PRC

The following sets forth a summary of the most significant rules and regulations that affect our business activities in China or the rights of our shareholders to receive dividends and other distributions from us.

REGULATIONS RELATING TO COSMETICS

Production and Sales of Cosmetics

According to Regulation on the Supervision and Administration of Cosmetics (《化妝品監督管理條例》) (Order No. 727 of the State Council of PRC), which became effective on January 1, 2021, and the Measures for the Supervision and Administration of Production and Operation of Cosmetics (《化妝品生產經營監督管理辦法》) which was issued on August 6, 2021 and became effective on January 1, 2022, whoever engages in the production of cosmetics within the territory of the PRC shall file an application for a cosmetics production license with the drug supervision and administration department of the people's government of the province, autonomous region, or municipality directly under the Central Government at the place where it is located. Cosmetic registrants and recordation entities may produce cosmetics by themselves or by entrusting other enterprises. In the case of entrusted production of cosmetics, a cosmetic registrant or recordation entity shall entrust an enterprise that has obtained the corresponding cosmetics production license, and supervise the production activities of the entrusted enterprise to ensure that it produces cosmetics according to statutory requirements. We have obtained cosmetics production licenses for cosmetics production activities, and checked the corresponding business qualifications of the entrusted enterprises during our entrusted processing. Cosmetic manufacturers and distributors shall store and transport cosmetics in accordance with the provisions of relevant laws and regulations and the requirements indicated on cosmetic labels, and inspect on a regular basis and handle in a timely manner the deteriorated or expired cosmetics. The cosmetic distributors on the E-commerce platform shall disclose the information on the cosmetics they distribute in a comprehensive, truthful, accurate and timely manner. The content of cosmetics advertisements shall be authentic and legal. No cosmetic advertisement may expressly or impliedly indicate that the product has any medical effect, contain any false or misleading information, or deceive or mislead consumers. Where any cosmetics registrant or recordation entity finds any quality defect or other problem in the cosmetics that may endanger the human health, it shall immediately stop the production, recall the cosmetics that have been sold on the market, notify the relevant cosmetics operators and consumers to stop the operation and use, and record the situations of recall and notification. The cosmetics registrants or recordation entities shall take remedial measures, harmless disposal or destruction measures for the recalled cosmetics, and report the information of recall and disposal to the drug supervision and administration department of the people's government of the province, autonomous region, or municipality directly under the central government at the place where it is located. In addition, new cosmetic ingredients mean the natural or artificial ingredients that are used in cosmetics for the first time in the PRC. New cosmetic ingredients that have the functions of preventing corrosion, sunscreen, coloring, hair coloring, and freckle removal and whitening shall be registered with the competent drug regulatory authorities prior to use by the registrant of new cosmetic ingredients rather than the registrant of cosmetics.

According to the Safety and Technical Standards for Cosmetics (Version 2015) (《化妝品安全技術規範(2015年版)》), which became effective on the December 1, 2016, the production of cosmetics shall comply with the requirements of the specifications for the production of cosmetics, and the production process of cosmetics shall be scientific and reasonable to ensure product safety.

According to the Measures for the Administration of Cosmetic Labels (《化妝品標籤管理辦法》) which was issued on May 31, 2021 and became effective on May 1, 2022, the smallest sales unit of cosmetics shall be labeled. The labels shall comply with the requirements

of the relevant laws, administrative regulations, departmental rules, compulsory national standards and technical specifications. The contents of the labels shall be lawful, authentic, complete and accurate and consistent with the relevant contents registered or filed for record.

On August 16, 2022, the NMPA released the Measures for the Supervision and Administration of the Online Operation of Cosmetic (Draft for Comments) (《化妝品網絡經營監督管理辦法(徵求意見稿)》). If it is adopted in its current form, it will require the cosmetic operators operating through other online services to establish and execute a record-checking system for goods. The operators are also expected to fulfill their obligation to reveal the information about their cosmetics, and they should also cooperate with the e-commerce platform operator of cosmetics for the administration of quality and product safety. Once the operators spot any cosmetic with quality defects or could cause damage to the human body, they should stop the sale immediately and inform the relevant entity who made the registration or the filling. In addition, the operators should, in accordance with the relevant laws and regulations, label and store their cosmetics, regularly check upon the cosmetics, and dispose of the ones that are deteriorated or have passed the expiry date.

Registration and Recordation of Cosmetics

According to Regulation on the Supervision and Administration of Cosmetics (《化妝品監督管理條例》), within the territory of the PRC, the medical products administration conducts registration administration of special cosmetics and new cosmetic raw materials with a high degree of risks, and conducts recordation administration of general cosmetics and other new cosmetic raw materials. According to the Measures for the Administration of the Registration and Recordation of Cosmetics (《化妝品註冊備案管理辦法》) (Order No. 35 of the State Administration for Market Regulation, or the SAMR), which became effective on May 1, 2021, a registrant or recordation entity of cosmetics and new cosmetic raw materials shall, when applying for registration or undergoing recordation formalities, comply with the requirements of applicable laws, administrative regulations, compulsory national standards and technical specifications, and be responsible for the veracity and scientificity of the materials submitted, including but not limited to the Administrative Provisions of Cosmetics Registration and Filing Documents (《化妝品註冊備案資料管理規定》), the Administrative Provisions on Materials for Registration and Record Filing of New Cosmetic Ingredients (《化妝品新原料註冊備案資料管理規定》), the Classification Rules and Catalogue of Cosmetics (《化妝品分類規則和分類目錄》), the Technical Guideline for Safety Assessment of Cosmetics (Version 2021) (《化妝品安全評估技術導則(2021年版)》), the Standards for Cosmetic Efficacy Claim Evaluation (《化妝品功效宣稱評價規範》), all of which became effective on May 1, 2021, the Supervision and the Administration measures of Children's Cosmetics (《兒童化妝品監督管理規定》) which became effective on January 1, 2022, the Specifications for the Implementation of Cosmetics Registration and Filing Inspection (《化妝品註冊和備案檢驗工作規範》) which was released on September 3, 2019. The registrants and recordation entity of cosmetics and new cosmetic ingredients shall perform the obligations of product registration or recordation formalities in accordance with the laws and be responsible for the quality and safety of cosmetics and new cosmetic ingredients.

According to Notice of the State Food and Drug Administration on Issuing the Provisions on the Acceptance of Cosmetic Administrative Licensing Application (《國家食品藥品監督管理局關於印發<化妝品行政許可申報受理規定>的通知》) (No. 856 [2009] of the State Food and Drug Administration,),which became effective on April 1, 2010, and Notice of the State Food and Drug Administration on Strengthening the Administration of the Recordation of Domestic Non-special Use Cosmetics (《國家食品藥品監督管理局關於加強國產非特殊用途化妝品備案管理工作的通知》) (No. 118 [2009] of the State Food and Drug Administration), which became effective on April 3, 2009, domestic special-use cosmetics are subject to administrative licensing management, and domestic non-special-use cosmetics are subject to recordation administration.

