusing and recycling activities conducted in the process of production, circulation and consumption. Enterprises shall take measures to reduce the consumption of resources and the discharge of wastes and improve the reutilisation and recycling level of wastes. In accordance with the relevant state provisions, enterprises shall make comprehensive utilisation of the tailings, mullock, waste materials and other industrial wastes generated in the production process. Enterprises using or producing the technologies, techniques or products listed in the catalogue of clean production, the catalogue of comprehensive utilisation of resources or any other encouraged catalogue shall enjoy tax preferences in accordance with the relevant state provisions.

The institutional environment for the development of circular economy in China is improving, pursuant to the Notice of the State Council on Issuing the Circular Economy Development Strategy and Near-Term Action Plan (《國務院關於印發循環經濟發展戰略及近期行動計畫的通知》) promulgated by the State Council on 23 January 2013 and became effective on the same day, China promotes the recycling of offscum, exhaust gas, liquid waste and heat waste by the following means: (i) constructing 30 projects for extracting and comprehensively utilising valuable components of ferrous and non-ferrous associated ores and tailings, (ii) constructing demonstration projects of collaborative recycling and disposal of wastes in the production process, and (iii) promoting the establishment of relevant technical standards and regulations by cultivating about 60 demonstration enterprises to explore the establishment of a cooperation mechanism of collaborative recycling and disposal of wastes between enterprises and governments.

PRC LAWS AND REGULATIONS RELATING TO HAZARDOUS WASTES

Pursuant to the Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes, the competent department of ecology and environment under the State Council shall, in conjunction with other relevant departments under the State Council, formulate the national hazardous waste catalogue and specify unified hazardous waste identification standards, identification methods, identification marks and requirements for the administration of identification entities. The national hazardous waste catalogue shall be subject to dynamic adjustment. Each entity engaged in operating activities of collection, storage, utilisation or treatment of hazardous waste shall, in accordance with pertinent state regulations, apply for a permit. Specific administrative measures for the permit shall be formulated by the State Council. Each entity that generates, collects, stores, transports, utilises or treats hazardous waste shall legally formulate precautions and develop contingency plans against accidents, and submit them to the local competent department of ecology and environment and other departments in charge of the supervision and administration of the prevention and control of environmental pollution caused by solid waste for filing, which shall then carry out an inspection.

Pursuant to the National Catalogue of Hazardous Wastes (《國家危險廢物名錄》) issued by the NDRC, the MEE, Ministry of Public Security, Ministry of Transport and National Health Commission on 25 November 2020 and became effective on 1 January 2021, the original National Catalogue of Hazardous Wastes (Order of the MEP No. 39) issued by the former MEP, the NDRC, and the Ministry of Public Security shall be repealed simultaneously. Under the National Catalogue of Hazardous Wastes, solid waste or liquid waste with one or more hazardous characteristics, that is, corrosivity, toxicity, ignitability, reactivity or infectivity, shall be included in this Catalogue.

Pursuant to the Measures for the Administration of Permit for Operation of Hazardous Wastes (《危險廢物經營許可證管理辦法》) issued by the State Council on 30 May 2004, last revised on 6 February 2016 and became effective on the same day, any entity undertaking the business activities of collection, storage and disposal of hazardous wastes within the territory of the PRC shall obtain the permit for operation of hazardous wastes in accordance with the provisions of the Measures. The permit for operation of hazardous wastes shall be divided into the permit for comprehensive operation of the collection, storage and disposal of hazardous wastes and the permit for operation of the collection of hazardous wastes in light of the ways of business operation. No entity without permit for operation shall undertake any business activity of collection, storage, and disposal of hazardous wastes or undertake such activities not in accordance with the provisions of the permit for operation. A dangerous waste management entity shall set up register for the management of dangerous wastes, which shall specify such matters according to the facts as the classes and sources of the dangerous wastes having been collected, stored or disposed, the direction the dangerous wastes have gone to, and whether there is any accident, etc. Pursuant to Decision of the State Council on Canceling and Delegating a Batch of Administrative Examination and Approval Items (《國務院關於取消和下放一批行政審批項目的決定》) issued by the State Council on 8 November 2013, the Notice of the MEP on Issues about the Effectively Delegating the Power of Examination and Approval of Permit

