
REGULATORY OVERVIEW

This section summarises the key PRC laws and regulations relating to the business and operations carried out by our companies in the PRC.

I. PRC LAWS AND REGULATIONS IN RELATION TO FOREIGN INVESTMENT

1. The Establishment, Operation and Management of Foreign-Invested Enterprises

According to the Company Law of the PRC (《中華人民共和國公司法》) (which came into effect on 1 July 1994 with latest amendment on 26 October 2018), this law shall be applicable to foreign-invested companies with limited liability and such companies limited by shares; and where laws on foreign investments provide otherwise, the provisions there shall be applicable.

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (which came into effect on 1 January 2020, the “**Foreign Investment Law**”), it is applicable to foreign investment within the PRC. Pre-establishment national treatment is granted to foreign investment and a negative list management system is implemented. Domestic and foreign investment are managed equally in the areas not on the negative list. The organizational form and structure of a foreign Investment company and its code of conduct are subject to laws such as the Company Law of the PRC (《中華人民共和國公司法》). The Law of the PRC on Sino-Foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), the Law of the PRC on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》) and the Law of the PRC on Sino-Foreign Equity Cooperative Joint Ventures (《中華人民共和國中外合作經營企業法》) are in suspension when the Foreign Investment Law is in effect. Wholly foreign owned enterprises established under the Law of the PRC on Sino-Foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), the Law of the PRC on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》) and the Law of the PRC on Sino-Foreign Equity Cooperative Joint Ventures (《中華人民共和國中外合作經營企業法》) prior to the Foreign Investment Law coming into effect shall remain its original organizational form, etc. for five years thereafter.

According to 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》) (which came into effect on 1 January 2020), Wholly foreign owned enterprises established under the Law of the PRC on Sino-Foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), the Law of the PRC on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》) and the Law of the PRC on Sino-Foreign Equity Cooperative Joint Ventures (《中華人民共和國中外合作經營企業法》) prior to the Foreign Investment Law coming into effect shall, within five years thereafter, either adjust its organizational form and structure, etc. and lawfully register for such changes according to the laws or remain its original organizational form and structure, etc. Transfer of shares or interests, allocation of revenue, distribution of remaining assets, etc. as agreed upon the parties to the contract of the original joint venture or cooperative joint venture shall continue to be completed in

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ways prescribed in such contract after the adjustment of the organizational form and structure, etc. of existing wholly foreign owned enterprises according to the laws. Investment made by wholly foreign owned enterprises within the PRC is subject to the Foreign Investment Law and the relevant regulations thereof. Investors from the Hong Kong Special Administrative Region and the Macao Special Administrative Region shall invest in the Mainland with reference to the Foreign Investment Law and the relevant regulations thereof.

According to the Measures of the Foreign Investment Information Reporting (《外商投資信息報告辦法》) (which came into effect on 1 January 2020), when foreign investors make direct or indirect investments within the PRC, foreign investors or wholly foreign owned enterprises shall send investment information to the competent commercial department. Foreign investors or wholly foreign owned enterprises shall send investment information by submitting initial reports, change reports, cancellation reports, annual reports, etc. according to the regulations. Wholly foreign owned enterprises shall submit the annual report of the previous year through the National Enterprise Credit Information Publicity System from 1 January to 30 June each year.

2. Direction of Foreign Investment

According to the Provisions on Guiding Direction of Foreign Investment (《指導外商投資方向規定》) (which came into effect on 1 April 2002), foreign investment projects are categorised into encouraged, permitted, restricted and prohibited industries. Except for foreign investment projects in permitted industries, foreign investment projects in encouraged, restricted and prohibited industries are included in the Catalogue of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) (which came into effect on 28 July 2017 and partially invalidated by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2020 Edition) (《外商投資准入特別管理措施(負面清單)(2020年版)》) and the Catalogue of Encouraged Industries for Foreign Investment (2020 Edition) (《鼓勵外商投資產業目錄(2020年版)》) which came into effect on 23 July 2020 and 27 January 2021 respectively) as amended from time to time. These provisions are applicable to projects of investment by establishing Sino-foreign equity joint ventures, Sino-foreign cooperative joint ventures and wholly foreign-owned enterprises in the PRC and foreign investment projects in other forms. Investment projects by investors from the Hong Kong Special Administrative Region shall be conducted in reference to such provisions.