Animal testing

According to the Provisions on the Administration of Materials for the Registration and Record Filing of Cosmetics(《化妝品註冊備案資料管理規定》), which became effective on May 1, 2021, if an ordinary cosmetics products manufacturer has obtained the relevant qualification certificate of product quality management system issued by the competent governmental authority of the country/region where the manufacturer is located, and its product safety risk assessment result can fully prove the safety of its products, such ordinary cosmetics products manufacturer may be exempted from submitting the toxicological test report, except that: (i) the relevant product is for infants and children; (ii) the product uses new cosmetic ingredients that are still under safety monitoring; or (iii) according to the quantitative rating results, the filing party, the domestic liable person and the manufacturing enterprise of such product are listed as key regulatory targets. Companies shall submit the toxicological test reports for ordinary cosmetics products that fall within the aforementioned scenarios and special cosmetics products as required by relevant PRC laws and regulations, while a company could be exempted from submitting such reports for other cosmetics products as long as it meets the abovementioned requirements.

REGULATIONS RELATING TO ADVERTISING

The Advertising Law of the PRC (《中華人民共和國廣告法》), which was promulgated by the Standing Committee of the National People's Congress, or the SCNPC, on October 27, 1994 with effect on February 1, 1995, latest amended with immediate effect from April 29, 2021, regulates commercial advertising activities in the PRC and sets out the obligations of advertisers, advertising operators, advertising publishers, and advertisement endorser. Advertisers shall be responsible for the veracity of their advertisement content. The goods or services come with a gift in an advertisement shall specify, the type, specification, quantity, period and method of such gift. Any advertiser in violation of the foregoing requirements will be ordered to stop publishing of advertisement, and a fine of not more than RMB100,000 may be imposed. Except for medical, pharmaceutical and medical machinery advertisements, no other advertisements shall involve illness treatment function, use medical jargon or jargon which misleads readers to confuse the promoted product with medicine or medical machinery. Any advertiser in violation of such requirements will be ordered to cease publishing such advertisements and imposed some fine, the business license of the offender may be revoked in severe circumstances, and the relevant authorities may revoke the approval document for examination and refuse to accept applications submitted by such advertiser for one year.

The Interim Measures for the Administration of Internet Advertising (《互聯網廣告管理暫行辦法》), which was promulgated by the State Administration for Industry and Commerce, or the SAIC, on July 4, 2016 with effect from September 1, 2016, regulates that in internet advertising activities, internet advertisers are responsible for the authenticity of the content of advertisements and all online advertisements must be marked "Advertisement" so that viewers can easily identify them as such.

On November 5, 2020, the SAMR promulgated the Guiding Opinions of the State Administration for Market Regulation on Strengthening the Regulation of Online Live-streaming Marketing Activities (《市場監管總局關於加強網絡直播營銷活動監管的指導意見》). According to the Guiding Opinions, commodity operators selling commodities or providing services through online live-streaming shall abide by the relevant laws and regulations, and establish and implement system for inspection and acceptance of Purchased Goods. It is not allowed to use online live-streaming to sell goods or services whose production or sale is prohibited by laws and regulations; it is not allowed to use online live-streaming to release commercial advertisements whose publication in mass media is prohibited by laws and regulations; and it is not allowed to use online live-streaming to sell goods or services whose trading is prohibited on the Internet. On March 25, 2022, the Cyberspace Administration of China, or the CAC, the State Administration of Taxation, or the SAT and the SAMR jointly issued the Circular on Opinions on Further Regulating the Profit-making Behavior of Online Live Streaming to Promote the Healthy Development of the Industry (國家互聯網信息辦公

室、國家稅務總局、國家市場監督管理總局印發《關於進壹步規範網絡直播營利行為促進行業健康發展的意見》的通知). The aforementioned Opinions put forward some detailed requirements for market entities related to online live-streaming services to further regulate the relevant behaviors and maintain the market order, which shows a strengthening regulatory trend on online live streaming and e-commerce platforms.

Production and Repackaging of Disinfection Products

Pursuant to The Provisions on Sanitation Licensing of Disinfection Product Manufactures (《消毒產品生產企業衛生許可規定》), which was promulgated on November 16, 2009 and amended on February 12, 2010, and May 9, 2017, any entity or individual that undertakes the production and repackaging of disinfection products in China shall apply for and obtain a Hygiene License for Disinfection Product Manufacturers as required. One production site is entitled to one license for one disinfection product manufacturer, and a group or company owning several production sites shall apply for hygiene licenses respectively.

REGULATIONS RELATING TO FOREIGN INVESTMENT

The Company Law of the People's Republic of China (《中華人民共和國公司法》), or the PRC Company Law, was passed by the SCNPC on December 29, 1993 and came into effect on July 1, 1994. It was revised for several times afterwards, and the latest version was implemented on October 26, 2018. According to the PRC Company Law, companies may adopt 2 forms: limited liability company or joint stock company. The PRC Company Law is also applicable to the limited liability companies and joint stock companies invested by foreigners, unless otherwise specified in the relevant laws and regulations. On December 24, 2021, the draft amendment to the PRC Company Law was published for public comments by the Standing Committee of the 13th National People's Congress. The amendment made systematic changes to the existing PRC company law. Uncertainties exist regarding the final form of these regulations as well as the interpretation and implementation thereof after promulgation.

The Administrative Regulations of the PRC on Market Entities Registration (《中華人民共和國市場主體登記管理條例》), which was promulgated on July 27, 2021 and came into effect on March 1, 2022, requires that unregistered entities shall not engage in business activities in the name of market entities. Exceptions shall be applied to those for which registration is not required pursuant to the provisions of laws and administrative regulations. The Implementing Rules for the Administrative Regulations of the PRC on Market Entities Registration (《中華人民共和國市場主體登記管理條例實施細則》), which was promulgated on March 1, 2022 and took effect on the same day, provides that the SAMR shall be in charge of unified registration and administration of market entities nationwide, formulate systems and measures for registration and administration of market entities, promote whole-process electronic registration, standardize registration activities, and guide local registration authorities to carry out registration and administration in accordance with the law in an orderly manner.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), or the Foreign Investment Law, was formally adopted by the National People's Congress on March 15, 2019 and became effective on January 1, 2020. The Foreign Investment Law is formulated to further expand opening-up, vigorously promote foreign investment and protect the legitimate rights and interests of foreign investors. Foreign investments are entitled to pre-entry national treatment and are subject to negative list management system. The pre-entry national treatment means that the treatment given to foreign investors and their investments at the stage of investment access is not lower than that of domestic investors and their investments. The negative list management system means that the State implements special administrative procedures for access to foreign investment in specific fields. Foreign investors shall not invest in any forbidden fields stipulated in the negative list and shall meet the conditions stipulated in the negative list before investing in any restricted fields.

On December 26, 2019, the State Council promulgated the Implementation Regulations on 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 January 1, 2020, and it further requires that foreign-invested enterprises and domestic enterprises be treated equally with respect to policy making and implementation. On December 19, 2020, the National Development and Reform Commission, or the NDRC, and the Ministry of Commerce of the People's Republic of China, or the MOFCOM, jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others.