for Operation of Hazardous Wastes (《環境保護部辦公廳關於做好下放危險廢物經營許可審批工作的通知》) issued by the MEP on 12 May 2014, and the Notice of the Department of Ecology and Environment of Shandong Province (山東省生態環境廳) (the "**DEES**") on Issues about on Entrusting the Bureau of Ecology and Environment (生態環境局) (the "**BEE**") of Cities with Districts with Examination and Approval of Permits for Operation of Hazardous Wastes (《山東省生態環境廳關於委託設區的市生態環境局關於開展危險廢物經營許可審批工作的通知》) issued by the DEES on 30 May 2019, the BEE of Cities with Districts shall be responsible for the examination and approval of the issuance, alteration, renewal and cancellation of the permit for operation of hazardous wastes. An operator holding a permit issued by the DEES or the former Department of Environmental Protection of Shandong Province (山東省環保廳) may, continue to engage in activities related to hazardous wastes within the validity period of the permit. In addition, the operator shall submit an application to the local BEE of the city divided into districts to renew the permit upon its expiry.

Pursuant to the Measures for the Administration of Hazardous Waste Transfer Manifests (《危險廢物轉移聯單管理辦法》) issued by the former State Environmental Protection Administration on 31 May 1999 and became effective on 1 October 1999, the units discharging hazardous waste shall submit the plan for the transfer of hazardous waste for approval in accordance with relevant provisions of the State before the transfer of hazardous waste; upon approval, the discharging units shall apply for the forms to the competent department of the environmental protection administration at the place where the hazardous waste is transferred. The unit accepting the hazardous waste shall check the forms and verify the hazardous waste according to the items in the forms before accepting the waste, accurately complete the columns for the accepting unit in the forms and affix its official seal to the form. The form shall be formulated in a unified manner by the competent department of environmental protection administration under the State Council and printed by the competent departments of environmental protection administration of the people's governments of the provinces, autonomous regions and municipalities directly under the Central Government.

Pursuant to the Notice of the NDRC, the MEP, Ministry of Health, the MOF and Ministry of Construction on Implementing the Charging System for Hazardous Waste Disposal to Promote the Industrialisation of Hazardous Waste Disposal (《關於實行危險廢物處置收費制度促進危險廢物處置產業化的通知》) issued on 18 November 2003 and became effective on the same day, hazardous wastes refer to the wastes which are listed in the National Catalogue of Hazardous Wastes or identified as hazardous wastes according to the national hazardous wastes identification standard and method, including industrial hazardous wastes, medical wastes and other hazardous wastes of social origin. The units producing and commissioning other entities to dispose of hazardous wastes, shall pay the disposal fee of hazardous wastes according to relevant regulation. The specific principles and measures for charging fees for the disposal of hazardous waste shall be formulated by the competent price departments of provinces, autonomous regions and municipalities directly under the Central Government. The specific fee rates for charging fees for the disposal of hazardous wastes shall be formulated by the price departments of the people's

governments of cities divided into districts in consultation with the relevant departments, submitted to the people's governments of cities for approval and implementation, and submitted to the price departments at the provincial level for the record.

PRC LAWS AND REGULATIONS RELATING TO PRODUCTION SAFETY

Pursuant to the Work Safety Law of the PRC (《中華人民共和國安全生產法》) issued by the SCNPC on 29 June 2002, last revised on 31 August 2014 and became effective on 1 December 2014, production and operation entities must comply with the relevant work safety laws and regulations. Enterprises should establish relevant work safety rules, perfect the conditions for safe production, push forward the development of work safety standards, and ensure safety during production. Enterprises that do not meet the requirements for safe production are prohibited from engaging in production or other business activities. An entity engaged in manufacturing, marketing, or storing hazardous substances shall establish a work safety management body or have full-time work safety management personnel. Any business entity other than those abovementioned shall establish a work safety management body or have full-time work safety management personnel if the number of its employees exceeds 100; or shall have full-time or part-time work safety management personnel if the number of its employees is 100 or less. Where an enterprise fails to comply with the relevant work safety requirements, it may be subject to fines and ordered to discontinue production. Where a crime is constituted, the person in charge of the enterprise may be subject to criminal liabilities.