The Special Administrative Measures (Negative List) for Access of Foreign Investment (2020 Edition) (《外商投資准入特別管理措施(負面清單)(2020年版)》) (the “Negative List for Access of Foreign Investment”, which came into effect on 23 July 2020) set out the special administrative measures for access of foreign investment such as the requirements in relation to shareholding and senior management. Matters beyond the coverage of the Negative List for Access of Foreign Investment shall be dealt with in the principle of same treatment for domestic and foreign

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investment. Matters in relation to administrative approval, qualification requirement and national security in culture and financial industries which are not specified in the Negative List for Access of Foreign Investment shall be dealt with in accordance with relevant prevailing regulations.

3. Mergers and Acquisitions of Domestic Enterprises by Foreign Investors and Overseas Listing

According to the Provisions on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (which came into effect on 8 September 2006 with latest amendment on 22 June 2009), in the cash where a domestic company, enterprise or natural person, through an overseas company legally established or controlled by it/him, acquires a domestic company that is related or connected with it/him, or a foreign investor acquires a domestic company with equity interest, it/he shall obtain approval from the Ministry of Commerce of the PRC and complete the registration for such change or establishment with the State Administration for Industry and Commerce or its local branches. Overseas listing of special purpose vehicle is subject to approval from the securities regulatory authority under the State Council. In particular, acquisition of domestic enterprise by foreign investor represents that (1) a foreign investor acquires equity interests from the shareholders of a non-foreign invested enterprise or subscribes for new equity interests in a domestic enterprise, thereby converting it into a foreign invested enterprise (equity acquisition); (2) a foreign investor establishes a foreign invested enterprise which purchases and operates the assets of a domestic enterprise by agreement, or which purchases the assets of a domestic enterprise by agreement and establish a foreign invested enterprise with such assets for operation. (assets acquisition).

II. PRC LAWS AND REGULATIONS IN RELATION TO ENTERPRISE TAXATION

1. Value-Added Tax

According to the Interim Regulation on Value Added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (which came into effect on 1 January 1994 with latest amendment on 19 November 2017) and the Details Rules for Implementation of the Interim Regulation on Value Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) (which came into effect on 25 December 1993 with latest amendment on 28 October 2011), unless otherwise provided, entities and individuals that sell goods or labour services of processing, repair or replacement, sell services, intangible assets, or immovable properties, or import goods within the territory of the PRC shall pay VAT at the rate of 0%, 6%, 11%, and 17% for different goods sold or different services rendered.

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According to the Notice of the Ministry of Finance and the State Administration of Taxation on Comprehensive Implementation of the Pilot Program of Replacing Business Tax with Value-Added Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) (which came into effect on 1 May 2016 and partially invalidated with effect from 1 July 2017, 1 January 2018 and 1 April 2019), the entities and individuals that sell services, intangible assets or immovable properties within the territory of the PRC are VAT payers, and shall pay VAT instead of business tax in accordance with such notice. According to the Measures for Administration of Tax Refund (Exemption) of Exported Goods (For Trial Implementation) (《出口貨物退(免)稅管理辦法(試行)》) (which came into effect on 1 May 2005 with latest amendment on 15 June 2018), unless otherwise provided, for goods exported by exporters, the exporters may, after the declaration of goods export and the conclusion of financial settlement for sales, apply with the competent tax authorities for approval of refund or exemption of his VAT.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) (which came into effect on 1 May 2018), VAT taxpayers who were previously subject to VAT at 17% and 11% for taxable sales or imported goods shall be subject to an adjusted 16% and 10% VAT rate respectively.

According to the Announcement on Policies for Intensifying Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》) (which came into effect on 1 April 2019), general VAT taxpayers who were previously subject to VAT at 16% and 10% for taxable sales or imported goods shall be subject to an adjusted 13% and 9% VAT rate respectively.

2. Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (which came into effect on 1 January 2008 with latest amendment on 29 December 2018) and the Regulation on 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》) (which came into effect on 1 January 2008 with latest amendment on 23 April 2019), the enterprises and other organisations within the territory of the PRC that have incomes shall be payers of the enterprise income tax and shall pay their enterprise income taxes in accordance with such laws and regulations. An enterprise established in accordance with the PRC laws in the PRC or established under the law of a foreign country (region) but whose actual office of management resides in the PRC is a resident enterprise; an enterprise established under the law of a foreign country (region), whose actual office of management does not reside in the PRC but which has offices or establishments in the PRC; or which does not have any offices or establishments in the PRC but has incomes sourced in the PRC is a non-resident enterprise. Resident enterprise is subject to enterprise income tax at a tax rate of 25%. For a non-resident enterprise having offices or establishments in the PRC, it shall pay enterprise income tax at tax

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rate of 25% on its incomes derived from such offices or establishments in the PRC as well as on incomes that it earns outside the PRC but which has actual connection with the said offices or establishments. For a non-resident enterprise having no office or establishment in the PRC, or for a non-resident enterprise whose incomes have no actual connection with its office or establishment in the PRC, it shall pay enterprise income tax at a tax rate of 10% on the incomes derived from the PRC. The enterprise income tax on important high- and new-tech enterprises that are supported by the state shall be levied at the reduced tax rate of 15%. For research and development expenditures incurred by enterprises in the development of new technology, new products and new skills, if these expenditures have not been reflected in the profit or loss for the same period as intangible assets, enterprises are allowed to make a deduction of 50% of the actual cost of research and development; if these expenditures have been reflected as intangible assets, enterprises are allowed to make an amortisation of 150% of the cost of intangible assets.

According to the Administrative Measures for Recognition of High and New Tech Enterprises (《高新技術企業認定管理辦法》) (which came into effect on 1 January 2008 with latest amendment on 1 January 2016), a high and new tech enterprise recognised under the Administrative Measures for Determination of High and New Tech Enterprises may apply for enjoying the tax preferential policies in accordance with the Enterprise Income Tax Law of the PRC, the Regulation on Implementation of the Enterprise Income Tax Law of the PRC and other relevant laws and regulations. For enterprise recognised as a high and new tech enterprise, its qualification shall be valid for a period of three years from the date of issuance of the certificate. An enterprise which is recognised as a high and new technology enterprise is entitled to tax preference from the year in which the high and new technology enterprise certificate is granted.

3. Withholding Tax on Dividends

According to the Enterprise Income Tax Law of the PRC and the Regulation on Implementation of the Enterprise Income Tax Law of the PRC, generally a withholding tax rate of 10% will be imposed on dividends paid to non-PRC resident investors. The enterprise income tax rate on the dividends may be reduced pursuant to a tax treaty between Mainland China and the jurisdictions in which non-PRC investors reside. According to the Arrangements between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the 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稅和防止偷漏稅的安排》) (which came into effect on 1 January 2007 in the Mainland with latest amendment by the Fifth Protocol to the Arrangement between the Mainland and 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稅和防止偷漏稅的安排〉第五議定書》) which came into effect on 6 December 2019), the withholding tax rate for dividends paid by the PRC resident enterprise to a Hong Kong resident enterprise is 5% if the Hong Kong enterprise is the beneficial owner and directly holds at

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least 25% of equity interests of the PRC enterprise. According to the Notice of the State Administration of taxation on Issues Concerning the Implementation of the Dividend Clauses of Tax Agreement (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (which came into effect on 20 February 2009), the proportion of equity owned by the tax resident of the other side shall, at any time within the successive 12 months before receiving dividends, comply with the specific proportion provided in the tax agreement.

III. PRC LAWS AND REGULATIONS IN RELATION TO INTELLECTUAL PROPERTY

1. Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) (which came into effect on 1 April 1985 with latest amendment on 17 October 2020) and the Detailed Rules for Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) (which came into effect on 1 July 2001 with latest amendment on 9 January 2010), inventions and creations eligible for patent application are categorised into three types: inventions, utility models and designs. 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 design, starting from the application date. The patent administrative authority under the State Council shall make decision to grant the patent right, issue the patent certificate and make registration and announcement. The patent right shall be valid from the date of announcement. The patentee shall pay an annual fee beginning with the year in which the patent right is granted. Unless otherwise provided in the Patent Law of the PRC, after the granting of patent right for an invention or utility model, no entity or individual is entitled to, without permission of the patentee, exploit the patent, that is, to make, use, promise the sale of, sell or import the patented product, or use the patented process and use, promise the sale of, sell or import the product directly obtained from the patented process, for production or business purposes. Infringer shall be liable for the compensation to the patentee or subject to administrative sanction by relevant administrative authorities or even criminal liabilities (depending on the circumstances).

2. Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) (which came into effect on 1 March 1983 with latest amendment on 23 April 2019) and the Regulation on Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) (which came into effect on 15 September 2002 with latest amendment on 29 April 2014), the Trademark Office of the administrative department for industry and commerce under the State Council shall take charge of trademark registration and administration across the country. Application for trademark registration shall be approved by the Trademark Office of the National Intellectual Property Administration (the "Trademark Office of the PRC") which shall issue the trademark

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registration certificate and make relevant announcement. A trademark registrant shall have the right to exclusively use the registered trademark which is protected by law. The registered trademark shall be valid for a term of ten years from the date of approval for registration. The trademark registrant may renew the registration of registered trademark upon expiry and each registration renewal is valid for a term of ten years. Any person or entity who infringe the exclusive right of registered trademark as provided under the Trademark Law of the PRC shall be liable for the compensation to the holder of exclusive right of registered trademark or subject to administrative sanction by relevant administrative authorities or even criminal liabilities (depending on the circumstances).

3. Domain Name

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) (which came into effect on 1 November 2017), domain name refers to the character mark of hierarchical structure, which identifies and locates a computer on the Internet and corresponds to the Internet protocol (IP) address of that computer. Domain name registration service follows the principle of "first come, first serve". An agency of domain name registration that provides domain registration services shall require the applicant to provide the true, accurate and complete information about the domain name holder's identity for registration purpose. The registration and use of domain name by any organisation or person shall be in compliance with the requirements of the Measures for the Administration of Internet Domain Names, and the registration and use of domain in violation of the Measures for the Administration of Internet Domain Names, if constitutes a crime, shall be subject to criminal liability, otherwise it shall be subject to penalty by relevant authorities according to relevant laws.

IV. PRC LAWS AND REGULATIONS IN RELATION TO LABOUR PROTECTION, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

1. Labour Protection

According to the Labour Law of the PRC (《中華人民共和國勞動法》) (which came into effect on 1 January 1995 with latest amendment on 29 December 2018), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) (which came into effect on 1 January 2008 with latest amendment on 28 December 2012) and the Regulation on Implementation of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) (which came into effect on 18 September 2008), the employer shall establish and improve relevant rules and regulations in accordance with law to guarantee that labourers enjoy labour right and fulfil labour obligations. An employer establishes an employment relationship with an employee from the date when the employer puts the employee to work. For establishment of an employment relationship, a written labour contract shall be concluded within one month from the date when the employee begins to

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work. A labour contract shall include the term of labour contract, job description and work location, working hours, break times and vacations, remuneration, social insurance, labour protection and working condition, prevention of occupational hazard and other mandatory clauses. An employer and an employee shall, according to the stipulations of the labour contract, fully perform their respective obligations.

2. Social Insurance

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (which came into effect on 1 July 2011 with latest amendment on 29 December 2018), the Interim Regulation on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) (which came into effect on 22 January 1999 with latest amendment on 24 March 2019), the Trial Measures for Maternity Insurance for Enterprise Employees (《企業職工生育保險試行辦法》) (which came into effect on 1 January 1995), the Regulation on Unemployment Insurance (《失業保險條例》) (which came into effect on 22 January 1999) and the Regulation on Work-related Injury Insurance (《工傷保險條例》) (which came into effect on 1 January 2004 with latest amendment on 20 December 2010), the state shall establish a social insurance system including basic endowment insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to guarantee the rights of citizens to legally obtain material assistance from the state and society in case of old age, illness, work-related injuries, unemployment and childbirth. An employer shall make contribution to a number of social security funds for its employees, including basic endowment insurance, basic medical insurance, maternity insurance, unemployment insurance and work-related injury insurance. When an employer fails to process social insurance registration, the social insurance administrative authority shall order the employer to make rectification within a prescribed period. Where an employer fails to make rectification within the prescribed period, it shall be liable for a fine of one to three times its assessed social insurance contribution. Where an employer fails to make social insurance contributions in full and on time, the social insurance contribution collection agencies shall order it to make all or outstanding contributions within the prescribed period and impose a late payment fee at the rate of 0.05% per day from the date on which the contribution becomes due. If such employer fails to make the overdue contributions within such prescribed period, the relevant administrative authority may impose a fine equivalent to one to three times the overdue amount.