Foreign Investment Industrial Policy

Investment activities in China by foreign investors are principally governed by the Catalog of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》), or the Encouraging Catalog, and the Special Administrative Measures for Access of Foreign Investments (《外商投資准入特別管理措施》), or the Negative List, which were promulgated and are amended from time to time by the Ministry of Commerce and the NDRC, and together with the Foreign Investment Law and their respective implementation rules and ancillary regulations. The Encouraging Catalog and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: "encouraged," "restricted," and "prohibited." Industries not listed in the Catalog are generally deemed as falling into a fourth category "permitted" unless specifically restricted by other PRC laws.

On December 27, 2020, the Ministry of Commerce and the NDRC released the Catalog of Industries for Encouraging Foreign Investment (2020 Version), which became effective on January 27, 2021, to replace the previous Encouraging Catalog. On December 27, 2021, the Ministry of Commerce and the NDRC released the Special Administrative Measures for Access of Foreign Investments (2021 Version), which became effective on January 1, 2022, to replace the previous Negative List.

REGULATIONS RELATING TO PRODUCT LIABILITY AND CONSUMER PROTECTION

Pursuant to the PRC Product Quality Law (《中華人民共和國產品質量法》), which was promulgated on February 22, 1993 and amended on July 8, 2000, August 27, 2009, and December 29, 2018, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes personal injury or property damage, the aggrieved party may make a claim for compensation from the manufacturer or the seller of the product. Manufacturers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and fines. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

On May 28, 2020, the National People's Congress promulgated the Civil Code of the People's Republic of China (《中華人民共和國民法典》), or the PRC Civil Code, which took effect on January 1, 2021 and replaced the Tort Law of the People's Republic of China (《中華人民共和國侵權責任法》), the Contract Law of the People's Republic of China (《中華人民共和國合同法》), and several other basic civil laws in the PRC. Under the PRC Civil Code, if a product is found to be defective and to compromise the personal and property security of others, the victim may require compensation to be made by the manufacturer or the seller of the product. Where any manufacturer or seller knowingly produces or sells defective products or fails to take effective remedial measures in accordance with the PRC Civil Code and thus causes death or serious damage to the health of another person, such person shall be entitled to claim punitive damages. If the transporter or storekeeper is responsible for the matter, the manufacturer or seller shall have the right to demand compensation for its losses.

On October 31, 1993, the Consumer Protection Law of the People's Republic of China (《中華人民共和國消費者權益保護法》) was promulgated by the SCNPC, which was amended on October 25, 2013, to protect consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. According to the amendment, all business operators shall pay high attention to protect the customers' privacy which they obtain during the business operation.

Pursuant to the E-Commerce Law of the People's Republic of China (《中華人民共和國電子商務法》) which was promulgated by SCNPC on August 31, 2018 and came into effect on January 1, 2019, e-commerce operators refer to natural persons, legal persons and unincorporated organizations that engage in business activities of selling commodities or offering services through the internet and other information networks, including e-commerce platform operators, intra-platform business operators and other e-commerce operators that sell commodities or offer services through a self-built website or other network services. An e-commerce operator shall, in business operation, abide by the principles of voluntariness, equality, fairness and good faith, observe the law and business ethics, fairly participate in market competition, perform obligations in aspects including protection of consumer rights and interests, environment, intellectual property rights, cyber security and individual information, assume responsibility for quality of products or services and accept the supervision by the government and the public. On March 1, 2022, the Supreme People's Court released the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Cases of Disputes over Online Consumption (I)(《最高人民法院關於審理網絡消費糾紛案件適用法律若干問題的規定(一)》), effective on March 15, 2022, which stipulated, among other things, the validity of relevant standard clauses of online consumption contracts, recognition of responsible parties and civil liabilities in live-streaming marketing.

Production Safety

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) amended by the SCNPC on June 10, 2021, and taking into effect on September 1, 2021, an enterprise shall provide production safety conditions as stipulated in this law and other relevant laws, administrative regulations, national and industry standards, establish the responsibility system and rules and regulations for production safety, and develop production safety standards to ensure production safety. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities.

Funds for input essential to meeting the conditions for work safety in production and business units shall be guaranteed by the decision-making bodies and major persons-in-charge of production and business units or by private investors, and they shall bear the responsibility for the consequences of insufficient input of funds essential to work safety in the units. Relevant production and business operation entities shall, as stipulated, withdraw and use work safety expenses to specially improve work safety conditions. Work safety expenses shall be truthfully incorporated into the cost. Production and business operation entities shall offer work safety education and training programs to their employees so as to ensure that the employees have the necessary work safety knowledge, are familiar with the relevant work safety rules and regulations and safe operating procedures, have mastered the safety operating skills for their own posts, understand the emergency handling measures for accidents, and aware of their own rights and obligations regarding production safety. Those employees who have not received training in production safety are not allowed to go on duty.

REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), or the Anti-Unfair Competition Law, which was passed by the SCNPC on September 2, 1993, became effective on December 1, 1993 and was most recently amended on April 23, 2019, unfair competition refers to that the operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in

violation of the provisions of the Anti-unfair Competition Law in the production and operating activities. Pursuant to the Anti-unfair Competition Law, operators shall abide by the principle of voluntariness, equality, impartiality, integrity, and adhere to laws and business ethics during market transactions. Operators in violation of the Anti-unfair Competition Law shall bear corresponding civil, administrative or criminal liabilities depending on the specific circumstances.

According to the Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》), or the Prohibition Commercial Bribery Provisions, which was promulgated by SAIC on November 15, 1996, commercial bribery refers to an act of offering money or property or using other means by an operator to the other entity or individual for the purposes of selling or buying goods, among which "other means" refer to the means used to provide any types of benefits other than money or property, such as offering overseas or domestic travel. According to the Anti-Unfair Competition Law and the Prohibition Commercial Bribery Provisions, regulatory authorities may impose fines depending on the seriousness of the cases and if there is any illegal income, such income shall be confiscated.

The Recent Regulatory Developments Relating to Anti-unfair Competition

The CAC, the MITT, the Ministry of Public Security and the SAMR jointly released the Administrative Provisions on the Recommendation of Algorithms for Internet-based Information Services (《互聯網信息服務算法推薦管理規定》), effective on March 1, 2022, which stipulates that algorithmic recommendation service providers shall not carry out monopoly or unfair competition by imposing unreasonable restrictions on other Internet information service providers by using algorithms, or by hindering or disrupting the normal operation of the Internet information services legally provided by such providers.

The SAMR released the Provisions on the Clear Marking of Prices and the Prohibition of Price Frauds (《明碼標價和禁止價格欺詐規定》) on April 14, 2022, effective on July 1, 2022, which specifies that the online trading platform operators shall not, by taking advantage of technical means or otherwise, force the business operators to use the platforms to make false or misleading price labels.