Pursuant to the Measures for the Administration of Contingency Plans for Work Safety Accidents (《生產安全事故應急預案管理辦法》) issued by the former State Administration of Work Safety on 1 April 2009, last revised by the Ministry of Emergency Management on 11 July 2019 and became effective on 1 September 2019, the entities engaged in the production, operation, storage and transportation of hazardous materials, metal smelting, as well as those running assembly occupancies shall, within 20 working days from the date of promulgation of the contingency plans, apply to the emergency management departments under people's governments at or above the county level and other departments in charge of work safety administration for record-keeping and make public the same in accordance with the law.

Pursuant to the Measures for the Administration of Emergency Response Plans (《突發事件應急預案管理辦法》) issued by the General Office of the State Council on 25 October, 2013 and became effective on the same day, and the Measures for the Administration of Record-filing of Environmental Emergency Response Plans for Enterprises and Public Institutions (for Trial Implementation) (《企業事業單位突發環境事件應急預案備案管理辦法(試行)》) issued by the MEP on 8 January 2015 and became effective on the same day, enterprises discharging, collecting, storing, transporting, utilising or disposing hazardous wastes shall, according to the needs to respond to environmental emergencies, carry out the formulation of environmental emergency plans. The enterprise may prepare the plan on its own, or may entrust relevant professional technical service institutions to prepare the plan with the participation of relevant personnel designated by the enterprise in the whole

process. The plan shall, within 20 working days as of the signing and promulgation thereof, be submitted to the competent department of environmental protection at the county level at the place where the enterprise is located for record-filing.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

Law of the PRC on Wholly Foreign-owned Enterprises

The establishment, operation and management of corporate entities in the PRC are governed by the PRC Company Law (《中華人民共和國公司法》), which was issued by the SCNPC on 29 December 1993, last amended and became effective on 26 October 2018. A foreign-invested company is also subject to the PRC Company Law unless otherwise provided by the foreign investment laws.

On 15 March 2019, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) was promulgated by the NPC and came into force on 1 January 2020. The Foreign Investment Law of the PRC has replaced the previous Law of the PRC on Wholly Foreign-Owned Enterprises (《中華人民共和國外資企業法》) to become the legal foundation for foreign investment in the PRC. According to the Foreign Investment Law of the PRC, foreign investment refers to any investment activity directly or indirectly carried out by foreign natural persons, enterprises or other organisations (hereinafter "**Foreign Investors**"). The State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The negative list refers to special administrative measures for the access of foreign investment in specific fields as stipulated by the State. The State will give national treatment to foreign investment outside the negative list. The Implementing Regulations of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "**Implementing Regulations of the FIL**") was promulgated on 26 December 2019 by the State Council (國務院) and became effective on 1 January 2020. Pursuant to the Implementing Regulations of the FIL, foreign investors or foreign-invested enterprises shall submit the investment information to the competent department of commerce through the enterprise registration system and the National Enterprise Credit Information Publicity System.

M&A Rules

Under the Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors in the PRC (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") which was promulgated on 8 August 2006, and was amended and came into effect on 22 June 2009, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity interests in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity interests in a domestic enterprise via an increase of registered capital thereby converting it into a foreign-invested enterprise, or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise by agreement and injects those assets to establish a foreign-invested enterprise. In the case where a domestic company or enterprise,

or a domestic natural person, through an overseas company established or controlled by it/him, acquires a domestic company that is related to or connected with it/him, approval from the MOFCOM is required.

Guidance of Industries for Foreign Investment

The Catalogue of Industries for Encouraging Foreign Investment (2020 Version) (《鼓勵外商投資產業目錄 (2020年版)》) (the "**Encouraging Catalogue**") was promulgated by the NDRC and the MOFCOM on 27 December 2020 and became effective on 27 January 2021, and the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020 Version) (《外商投資准入特別管理措施(負面清單) (2020年版)》) (the "**Negative List**") was promulgated by the NDRC and the MOFCOM on 23 June 2020 and became effective on 23 July 2020, and pursuant to the Encouraging Catalogue and the Negative List, foreign-invested projects are categorised as encouraged, restricted and prohibited. Foreign-invested projects that are not listed in the Encouraging Catalogue and the Negative List shall be treated uniformly as domestic investment.