3. Housing Provident Fund

According to the Regulation on Administration of Housing Provident Fund (《住房公積金管理條例》) (which came into effect on 3 April 1999 with latest amendment on 24 March 2019), the employer shall register with the housing provident fund management authority in respect of the contribution, and shall, with the approval from the housing provident fund management centre, complete the housing provident fund account opening or transfer procedures for its employees at

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the entrusted bank, and make contribution to the housing provident fund for its employees. The employer shall make full contribution to the housing provident fund on time and no delay or under-contribution is allowed. Where an employer fails to pay or fully pay the housing provident fund, the housing provident fund management centre shall order it to make payment within the prescribed period; if it fails to make payment within such prescribed period, the centre may apply to the people's court for enforcement.

V. PRC LAWS AND REGULATIONS IN RELATION TO PRODUCTION SAFETY AND PRODUCT QUALITY

1. Production Safety

According to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) (which came into effect on 1 November 2002 with latest amendment on 1 June 2021), a manufacturing enterprise shall comply with the laws and regulations related to production safety, strengthen the production safety management, establish and improve the accountability system and relevant rules and regulations of production safety, improve the conditions of production safety and promote the establishment of production safety standards, so as to improve and ensure safe production. No production is allowed if such manufacturing enterprise has no such safe working conditions in place as required under the Production Safety Law of the PRC and relevant laws, administrative regulations and national or industrial standards. In addition, a manufacturing enterprise shall provide the workers with education and training on production safety. Manufacturing enterprise with over 100 production workers shall establish a production safety management department to strengthen the safety of production facilities or assign special personnel for production safety management. Where an enterprise fails to comply with the relevant work safety requirements, it may be subject to fines and be ordered to discontinue production. Where a crime is constituted, the enterprise shall be prosecuted for criminal responsibility.

2. Product Quality

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (which came into effect on 1 September 1993 with latest amendment on 29 December 2018), the producers and sellers shall develop and improve the internal product quality management system, and rigorously implement quality standards, quality liabilities and relevant assessment measures for each position. Quality of products shall pass standard examinations and no sub-standard products shall be used as standard ones. Producers shall be responsible for the quality of their products and assume product quality liabilities in accordance with the requirements of such law.

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3. Special Equipment

According to the Special Equipment Safety Law of the PRC (《中華人民共和國特種設備安全法》) (which came into effect on 1 January 2014), the production (including design, manufacturing, installation, modification and repair), operation, use, inspection and testing of special equipment, supervision and management of special equipment safety, emergency response, rescue, investigation and handling of accidents and other relevant matters shall be in compliance with the requirements of such law.

4. Fire Control

According to the Fire Control Law of the PRC (《中華人民共和國消防法》) (which came into effect on 1 September 1998 with latest amendment on 29 April 2021), the above laws and regulations shall be applicable to the fire control supervision and control of construction, expansion, alteration and other construction projects. The Ministry of Housing and Urban-Rural Development shall, in accordance with the law, conduct the fire control design review, inspection, filing and spot check of fire control facilities of construction projects to oversee the fire control of construction projects.