REGULATIONS RELATING TO LEASING

Pursuant to the Law on Administration of Urban Real Estate of the People's Republic of China (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994 and amended on August 30, 2007, August 27, 2009 and took effect on August 27, 2009 (which was further amended on August 26, 2019 and became effective on January 1, 2020), when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and lessee are also required to register the lease with the real estate administration department. Where an owner of a house leases the house built on the State-owned land for profit, the land-use right for which has been obtained by means of allocation, he shall turn over to the State the proceeds derived from the land and contained in the rent.

Also, pursuant to the Interim Regulations of the People's Republic of China on the Assignment and Transfer of the Right to the Use of State-owned Land in Urban Areas (revise in 2020) (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例(2020修訂)》) which was promulgated by the State Council on May 19, 1990 and amended on November 29, 2020, where the relevant conditions are met, the allocated land use right and the ownership of the above-ground buildings and other attached installations may be transferred, leased or mortgaged upon the approval of the land administration department and the real estate administration department of the municipal or county people's governments. In addition,

municipal or county people's governments may, on the basis of the needs of urban construction and development and the requirements of urban planning, withdraw the allocated land-use right without compensation and may assign it in accordance with the provisions of these Regulations.

According to the PRC Civil Code, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the lessor transfers the premises, the lease contract between the lessee and the lessor will still remain valid.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures for Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, landlords and tenants are required to enter into lease contracts which should generally contain specified provisions, and lease contracts should be registered with the relevant construction or property authorities at municipal or county level within 30 days after its conclusion. If the landlords and tenants fail to go through the registration procedures, both landlords and tenants may be subject to fines. If the lease contract is extended or terminated or if there is any change to the registered items, the landlord and the tenant are required to effect alteration registration, extension of registration or deregistration with the relevant construction or property authorities within 30 days after the occurrence of such extension, termination or alteration. Also, according to such measures, a house shall not be leased under any of the following circumstances: (i) being an illegal building; (ii) failing to meet the compulsory standards for engineering construction in terms of safety, disaster prevention, etc.; (iii) changing the use nature of the house in violation of relevant provisions; or (iv) other circumstances under which the house is prohibited to be leased as prescribed by laws and regulations. Where the provisions of these Measures are violated, the competent construction (real estate) departments of the people's governments of the municipalities directly under the Central Government, cities and counties shall order the violators to make corrections within a specified time limit. Where there is no illegal income, a fine of not more than RMB5,000 may be imposed; where there is illegal income, a fine of not less than one time but not more than three times the illegal income, but not more than RMB30,000, may be imposed.

REGULATIONS RELATING TO IMPORT AND EXPORT OF GOODS

Pursuant to the Regulations of the PRC on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001 which came into effect on January 1, 2002, the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the Standing Committee of National People's Congress, or the SCNPC, on May 12, 1994 which came into effect on July 1, 1994 and amended on April 6, 2004 and November 7, 2016, the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC, on January 22, 1987 which came into effect on July 1, 1987 and last amended on April 29, 2021, the Measures for Record Filing and Registration by Foreign Trade Dealer (《對外貿易經營者備案登記辦法》) promulgated by MOFCOM on June 25, 2004, which came into effect on July 1, 2004 and last amended on May 10, 2021 and the Administrative Provisions of the PRC on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC on November 19, 2021 which came into effect on January 1, 2022, foreign trade business operators engaging in the import or export of goods or technology must go through the record filing and registration formalities with the MOFCOM or the agency entrusted by the MOFCOM. Unless otherwise provided by laws and regulations, the PRC government allows free export and import of goods and technologies, and protects the intellectual property rights associated with international trade. Unless otherwise provided for, the declaration of import or export goods and the payment of duties may be made by the consignees or consignors themselves, or by entrusted customs brokers that have been registered with the customs. Consignees and consignors of import and export goods and customs

declaration enterprises that apply for record-filing shall obtain the qualification as market players; among them, consignees and consignors of import and export goods that apply for such aforementioned record-filing shall also obtain record-filing as foreign trade dealers.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION AND WORK SAFETY

Environmental Protection

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

Environmental protection authorities impose various administrative penalties on persons or enterprises in violation of the Environmental Protection Law. Such penalties include warnings, fines, orders to rectify within a prescribed period, orders to cease construction, orders to restrict or suspend production, orders to make recovery, orders to disclose relevant information or make an announcement, imposition of administrative action against relevant responsible persons, and orders to shut down enterprises. Any person or entity that pollutes the environment resulting in damage could also be held liable under the PRC Civil Code. In addition, environmental organizations may also bring lawsuits against any entity that discharges pollutants detrimental to the public welfare.

Environmental Impact Assessment

According to the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998 and amended on July 16, 2017 and taking effect on October 1, 2017, the construction entity shall submit an environmental impact report or an environmental impact statement, or fill in a registration form depending on the degree of impact the construction project has on environment. For a construction project for which an environmental impact report or environmental impact statement shall be prepared, the construction entity shall submit the environmental impact report and environmental impact statement to the competent administrative department of the environmental protection for approval before starting construction. If the Environmental Impact Assessment Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction unit shall be prohibited from commencing construction works.

According to the Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002 and amended on July 2, 2016 and December 29, 2018, for construction projects that have an impact on the environment, entities shall prepare an environmental impact report, report form or registration form in accordance with the severity of the impact that the project may have on the environment.

Completion and Acceptance

The Interim Measures for Acceptance of Environmental Protection upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) was promulgated and implemented by the former Ministry of Environmental Protection (now the Ministry of Ecology and Environment) on November 20, 2017. The Measures regulates the procedures and standards for environmental protection acceptance by construction units upon the completion of construction projects.

REGULATIONS RELATING TO POLLUTION PERMIT

Pursuant to the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》) (Order No. 736 of the State Council), which became effective on March 1, 2021, business operators that are subject to pollutant discharge permit administration in accordance with laws shall apply to the competent department of ecology and environment under the local people's government at or above the level of city divided into districts where its production and business premises are located for a pollutant discharge permit. The entities that fail to obtain a pollutant discharge permit shall not discharge any pollutants. Enterprises, public institutions and other production and operation entities that produce and discharge little amount of pollutants with little impact on the environment shall fill in the pollutant discharge registration form, and are not required to apply for a pollutant discharge permit.

Pursuant to the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法(試行)》) (Order No. 48 of the Ministry of Environmental Protection), which became effective on January 10, 2018 and was amended on August 22, 2019, pollutant discharging entities that are included in the category-based administration catalogue of pollutant discharge licensing for stationary pollution sources shall apply for and obtain a pollutant discharge license within the prescribed time limit; pollutant discharging entities not included in the said catalogue are not required to apply for a pollutant discharge license temporarily.