Records of Foreign-Owned Enterprises

The Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) was issued jointly by the MOFCOM and the State Administration for Market Regulation (國家市場監督管理總局) (the "**SAMR**") on 30 December 2019 and became effective on 1 January 2020, which replaced the Interim Measures for the Recordation Administration of the Formation and Modification of Foreign-Funded Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Pursuant to the Measures for the Reporting of Foreign Investment Information, where foreign investors carry out investment activities directly or indirectly within China, foreign investors or foreign-funded enterprises shall report investment information to commerce departments in accordance with these Measures. A foreign investor who forms a foreign-funded enterprise within China shall submit an initial report through the enterprise registration system when undergoing formation registration of the foreign-funded enterprise. In the case of any modification of the information in the initial report, which involves the enterprise's modification registration (recordation), the foreign-funded enterprise shall submit the modification report through the enterprise registration system when undergoing the enterprise's modification registration (recordation).

PRC LAWS AND REGULATIONS RELATING TO FIRE PROTECTION

Pursuant to the Fire Protection Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on 29 April 1998 and most recently amended on 23 April 2019, the fire protection design or construction of a construction project must conform to the national fire protection technical standards for project construction. Project owners, as well as the designing, construction, project supervision and other entities, shall be responsible for the quality of fire protection design and construction according to law. Where any construction project which shall be subject to fire protection design review in accordance with the law by the competent authorities fails to undergo fire protection design review and as-built fire protection inspection, and has been put into construction or use without authorisation, competent departments of housing and urban-rural development

and fire rescue agencies shall order to suspend construction, use, production or business operations and be imposed a fine of not lower than RMB30,000 and not higher than RMB300,000.

PRC LAWS AND REGULATION RELATING TO PROPERTIES

Pursuant to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated by the SCNPC on 25 June 1986, last amended on 26 August 2019 and became effective on 1 January 2020, and Regulations for the Implementation of the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》) promulgated by the State Council on 27 December 1998, last amended on 29 July 2014 and became effective on the same day, when using state-owned land, construction entities shall do so according to the stipulations of the land use right lease contract or according to the provisions of the approval documents relevant to the allocation of land use rights.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》) issued by the NPC on 28 May 2020 and became effective on 1 January 2021, a mortgage may be established on the construction land use rights, buildings and other objects attached to the land and other properties of which the obligor or third party has the right of disposal. When establishing a mortgage right, the parties concerned shall enter into a written mortgage contract, and if the mortgage is secured by the above-mentioned rights, the mortgage registration shall be processed, and the mortgage right shall be established as of the date of registration.

PRC LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax ("EIT")

According to the EIT Law of the PRC (《中華人民共和國企業所得税法》) (the "**EIT Law**") issued by the NPC on 16 March 2007, and subsequently amended on 24 February 2017, 29 December 2018, and the Regulation on the Implementation of the EIT Law (《中華人民共和國企業所得税法實施條例》) (the "**EIT Regulation**")issued by the State Council on 6 December 2007, last revised on 23 April 2019 and became effective on the same day, both domestic and foreign-invested enterprises established under the laws of foreign countries or regions whose "de facto management bodies" are located in the PRC are considered resident enterprises, and will generally be subject to EIT at the rate of 25% of their global income. The EIT law defines "de facto management bodies" as "establishments that carry out substantial and overall management and control over production and operations, personnel, accounting, and properties" of the enterprise. If an enterprise is considered a PRC resident enterprise under the above definition, its global income will be subject to EIT at the rate of 25%. Non-resident enterprises are subject to (i) an EIT rate of 25% on their income generated by their establishments or places of business in the PRC and its income derived outside the PRC which are effectively connected with their establishments or places of business in the PRC, and (ii) an EIT rate of 10% on their income derived from the PRC but not connected with its establishments or places of business located in the PRC. Non-resident enterprises without an establishment or places of business in the PRC are subject to an EIT of 10% on their income derived from the PRC. The Notice on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (《關於境外註冊中資控股企

業依據實際管理機構標準認定為居民企業有關問題的通知》) issued by the SAT on 22 April 2009, last revised on 29 December 2017 and became effective on the same day, sets up a more specific definition of actual management structure standard.

According to Notice on Issues relating to Implementation of Catalogue of Enterprise Income Tax Preferential Incentives for Integrated Utilisation of Resources (《財政部國家税務總局關於執行資源綜合利用企業所得税優惠目錄有關問題的通知》) issued by the MOF and the SAT on 23 September 2008, with effect from 1 January 2008 (the "**Catalogue**"), for income derived by an enterprise from manufacturing of products which use the resources listed in the Catalogue as the main raw materials and comply with the relevant State or industry standards, the total income amount of the current year shall be taken at a reduced rate of 90% as the taxable income amount. To enjoy the aforesaid enterprise tax preferential incentives, the percentage of the resources listed in the Catalogue against the raw materials used for the products shall comply with the technical standards stipulated in the Catalogue.