VI. PRC LAWS AND REGULATIONS IN RELATION TO ENVIRONMENTAL PROTECTION

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (which came into effect on 26 December 1989 with latest amendment on 24 April 2014), all entities and individuals shall have the obligation to protect the environment. Enterprises, public institutions and other business operators shall prevent and reduce environmental pollution and ecological disruption, and assume liabilities for damage caused by them. The environmental protection administrative department under the State Council shall develop the national environmental quality standards, national pollutant discharge standards and monitoring regulations. For matters not included in the national environmental quality standards and the national pollutant discharge standards, the people's governments of provinces may develop local environmental quality standards and pollutant discharge standards; and for matters included in the national environmental quality standards and the national pollutant discharge standards, they may develop more stringent environmental quality standards and local pollutant discharge standards than the national standards. Local environmental quality standards and pollutant discharge standards shall be filed with the environmental protection administrative department under the State Council.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) (which came into effect on 1 September 2003 with latest amendment on 29 December 2018), the Administrative Rules on Environmental Protection of Construction Projects

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(《建設項目環境保護管理條例》) (which came into effect on 29 November 1998 with latest amendment on 16 July 2017) and the Classified Administration Catalogue of Environmental Impact Assessments for Construction Projects (2021 Edition) (《建設項目環境影響評價分類管理名錄》(2021年版)) (which came into effect on 1 January 2021) and the Measures on Filing Administration of Environmental Impact Registration Forms of Construction Projects (《建設項目環境影響登記表備案管理辦法》) (which came into effect on 1 January 2017), for construction projects with environmental impact carried out within the territory of the PRC or within other seas subject to the jurisdiction of the PRC, environmental impact assessment shall be conducted according to relevant laws. The State implements classification-based management on the environmental impact assessment of construction projects based on the impact of the construction projects on the environment. Constructors shall prepare Environmental Impact Report or Environmental Impact Statement or fill out the Environmental Impact Registration Form according to the Classified Administration Catalogue of Environmental Impact Assessments for Construction Projects. The constructors shall submit the Environmental Impact Report and Environmental Impact Statement of construction projects to the competent authorities for ecology with approving power for approval, and shall complete the filing procedures for the Environmental Impact Registration Form. For construction projects the Environmental Impact Report or Environmental Impact Statement of which failed to be approved by relevant approving department, the constructors shall not commence construction. The environmental protection facilities that required to be built together with the construction projects shall be designed, constructed and put into operation simultaneously with the construction of main body. Upon completion of the construction projects that required the preparation of Environmental Impact Report and Environmental Impact Statement, the constructors shall perform inspection and acceptance procedures for the environmental protection facilities and prepare the inspection report in accordance with the standards and procedures required by the competent administrative authorities for environmental protection under the State Council. For construction projects that are constructed and put into production or use in phases, the environmental protection facilities shall also go through inspection and acceptance procedures in phases.

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) (which came into effect on 1 November 1984 with latest amendment on 27 June 2017), the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) (which came into effect on 1 April 1996 with latest amendment on 29 April 2020), the Law of the PRC on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》) (which came into effect on 1 June 1988 with latest amendment on 26 October 2018) and the Law of the PRC on Prevention and Control of Environmental Noise Pollution (《中華人民共和國環境噪聲污染防治法》) (which came into effect on 1 March 1997 with latest amendment on 29 December 2018), the PRC adopts the pollutant discharge permit administration system. The enterprises, public institutions and other business

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operators that are subject to the pollutant discharge permit administration shall discharge pollutants according to the requirements under the pollutant discharge permit and shall not discharge pollutants without obtaining the pollutant discharge permit. According to the Measures for Administration of Pollutant Discharge Permit (For Trial Implementation) (《排汙許可管理辦法(試行)》) (which came into effect on 10 January 2018 with latest amendment on 22 August 2019), the Ministry of Environmental Protection shall develop and issue a classification administration list of pollutant discharge permit for fixed pollution sources according to relevant laws. The enterprises, public institutions and other business operators included in the classification administration list of pollutant discharge permit for fixed pollution sources shall apply for and obtain a pollutant discharge permit within the prescribed period.