Pursuant to the Classification Management List for Fixed Source Pollution Permits (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》) (Order No. 11 of the Ministry of Ecology and Environment),which became effective on December 20, 2019, the state implements focused management, simplified management and registration management of emission permits based on the pollutant-discharging enterprises and other manufacturing businesses' ("pollutant discharging entities") amount of pollutants, emissions and the extent of environmental damage. Pollutant discharging entities that implements registration management does not need to apply for a pollutant discharge permit. It should fill in a pollutant discharge registration form on the National Pollutant Discharge Permit Management Information Platform to register basic information, pollutant discharge destinations, implemented pollutant discharge standards, pollution prevention measures taken and other information. According to the Classification Management List for Fixed Source Pollution Permits (2019 Edition), the cosmetics manufacturing category we belong to implements registration management. We have completed the registration of fixed pollution sources on the National Pollutant Discharge Permit Management Information Platform.

Pursuant to the Regulations on Urban Drainage and Sewage Treatment (《城鎮排水與污水處理條例》) (Order No. 641 of the State Council of PRC), which became effective on January 1, 2014, drainers covered by urban drainage facilities shall discharge sewage into the urban drainage facilities in accordance with the relevant provisions of the State. Drainers that discharge sewage into urban drainage facilities shall apply for a drainage license in accordance with the provisions of the regulation. Where any drainer discharges sewage into urban drainage facilities without obtaining a drainage license, the competent departments for urban drainage shall order it to stop the illegal act, take treatment measures within a prescribed time limit and re-apply for a drainage license, and may impose a fine of not more than RMB500,000 on it. Where losses are caused, compensation liabilities shall be assumed in accordance with the law; where a crime is constituted, criminal liabilities shall be investigated in accordance with the law.

Fire Control

Pursuant to the PRC Fire Safety Law (《中華人民共和國消防法》), which was promulgated by the SCNPC on April 29, 1998, and most recently amended on April 29, 2021, and the Interim Provisions on Administration of Fire Control Design Review and Acceptance of Construction Project (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, which became effective on June 1, 2020, the construction entity of a large-scale crowded venue (including the

construction of a manufacturing plant whose size is over 2,500 square meters) and other special construction projects must apply for fire prevention design review with fire control authorities, and complete fire assessment inspection and acceptance procedures after the construction project is completed. The construction entity of other construction projects must complete the filing for fire prevention design and the fire safety completion inspection and acceptance procedures within five business days after passing the construction completion inspection and acceptance. If the construction entity fails to pass the fire safety inspection before such venue is put into use or fails to conform to the fire safety requirements after such inspection, it will be subject to (i) orders to suspend the construction of projects, use of such projects, or operation of relevant business, and (ii) a fine between RMB30,000 and RMB300,000.

REGULATIONS RELATING TO CYBER SECURITY AND PRIVACY

The PRC Constitution states that the PRC laws protect the freedom and privacy of communications of citizens and prohibit infringement of such rights. PRC government authorities have enacted laws and regulations with respect to internet information security and protection of personal information from any abuse or unauthorized disclosure, and which includes the Decision of the Standing Committee of the National People's Congress on Internet Security Protection (《全國人民代表大會常務委員會關於維護互聯網安全的決定》) enacted and amended by the SCNPC on December 28, 2000 and August 27, 2009, respectively, the Provisions on the Technical Measures for Internet Security Protection (《互聯網安全保護技術措施規定》) issued by the Ministry of Public Security on December 13, 2005 and took effect on March 1, 2006, the Decision of the Standing Committee of the National People's Congress on Strengthening Network Information Protection (《全國人民代表大會常務委員會關於加強網絡信息保護的決定》) promulgated by the SCNPC on December 28, 2012, the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》) promulgated by the Ministry of Industry and Information Technology, or the MIIT on December 29, 2011, and the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) released by the MIIT on July 16, 2013. Internet information in China is regulated and restricted from a national security standpoint.

The Provisions on Protection of Personal Information of Telecommunication and Internet Users regulate the collection and use of users' personal information in the provision of telecommunications services and Internet information services in the PRC. Telecommunication business operators and Internet service providers are required to institute and disclose their own rules for the collecting and use of users' information. Telecommunication business operators and Internet service providers must specify the purposes, manners and scopes of information collection and uses, obtain consent of the relevant citizens, and keep the collected personal information confidential. Telecommunication business operators and Internet service providers are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. Telecommunication business operators and Internet service providers are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss. Once users terminate the use of telecommunications services or Internet information services, telecommunications business operators and Internet information service providers shall stop the collection and use of the personal information of users and provide the users with services for deregistering their account numbers.

The Provisions on Protection of Personal Information of Telecommunication and Internet Users further define the personal information of user to include user name, birth date, identification number, address, phone number, account number, passcode, and other information that may be used to identify the user independently or in combination with other information and the timing, places, etc. of the use of services by the users. Furthermore, according to the Interpretations on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), or the Interpretations, issued by the Supreme People's Court and the Supreme People's Procuratorate on May 8, 2017 and took

effect on June 1, 2017, personal information means various information recorded electronically or through other manners, which may be used to identify individuals or activities of individuals, including but not limited to the name, identification number, contact information, address, user account number and passcode, property ownership and whereabouts.

On November 1, 2015, the Ninth Amendment to the Criminal Law of the People's Republic of China (《中華人民共和國刑法修正案(九)》) issued by the SCNPC became effective, pursuant to which, any internet service provider that fails to comply with obligations related to internet information security administration as required by applicable laws and refuses to rectify upon order is subject to criminal penalty for (i) any large-scale dissemination of illegal information; (ii) any severe consequences due to the leakage of the user information; (iii) any serious loss of criminal evidence; or (iv) other severe circumstances. Furthermore, any individual or entity that (i) sells or distributes personal information in a manner which violates relevant regulations, or (ii) steals or illegally obtain any personal information is subject to criminal penalty in severe circumstances.

On June 1, 2017, the Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》), or the Cyber Security Law, promulgated by SCNPC took effect, which is formulated to maintain the network security, safeguard the cyberspace sovereignty, national security and public interests, protect the lawful rights and interests of citizens, legal persons and other organizations, and requires that a network operator, which includes, among others, internet information services providers, take technical measures and other necessary measures to safeguard the safe and stable operation of the networks, effectively respond to the network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. The Cyber Security Law reaffirms the basic principles and requirements set forth in other existing laws and regulations on personal information protections and strengthens the obligations and requirements of internet service providers, which include but are not limited to: (i) keeping all user information collected strictly confidential and setting up a comprehensive user information protection system; (ii) abiding by the principles of legality, rationality and necessity in the collection and use of user information and disclosure of the rules, purposes, methods and scopes of collection and use of user information; and (iii) protecting users' personal information from being leaked, tampered with, destroyed or provided to third parties. Any violation of the provisions and requirements under the Cyber Security Law and other related regulations and rules may result in administrative liabilities such as warnings, fines, confiscation of illegal gains, revocation of licenses, suspension of business, and shutting down of websites, or, in severe cases, criminal liabilities. On September 12, 2022, the draft amendment to the Cyber Security Law was published for public comments by the CAC. The amendment made changes to the existing Cyber Security Law. Uncertainties exist regarding the final form of such law as well as the interpretation and implementation thereof after promulgation. After the release of the Cyber Security Law, on May 2, 2017, the CAC issued the Measures for Security Reviews of Network Products and Services (Trial) (《網絡產品和服務安全審查辦法(試行)》), or the Review Measures, which became effective on June 1, 2017 and was replaced by the Cybersecurity Review Measures (2020) (《網絡安全審查辦法(2020)》). The Review Measures establish the basic framework and principle for national security reviews of network products and services. On December 28, 2021, the CAC, together with other relevant administrative departments, jointly promulgated the Cybersecurity Review Measures (2021) (《網絡安全審查辦法(2021)》) which became effective from February 15, 2022. According to the Cybersecurity Review Measures (2021), an Internet platform operator who possesses personal information of more than 1 million users shall apply for cybersecurity review before listing of the Internet platform operator's securities in a foreign country, and the relevant governmental authorities may initiate cybersecurity review if such governmental authorities consider relevant network products or services and data processing affect or may affect national security. As there is no explicit explanation by the relevant authorities for Hong Kong to be included in the scope of "foreign country" (國外) under the aforementioned stipulation, according to the understanding on PRC laws and regulations by our PRC Legal Advisors, Hong Kong does not fall within the scope of "foreign country" (國外), therefore, we are not required to apply for a cybersecurity review for the listing according to the Cybersecurity Review Measures (2021).