VAT

According to the Interim Regulation on VAT of the PRC (《中華人民共和國增值税暫行條例》) issued by the State Council on 13 December 1993, last revised on 19 November 2017 and became effective on the same day, and the Detailed Rules for the Implementation of the Interim Regulation on Value Added Tax of the PRC (《中華人民共和國增值税暫行條例實施細則》) issued by the MOF on 25 December 1993, last revised on 28 October 2011 and became effective on 1 November 2011, entities and individuals selling goods in the PRC or providing processing services, repair services and importation services should be subject to VAT, and the payable tax amount shall be calculated by deducting input tax for the current period from output tax for the current period.

Pursuant to the Circular of the SAT on Relevant Issues Relating to the Implementation of Dividend Clauses in Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81) which was promulgated by the SAT and became effective on 20 February 2009, all of the following requirements shall be satisfied before a fiscal resident of the other party to a tax agreement can be entitled to such tax agreement treatment as being taxed at a tax rate specified in the tax agreement for the dividends paid to it by a PRC resident company: (i) such a fiscal resident who obtains dividends should be a company as provided in the tax agreement, (ii) the equity interests and voting shares of the PRC resident company directly owned by such a fiscal resident reaches a specified percentage, and (iii) the equity interests of the PRC resident company directly owned by such a fiscal resident, at any time during the twelve months prior to receipt of the dividends, reach a percentage specified in the tax agreement.

According to the Notice of Taxation on Implementing the Pilot Practice of Replacing Business Tax with VAT in an All-round Manner (《關於全面推開營業税改徵增值税試點的通知》) jointly issued by the MOF and the SAT on 23 March 2016, last revised on 20 March 2019 and became effective on 1 April 2019, the countrywide pilot practice of levying VAT in lieu of business tax has been carried out since 1 May 2016. Unless otherwise stipulated, the VAT rate is 17% for taxpayers selling goods, labour services, or tangible movable property

leasing services or importing goods; 11% for taxpayers selling transportation, postal, basic telecommunications, construction, or immovable 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; nil for domestic entities and individuals selling services or intangible assets within the scope prescribed by the State Council across national borders, and unless otherwise stipulated, nil for taxpayers exporting goods.

According to the Notice of Taxation on Adjusting VAT Rates (《關於調整增值税税率的通知》) issued jointly by the MOF and the SAT on 4 April 2018 and became effective on 1 May 2018, the VAT rates on sales or imported goods are adjusted from 17% and 11% to 16% and 10%, respectively.

In addition, the MOF, the SAT and the General Administration of Customs of the PRC (中華人民共和國海關總署) issued the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》) on 20 March 2019, according to which the VAT rates on sales, imported goods that were previously subject to 16% and 10% are adjusted to 13% and 9%, respectively.

Withholding Income Tax

According to the EIT Law, the EIT Regulation and the Circular of the SAT on Releasing the Schedule of Negotiated Tax Rates for Dividends (《國家税務總局關於下發協定股息税率情況一覽表的通知》), which was promulgated by SAT on 29 January 2008 and became effective on the same day, dividends generated after 1 January 2008 and dividends payable by foreign enterprises in the PRC to foreign investors shall be subject to a 10% withholding tax unless a tax treaty with different withholding tax arrangements has been made between the PRC and the jurisdiction where any of those foreign investors are registered. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) issued by the SAT on 21 August 2006 and became effective on 8 December 2006, if the shareholders are Hong Kong residents holding at least 25% of the registered capital of the PRC company, a withholding tax rate of 5% applies to any dividends declared by the PRC company, or if the shareholders are Hong Kong residents holding less than 25% of registered capital, a withholding income tax rate of 10% applies.

According to the Measures for Non-resident Taxpayers' Enjoyment of Treaty Benefits (《非居民納税人享受協定待遇管理辦法》) promulgated by the SAT on 14 October 2019 and became effective on 1 January 2020, non-resident taxpayers' enjoyment of treaty benefits shall be handled in the manner of "self-assessment, claim for and enjoyment of treaty benefits, and retention of relevant materials for review." If a non-resident taxpayer is eligible for treaty benefits, when filing tax returns, or when a withholding agent files withholding returns, enjoy tax treaty benefits, and collect and retain relevant materials for review in accordance with these Measures and accept the follow-up administration of tax authorities.