VII. PRC LAWS AND REGULATIONS IN RELATION TO IMPORT AND EXPORT OF GOODS

According to the Customs Law of the PRC (《中華人民共和國海關法》) (which came into effect on 1 July 1987 with latest amendment on 29 April 2021) and the Provisions of the Customs of the PRC on Administration of Registration of Customs Declaration Entities (《中華人民共和國海關報關單位註冊登記管理規定》) (which came into effect on 13 March 2014 with latest amendment on 29 May 2018), when providing customs declaration services, customs declaration entities shall abide by the relevant laws and administrative regulations of the state and the relevant customs rules, and shall assume the relevant legal responsibilities. The registration of customs declaration entities includes the registration of customs declaration enterprises and the registration of the consignees or consignors of imported/exported goods. A customs declaration enterprise may not provide customs declaration services until it has obtained a registration licence from the local customs office directly under the General Administration of Customs or a subordinate customs office authorised by it. A consignee or consignor of imported/exported goods may directly go through the registration procedure at the local customs office. Unless otherwise provided for, the declaration of import or export goods and the payment of duties and taxes may be completed by the exporters or importers on their own, and such formalities may also be completed by their entrusted customs declaration agent registered with the Customs. The owner of imported or exported goods may complete the customs declaration procedures and the payment of duties and taxes on their own or entrust others to complete such formalities.

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) (which came into effect on 1 July 1994 with latest amendment on 7 November 2016), foreign trade business operator that is engaged in the import and export of goods or technology shall file and register with the competent department for foreign trade under the State Council or the institution entrusted thereby. The specific measures for filing and registration shall be formulated by the

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competent department for foreign trade under the State Council. Where any foreign trade business operator fails to complete filing and registration according to relevant provisions, the customs shall not handle the procedures of customs declarations and approve the import or export of goods.

VIII. PRC LAWS AND REGULATIONS IN RELATION TO FOREIGN EXCHANGE CONTROL

Renminbi is the legal currency of the PRC and is not freely convertible due to foreign currency control. The State Administration of Foreign Exchange (the "SAFE") of the PRC is responsible for all matters related to foreign exchange, including the implementation of foreign exchange control regulations.

According to the Provisions on the Settlement and Sale of and Payment in Foreign Exchange (《結匯、售匯及付匯管理規定》) (which came into effect on 1 July 1996), for foreign exchange derived from current account transactions for enterprises with foreign investment, they may open foreign exchange settlement accounts at the banks involved in foreign exchange business at their own discretion in their place of incorporation subject to approval.

According to the Regulations of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) (which came into effect on 1 April 1996 with latest amendment on 5 August 2008), every foreign exchange income under the current account may be kept or sold to a financial institution which operates foreign exchange settlement or selling business. Approval is required from the administration of foreign exchange if any foreign exchange income under capital accounts is to be kept or sold to a financial institution which operates foreign exchange settlement or selling business, unless the state regulations provide that no approval is required.

According to the Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Administration Policies for Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (which came into effect on 17 December 2012 with latest amendment on 30 December 2019), the previous approving procedures was significantly simplified by cancelling the requirement for the opening of a foreign exchange account or the entry of any amount in the foreign exchange accounts under direct investment, and instead, the bank can open the account for relevant client according to the information registered in the relevant system of the SAFE.

According to the Notice of the State Administration of Foreign Exchange on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Investing and Financing Overseas and Roundtrip Investment via 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》) (which came into effect on 4 July 2014), before a domestic resident contributes its legally owned onshore or

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offshore assets or equity to a special purpose vehicle ("SPV"), the domestic resident shall conduct foreign exchange registration for offshore investment with the SAFE. Where a domestic resident contributes its legally owned onshore assets or equity, it shall apply to the local branch of SAFE of the registration place, or the local branch of SAFE of the location of the domestic enterprise's assets or equity for going through the procedures for registration. Where a domestic resident contributes its legally owned offshore assets or equity, it shall apply to the local branch of SAFE of the registration place, or the local branch of SAFE of the location of household registration for going through the procedures for registration.

The Notice of State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Administration Policy for Overseas 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》) (which came into effect on 1 June 2015 with latest amendment on 30 December 2019) lifted the requirement of administrative approval in relation to foreign exchange registration and approval for offshore direct investment, which was changed to the mechanism that the banks directly review and complete the foreign exchange registration for offshore direct investment, and the SAFE and its branches will implement indirect regulation over the foreign exchange registration for offshore direct investment through the banks. Where a domestic resident individual makes offshore investment with its onshore assets or equity, such individual shall complete the foreign exchange registration for SPV owned by domestic resident individual at the bank of the location of the domestic enterprise's assets or equity.