The recommended national standard, Information Security Technology Personal Information Security Specification(《信息安全技術個人信息安全規範》), puts forward specific refinement requirements on the collection, preservation, use and commission processing, sharing, transfer, public disclosure, etc. Although it is not mandatory, in the absence of clear implementation rules and standards for the law on cyber security and other personal information protection, it will be used as the basis for judging and making determinations.

The Personal Data Protection Law of China (《中華人民共和國個人信息保護法》) was released by the SCNPC in August 20, 2021,which become effective on November 1, 2021. It stipulates the scope of personal information and the ways of processing personal information, establishes rules for processing personal information and for transfer offshore, and clarifies the individual's rights and the processor's obligations in the processing of personal information.

On June 10, 2021, the SCNPC promulgated the Data Security Law of People's Republic of China (《中華人民共和國數據安全法》), which become effective on September 1, 2021. It is formulated so as to regulate the handling of data, ensure data security, promote the development and exploitation of data, protect the legitimate rights and interests of citizens and organizations, and preserve state sovereignty, security, and development interests. The law stipulates that the carrying out of data handling activities shall obey laws and regulations, respect social mores and ethics, comply with commercial ethics and professional ethics, be honest and trustworthy, perform obligations to protect data security, and undertake social responsibility; it must not endanger national security, the public interest, or individuals' and organizations' lawful rights and interests. Furthermore, the Opinions on Strictly Cracking Down on Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》), or the Opinions on Strictly Cracking Down on Illegal Securities Activities, which were issued by the General Office of the State Council and another authority on July 6, 2021, require the speedup of the revision of the provisions on strengthening the confidentiality and archives coordination between regulators related to overseas issuance and listing of securities, and improvement to the laws and regulations related to data security, cross-border data flow, and management of confidential information.

On November 14, 2021, the CAC released the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "Draft Data Security Regulations"). It stipulates that a data processor who processes more than one million users' personal information aiming to list in a foreign country or a data processor who seeks to complete a listing in Hong Kong which affects or may affect national security is required to apply for cybersecurity review under relevant rules and regulations. However, the Draft Data Security Regulations do not provide the standard to determine the circumstances that would be determined to "affect or may affect national security." As of the Latest Practicable Date, the Draft Data Security Regulations have not been formally adopted and is subject to further guidance. Furthermore, the Cybersecurity Review Measures (2021) do not provide the requirement of the Draft Data Security Regulations that "data processors seeking to be listed in Hong Kong that influences or may influence national security" shall be subject to a cybersecurity review. As the Draft Data Security Regulations are still at the stage of consultation for public comments, the Cybersecurity Review Measures (2021), being the latest promulgated regulations, shall be more applicable and instructive. After consulting with our PRC Legal Advisers, since we had notified the local branch of the CAC and obtained verbal confirmation that we are not required to apply for cybersecurity review about the proposed listing in Hong Kong, we are of the view that while we cannot preclude the possibility that it may apply to us, the risk of giving rise to national security issues by our business operation is remote.

If the Draft Data Security Regulations become effective in the current form and are applicable to us, based on the foregoing analysis of provisions of the Cybersecurity Regulations by our PRC Legal Advisers, the Directors and our PRC Legal Advisers do not foresee any material impediments for us to comply with the Cybersecurity Regulations in all material aspects, given that (i) as of the Latest Practicable Date, we had not been subject to any

administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities in relation to cybersecurity and data protection, nor had there been material cybersecurity and data protection incidents or infringement upon any third parties, or other legal proceedings, administrative or governmental proceedings, in relation to cybersecurity and data protection pending or, to the best of our knowledge, threatened against or relating to us; (ii) we have implemented a comprehensive set of internal policies, procedures, and measures to ensure our compliance practice; (iii) we will closely monitor the legislative and regulatory development in connection with cybersecurity and data protection, including the interpretation or implementation rules of laws and regulations of cybersecurity and data protection; (iv) we will proactively maintain communications with the CAC's local branches; and (v) we will take immediate steps to ensure compliance with new regulatory requirements within a reasonable period of time and engage external professional consultants to advise us on cybersecurity and data protection requirements, if needed.

Article 2 of the Protection Regulations on the Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) stipulates that critical information infrastructure (the "CII") refers to important industries and fields and other information systems that may jeopardize national security, national economy, people's livelihood and public interests if they are damaged, lose their functions or have data leakage. We do not operate any critical information infrastructure or information systems that may endanger national security, economic development and public interest. As to the risks that "affect or may affect national security", Article 10 of the Cybersecurity Review Measures (2021) outlines the security risks which should be taken into consideration when the cybersecurity review assesses the potential national security risks, which mainly include the following seven factors: (i) the risk that the use of products and services could bring about the illegal control of, interference with, or destruction of CII; (ii) the harm to CII business continuity of product and service supply disruptions; (iii) the security, openness, transparency, and diversity of sources of products and services, the reliability of supply channels, as well as the risk of supply disruptions due to political, diplomatic, and trade factors; (iv) product and service providers' compliance with Chinese laws, regulations, and department rules; (v) the risk that core data, important data or large amount of personal information being stolen, leaked, damaged, illegally used or illegally exported; (vi) the risk of CII, core data, important data, or large amount of personal information being affected, controlled, or maliciously used by foreign governments, as well as the risk of network information security, if a company goes public; and (vii) other factors that could harm CII security, cybersecurity and data security. Scenarios (i)-(iv) mainly focus on security risks associated with Critical Information Infrastructure Operators (the "CIIOs"), purchasing specific network products and services. As advised by our PRC Legal Advisers, according to the Protection Regulations on the Critical Information Infrastructure, protection work departments (保護工作部門) are responsible for organizing the identification of CII within their industries and sectors and notifying operators about the identification results. As of the Latest Practicable Date, we have not received any notification from relevant regulatory authorities regarding our identification as CIIO. Therefore, we, as advised by our PRC Legal Advisors, are of the view that scenarios (i)-(iv) do not apply to us. In terms of scenario (v), during the Track Record Period and as of the Latest Practicable Date, we have not experienced any material cybersecurity and data privacy incident including without limitation, data or personal information theft, leakage, damage, tampering, loss and illegal use, or any claim from any infringement upon any third parties' right to data privacy. We have taken the appropriate backup, encryption, access control and other necessary technical and organizational measures and set up overall cybersecurity and data protection policies to protect data from unauthorized access, disclosure, theft, tampering, destruction, loss, illegal use, or other serious incidents and breaches. Based on the above and as advised by our PRC Legal Advisors, we are of the view that it is not likely to trigger scenario (v). We will keep abreast and conform to the legislative and regulatory requirements to prevent the related risks that may trigger scenario (v). Scenario (vi) applies to the risks when a company goes public. As advised by our PRC Legal Advisors, we are of the view that we are not likely to trigger scenario (vi) with respect to the proposed listing in Hong Kong, on the basis that: (i) as of the Latest Practicable Date, we have not received any notification from the critical information infrastructure protection authorities about being identified as CIIOs; (ii) during the Track Record Period and up to the Latest