Environmental Protection Tax

According to the Environmental Protection Tax Law of the PRC (《中華人民共和國環境保護税法》) promulgated by the SCNPC on 25 December 2016 and newly amended on 26 October 2018, and the Regulation on the Implementation of the Environmental Protection Tax Law of the PRC (《中華人民共和國環境保護税法實施條例》) promulgated by the State Council on 25 December 2017 and effective as of 1 January 2018, within the territory of the PRC and other sea areas under the jurisdiction of the PRC, the enterprises, public institutions and other producers and operators that directly discharge pollutants to the environment are taxpayers of environmental pollution tax, and shall pay environmental pollution tax in accordance with the provisions of this Law. A taxpayer shall declare and pay the environmental protection tax to the tax authority at the place where the taxable pollutants are discharged. Taxpayers shall be exempted from environmental protection tax under the circumstance where the solid wastes comprehensively utilised by taxpayers comply with the national and local environmental protection standards.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the Regulation of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) issued by the State Council on 29 January 1996, last revised on 5 August 2008 and became effective on the same day, the foreign exchange income and expenditure and foreign exchange business operations of Chinese institutions and individuals, as well as the foreign exchange income and expenditure and foreign exchange business operations conducted within the territory of the PRC by overseas institutions and individuals, shall be subject to Foreign Exchange Administration. The Renminbi is 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 expenditure items such as direct investments, loans or investments in securities outside of the PRC unless approval from the SAFE or its local counterpart is obtained in advance.

According to the Regulations on the Administration of the Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the People's Bank of China on 20 June 1996 and became effective on 1 July 1996, foreign exchange receipts under the current account of foreign-invested enterprises may be retained to the fullest extent specified by the foreign exchange bureau. Any portion in excess of such amount shall be sold to a designated foreign exchange bank or through a foreign exchange swap centre.

According to the Circular of the SAFE on Further Simplifying and Improving Policies for Foreign Exchange Administration for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**Circular 13**"), which was promulgated by the SAFE on 13 February 2015, became effective on 1 June 2015 and was last revised on 30 December 2019, the administrative examination and approval procedures relating to the foreign exchange registration approval under domestic direct investment were cancelled, which shall be directly reviewed and handled by banks in accordance with the Circular 13 and the Operating Guidelines for Foreign Exchange Transactions for Direct Investment (《直接投資外匯業務操作指引》) attached thereto. A related market entity may choose at its

own will any bank at its place of incorporation to handle the direct investment-related foreign exchange registration, and may handle the follow-up business including opening of direct investment-related account and funds transfer (including the outward or inward remittance of profits and dividends) only upon the completion of the direct investment-related foreign exchange registration. In addition, the annual inspection of the direct investment-related foreign exchange was canceled, which was changed to stock equity registration.

According to the Circular of the SAFE Concerning Reform of the Administrative Approaches to Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), which was issued on 30 March 2015 and was last revised on 30 December 2019, for actual needs of business operation, foreign invested enterprises may convert their foreign currency capital into Renminbi at their own discretion.

On 4 July 2014, SAFE promulgated the Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Roundtrip Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicle (《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 "**Circular 37**"), which became effective as of 4 July 2014. Under the Circular 37, (i) a domestic resident must register with the local SAFE branch before contributing domestic or overseas lawful assets or equity interests to an overseas special purpose vehicle (an "**Overseas SPV**"), that is directly established or indirectly controlled by the domestic resident for the purpose of overseas investment or financing, and (ii) following the initial registration, the domestic resident is also required to complete the change formalities with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change in the Overseas SPV's domestic individual resident shareholder, name of the Overseas SPV, term of operation, or any increase or reduction of the contributions by the share transfer or swap, and merger or division. Additionally, pursuant to the Circular 13, the aforesaid registration shall be directly reviewed and handled by qualified banks in accordance with the Circular 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via qualified banks.

PRC LAWS AND REGULATIONS RELATING TO LABOUR

Labour Law

According to the Labour Law of the PRC (《中華人民共和國勞動法》) issued by the SCNPC on 5 July 1994, amended on 29 December 2018 and became effective on the same day, every employer must ensure workplace safety and sanitation in accordance with national regulations, provide relevant training to its employees, prevent accidents in the process of work, and reduce occupational hazards.