IX. PRC LAWS AND REGULATIONS IN RELATION TO PROPERTY

1. Land

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) (which came into effect on 1 January 1987 with latest amendment on 26 August 2019), the Implementation Regulations for the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》) (which came into effect on 1 January 1999 with latest amendment on 2 June 2021), the ownership of land, the right of use of land, the overall plans for land utilisation, the protection of cultivated land, land to be used for construction shall comply with the above laws and regulations.

2. Property Ownership

According to the Civil Code of the PRC (《中華人民共和國民法典》) (which came into effect on 1 January 2021), this law shall apply to the civil relationships (including ownership, usufructuary right, real rights for security and occupation etc.) generated from the ownership and utilisation of properties. In particular, the holder of the right to use land for construction shall be

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entitled to possess, use and seek proceeds from the land owned by the state, and be entitled to make use of the land for constructing buildings, fixtures and their auxiliary facilities. The right to use land for construction, buildings and other fixed objects on the ground may be used for mortgage in accordance with relevant laws.

3. Construction in Progress

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) (which came into effect on 1 January 2008 with latest amendment on 23 April 2019), the Construction Law of the PRC (《中華人民共和國建築法》) (which came into effect on 1 March 1998 with latest amendment on 23 April 2019), the Measures for Administration of Construction Permits for Construction Projects (《建築工程施工許可管理辦法》) (which came into effect on 25 October 2014 with latest amendment on 30 March 2021) and the Regulation on Quality Management of Construction Projects (《建設工程質量管理條例》) (which came into effect on 30 January 2000 with latest amendment on 23 April 2019), the construction activities carried out in the built-up areas of cities, towns and villages as well as areas that must be under planning control for urban and rural construction and development shall be in compliance with the relevant requirements of the Urban and Rural Planning Law of the PRC. The construction entity shall obtain the construction land planning permit and the construction project planning permit from the competent department of urban and rural planning under the people's government of at county level, and shall obtain the construction permit from the competent department of housing and urban and rural construction under the people's government at municipal and county level or above of the place of the construction project before commencement of construction. After receiving the construction project completion report, the construction entity shall organise the entities of design, construction, project supervision and other relevant entities to complete the acceptance.

4. Commodity House Leasing

According to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) (which came into effect on 1 February 2011), these Measures shall apply to the leasing of commodity houses on state-owned land in urban planning areas and the supervision and administration thereof. The parties to house leasing shall sign a lease contract according to relevant laws and complete the registration and filing of house leasing at the competent department of real estate administration of the place of the house according to relevant laws.

According to the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》) (which came into effect on 1 January 1995 with latest amendment on 26 August 2019), those who acquire the right to use the State-owned land within the designated urban area for real estate development, engage in real estate development or transactions of real estate and exercise real estate management shall abide by the law. For house leasing, the lessor and lessee

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shall sign a written lease contract, prescribing such provisions as the leasing term, use of the house, rental and repair liabilities, and other rights and obligations of both parties; and complete the registration and filing with the real estate administration department.

X. SANCTIONS LAWS AND REGULATIONS

Hogan Lovells, our International Sanctions Legal Advisers, have provided the following summary of the sanctions regimes imposed by their respective jurisdictions. This summary does not intend to set out the laws and regulations relating to the U.S., the European Union, the United Nations and Australian sanctions in their entirety.

U.S.

Treasury regulations

OFAC is the primary agency responsible for administering U.S. sanctions programmes against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency or activities involving U.S.-origin goods, software, technology or services even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organised under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("green card" holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions programme and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest — no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) — except pursuant to an authorisation or licence from OFAC.

OFAC's comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, Syria, and the Crimea region of Russia/Ukraine (the comprehensive OFAC sanctions programme against Sudan was terminated on October 12, 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List or the FSE List, and prohibits certain business dealing with persons and entities identified in the SSI List (collectively hereinafter

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referred to as “Identified Parties”). Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate, by one or more Identified Parties) are also subject to the same restrictions that apply to the Identified Party(ies) at issue, regardless whether that entity is expressly named on the SDN List, the FSE List, and/or the SSI List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

United Nations

The United Nations Security Council (the “UNSC”) can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees.

United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union

Under European Union sanction measures, there is no “blanket” ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person or not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures.

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Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.