Practicable Date, we were not subject to or involved in any official inquiry, examination, investigation, notice, warning and sanction on cybersecurity, data security and personal information protection by relevant regulatory authorities, we have complied with and required the relevant intermediaries to perform the confidentiality obligations in accordance with the Provisions on Strengthening the Relevant Confidentiality and Archives Management Work Relating to the Overseas Issuance of Securities and Listing (《關於加強在境外發行證券與上市相關保密和檔案管理工作的規定》); (iii) as of the Latest Practicable Date, we have not received any request for review of the overseas listing of the Company or any determination from any governmental authority that the overseas listing constitutes a threat to or endangers national security; (iv) we will continue to pay close attention to the legislations and regulatory developments in data security and comply with the latest regulatory requirements with the assistance of our onshore and offshore counsel teams and will continually make great effort to prevent the related risks that may trigger scenario (vi). However, as advised by our PRC legal adviser, the interpretation and applicability of "network information security" remains uncertain and subject to further clarification by the CAC or relevant regulatory authorities, we cannot preclude the possibility that this scenario may apply. As to scenario (vii), our PRC Legal Advisers are of the view that the interpretation and applicability of it may be subject to uncertainty and further elaboration by the CAC or relevant regulatory authorities. We cannot preclude the possibility that this scenario may apply. Due to the lack of further clarifications or detailed rules and regulations, there are uncertainties on how to determine whether a proposed listing by a company like us in Hong Kong affects or may affect national security or not, the PRC government authorities may have wide discretion in the interpretation and enforcement of these measures and regulations. After consulting our PRC Legal Advisers, we are of the view that the Cybersecurity Regulations, assuming they are implemented in their current form, are not expected to have any material adverse impact on our business operations. Subject to the above uncertainties, if we need to apply for the cybersecurity review according to applicable regulations, we will apply for the cybersecurity review in due course.

On July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) which came into effect on September 1, 2022. According to which, a data processor shall declare security assessment for its outbound data transfer to the CAC through the local cyberspace administration at the provincial level to provide data abroad under any of the following circumstances: (i) where a data processor provides important data outside the territory of the PRC; (ii) where a critical information infrastructure operator or a data processor processing the personal information of more than one million individuals provides personal information outside the territory of the PRC; (iii) where a data processor has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total outside the territory of the PRC since January 1 of the previous year; and (iv) other circumstances prescribed by the CAC for which declaration for security assessment for cross-border data transfers is required.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

China has adopted comprehensive legislation governing intellectual property rights, including copyrights, trademarks, patents and domain names. China is a signatory to the primary international conventions on intellectual property rights and has been a member of the Agreement on Trade Related Aspects of Intellectual Property Rights since its accession to the World Trade Organization in December 2001.

Copyright

On September 7, 1990, the SCNPC promulgated the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), or the Copyright Law, effective on June 1, 1991 and amended on October 27, 2001, February 26, 2010 and November 11, 2020, and the latest amendment took effect on June 1, 2021.The amended Copyright Law extends copyright protection to internet activities, products disseminated over the internet and software products. In addition, there is a voluntary registration system administered by the Copyright Protection Centre of China. According to the Copyright Law, Chinese citizens, legal persons, or other

organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including right of publication, right of authorship and right of reproduction. An infringer of the copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners and compensating the loss of copyright owner. Infringers of copyright may also subject to fines and/or administrative or criminal liabilities in severe situations.

In order to further implement the Regulations on Computer Software Protection (《計算機軟件保護條例》), promulgated by the State Council on December 20, 2001 and amended on January 8, 2011 and January 30, 2013, respectively, the National Copyright Administration issued the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) on February 20, 2002, which specify detailed procedures and requirements with respect to the registration of software copyrights.

Under the Order of the State Council on the Issuance of the Regulations on the Protection of Layout-Designs of Integrated Circuits (《集成電路布圖設計保護條例》), promulgated on April 2, 2001 and coming into force on October 1, 2001, any layout-design created by a Chinese natural person, legal person or other organization shall be eligible for the exclusive right of layout-design in accordance with these Regulations. Any layout-design which is to be protected shall be original in the sense that the layout-design is the result of the creator's own intellectual effort, and it is not commonplace among creators of layout-designs and manufacturers of integrated circuits at the time of its creation. The intellectual property administration department of the State Council is responsible for the relevant administrative work concerning the exclusive right of layout-design in accordance with these regulations.

Trademark

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, and amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 respectively, the Trademark Office of the SAIC, under the State Council is responsible for the registration and administration of trademarks in China. The SAIC under the State Council has established a Trademark Review and Adjudication Board for resolving trademark disputes. Registered trademarks are valid for ten years from the date the registration is approved. A registrant may apply to renew a registration within twelve months before the expiration date of the registration. If the registrant fails to apply in a timely manner, a grace period of six additional months may be granted. If the registrant fails to apply before the grace period expires, the registered trademark shall be deregistered. Renewed registrations are valid for ten years. On April 29, 2014, the State Council issued the revised Implementing Regulations of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》), which specifies the requirements of applying for trademark registration and renewal.

Patent

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), or the Patent Law, promulgated by the SCNPC on March 12, 1984 and amended on September 4, 1992, August 25, 2000, December 27, 2008, and October 17, 2020, the latest amendment took effect on June 1,2021, respectively, and the Implementation Rules of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), or the Implementation Rules of the Patent Law, promulgated by the State Council on June 15, 2001 and revised on December 28, 2002 and January 9, 2010, respectively, the patent administrative department under the State Council is responsible for the administration of patent-related work nationwide and the patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within the irrespective administrative areas. The Patent Law and Implementation Rules of the Patent Law provide for three types of patents, namely "inventions", "utility models" and "designs". Invention patents

are valid for twenty years, while utility model patents are valid for ten years, and design patents are valid for fifteen years, in each case from the date of application. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. An invention or a utility model must possess novelty, inventiveness and practical applicability to be patentable. Third Parties must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the unauthorized use constitutes an infringement on the patent rights.