The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) issued by the SCNPC on 29 June 2007, amended on 28 December 2012 and became effective on 1 July 2013, requires every employer to enter into a written contract of employment with each of

its employees. No employer may force its employees to work beyond the time limit and each employer must pay overtime compensation to its employees. The wage of each employee is to be no less than the local standard on minimum wages.

Social Insurance and Housing Provident Funds

In accordance with the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) issued by the SCNPC on 28 October 2010, last amended on 29 December 2018 and became effective on the same day, the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated and came into effect on 22 January 1999, and was amended on 24 March 2019, the Regulations on Work-Related Injury Insurance (《工傷保險條例》), which was promulgated on 27 April 2003, came into effect on 1 January 2004 and was amended on 20 December 2010, the Regulations on Unemployment Insurance (《失業保險條例》), which was promulgated and came into effect on 22 January 1999, and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), which was promulgated on 14 December 1994 and came into effect on 1 January 1995, an employee shall participate in five types of social insurance funds, including pension, medical, unemployment, maternity and occupational injury insurance. The premiums for maternity insurance and occupational injury insurance are paid by the employer, while the premiums for pension insurance, medical insurance and unemployment insurance are paid by both the employer and the employee. If the employer fails to fully contribute to social insurance funds on time, the collection agency for such social insurance may demand the employer to make full payment or to pay the shortfall within a set period and collect a late charge. If the employer fails to pay after the due date, the relevant government administrative body may impose a fine on the employer.

In accordance with the Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》) issued by the State Council on 3 April 1999, last revised on 24 March 2019 and became effective on the same day, an employer must register with the competent managing centre for housing funds and shall contribute to the Housing Provident Fund for any employee on its payroll. Where an employer fails to pay up housing provident funds within the prescribed time limit, the employer may be ordered to make payment within a certain period, where the payment has not been made after the expiration of the time limit, an application may be made to the court for compulsory enforcement.

Prevention and Control of Occupational Diseases

According to the Law on the Prevention and Treatment of Occupational Diseases of the PRC (《中華人民共和國職業病防治法》), which was promulgated by the SCNPC on 27 October 2001 and was most recently amended and became effective on 29 December 2018, employers must provide workplaces and conditions which conform with the State occupational-health standards and requirements. Also, an employer shall establish and improve the accountability system for prevention and treatment of occupational diseases, enhance management of, and raise the level in this field, and bear responsibility for the occupational disease hazards produced in the unit. Furthermore, the employer must, as required by law, undertake industrial injury insurance.

PRC LAWS AND REGULATION RELATING TO INTELLECTUAL PROPERTY

Patent Law

According to the Patent Law of the PRC (《中華人民共和國專利法》) (the "**Patent Law**") which was promulgated by the SCNPC on 12 March 1984, became effective on 1 April 1985, last amended on 17 October 2020 and will come into effect on 1 June 2021, and the Implementation Rules for the Patent Law (《中華人民共和國專利法實施細則》), which was issued by the State Council on 15 June 2001 and last amended on 9 January 2010, a patentable invention or utility model must meet three conditions: novelty, creativity and practicality. The State Intellectual Property Office is responsible for receiving, examining and approving patent applications. A patent is valid for a term of 20 years in the case of an invention and a term of 10 years in the case of a utility model and a term of 15 years in the case of a design, starting from the application date. A third-party user must obtain consent or a proper license from the patent owner to use the patent except certain specific circumstances provided by law.

Trademark Law

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) (the "**Trademark Law**"), which was promulgated by the SCNPC on 23 August 1982, last amended on 23 April 2019 and became effective on 1 November 2019, and the Implementation Rules for the Trademark Law (《中華人民共和國商標法實施條例》), the validity period of a registered trademark in the PRC is 10 years, counted from the date of registration, and in the event of change of name or address of the registrant or change in any other registration matters of a registered trademark, an application for change shall be submitted.

Domain Names

The Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgate by the MIIT on 24 August 2017 and became effective on 1 November 2017 stipulates that ".CN" and ".中国" are China's national top-level domain names.

According to the Implementation Rules for the Registration of National Top-level Domain Names (《國家頂級域名註冊實施細則》), unless otherwise specified in these rules, any natural persons, legal persons and unincorporated organisations may apply for the registration of domain names under the top-level domain names as provided in these rules.