Domain Names

On August 24, 2017, the MIIT promulgated the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), or the Domain Name Measures, which became effective on November 1, 2017. The Domain Name Measures regulate the registration of domain names, such as China's national top-level domain name ".CN." The China Internet Network Information Center, or the CNNIC, issued the Administrative Regulations for Country Code Top-Level Domain Name Registration (《國家頂級域名註冊實施細則》) and Country Code Top-Level Dispute Resolutions Rules (《國家頂級域名爭議解決辦法》) on June 18, 2019, pursuant to which the CNNIC can authorize a domain name dispute resolution institution to decide domain name related disputes.

REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in China are the Administrative Regulations on Foreign Exchange of the People's Republic of China (《中華人民共和國外匯管理條例》), or the Foreign Exchange Administrative Regulation, which were promulgated by the State Council on January 29, 1996, became effective on April 1, 1996 and was subsequently amended on January 14, 1997 and August 1, 2008 (which became effective on August 5, 2008), respectively, and the Administrative Regulations on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》), which was promulgated by the People's Bank of China, on June 20, 1996 and became effective on July 1, 1996. Under these regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate governmental authorities or the designated banks is required where RMB is to be converted into foreign currency and remitted outside of China to pay capital account items such as the repayment of foreign currency-denominated loans, direct investment overseas and investments in securities or derivative products outside of the PRC. Foreign investment enterprises, or the FIEs are permitted to convert their after-tax dividends into foreign exchange and to remit such foreign exchange out of their foreign exchange bank accounts in the PRC.

On March 30, 2015, SAFE promulgated the Notice on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》), or the SAFE Circular 19, which took effect on June 1, 2015 and further revised in 2019. According to the SAFE Circular 19, the foreign currency capital contribution to an FIE in its capital account may be converted into RMB on a discretional basis.

On June 9, 2016, SAFE promulgated the Circular on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts (《關於改革和規範資本項目結匯管理政策的通知》), or the SAFE Circular 16. The SAFE Circular 16 unifies the discretional foreign exchange settlement for all the domestic institutions. The Discretional Foreign Exchange Settlement refers to the foreign exchange capital in the capital account which has been confirmed by the relevant policies subject to the discretional foreign exchange settlement (including foreign exchange capital, foreign loans and funds remitted from the proceeds from the overseas listing) can be settled at the banks based on the actual operational needs of the domestic institutions. The proportion of Discretional Foreign

Exchange Settlement of the foreign exchange capital is temporarily determined as 100%. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties in accordance with the Foreign Exchange Administrative Regulation and relevant provisions.

Furthermore, SAFE Circular 16 stipulates that the use of foreign exchange incomes of capital accounts by FIEs shall follow the principles of authenticity and self-use within the business scope of the enterprises. The foreign exchange incomes of capital accounts and capital in RMB obtained by the FIE from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities or financial schemes other than bank guaranteed products unless otherwise provided by relevant laws and regulations; (iii) used for granting loans to non-affiliated enterprises, unless otherwise permitted by its business scope; and (iv) used for the construction or purchase of real estate that is not for self-use (except for real estate enterprises).

On October 23, 2019, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Promoting the Convenience of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), or the SAFE Circular 28. The SAFE Circular 28 stipulates that non-investment FIEs may use capital to carry out domestic equity investment in accordance with the law under the premise of not violating the Negative List and the projects invested are true and in compliance with laws and regulations.

On April 10, 2020, SAFE issued the Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), or the SAFE Circular 8. The SAFE Circular 8 provides that under the condition that the use of funds is genuine and compliant with current administrative provisions on use of income relating to capital account, enterprises are allowed to use income under capital account such as capital funds, foreign debts and overseas listings for domestic payment, without submission to the bank prior to each transaction of materials evidencing the veracity of such payment.

REGULATIONS RELATING TO DIVIDEND DISTRIBUTIONS

The principal regulations governing distribution of dividends of wholly foreign-owned enterprise, or WFOE, include the PRC Company Law. Under these regulations, WFOEs in China may pay dividends only out of their accumulated profits, if any, determined in accordance with the PRC accounting standards and regulations. In addition, foreign investment enterprises in the PRC are required to allocate at least 10% of their accumulated profits each year, if any, to fund certain reserve funds unless these reserves have reached 50% of the registered capital of the enterprises. These reserves are not distributable as cash dividends.

REGULATIONS RELATING TO FOREIGN DEBTS

A loan made by a foreign entity to a Chinese entity is considered to be foreign debt in the PRC and is regulated by various laws and regulations, including the Foreign Exchange Administrative Regulation (《外匯管理條例》), the Interim Provisions on the Management of Foreign Debts (《外債管理暫行辦法》) promulgated by SAFE, the NDRC and the Ministry of Finance, or the MOF, and was amended by the NDRC on July 26, 2022, which became effective on September 1, 2022 and the Administrative Measures for Registration of Foreign Debts (《外債登記管理辦法》) promulgated by SAFE on April 28, 2013 and amended by the Notice of the SAFE on Abolishing and Amending the Normative Documents Related to the Reform of the Registered Capital Registration System (《國家外匯管理局關於廢止和修改涉及註冊資本登記制度改革相關規範性文件的通知》) on May 4, 2015, the Circular of the People's Bank of China on Matters relating to the Macro-prudential Management of Full-covered Cross-border Financing (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) which was released on January 12, 2017 and the Notice of the State Administration of Foreign Exchange

on Further Promoting the Convenience of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》). Under these rules, the foreign debts must be registered with and recorded by SAFE or its local branches or local banks as required. The SAFE Circular 28 provides that a non-financial enterprise in the pilot areas may register a permitted amount of foreign debts, which is as twice of the non-financial enterprise's net assets, at the local foreign exchange bureau. Such non-financial enterprise may borrow foreign debts within the permitted amount and directly handle the relevant procedures in banks without registration of each foreign debt. However, the non-financial enterprise shall report its international income and expenditure regularly. In addition, a foreign debt with a term of or longer than one year must be filed with the NDRC before the debt issuance, and the issuer shall submit the foreign debt information to the NDRC within 10 business days from completion of each debt issuance according to the Circular on Promoting the Reform of Filing and Registration Administrative Regime for the Foreign Debt Issuance (《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知》) promulgated by the NDRC on September 14, 2015.

REGULATIONS RELATING TO STOCK INCENTIVE PLANS

According to the Notice of the State Administration of Foreign Exchange on Issues Relating to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the Share Incentive Rules, which was issued on February 15, 2012 and other regulations, directors, supervisors, senior management and other employees participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, subject to certain exceptions, are required to register with SAFE. All such participants need to authorize a qualified PRC agent, such as a PRC subsidiary of the overseas publicly-listed company to register with SAFE and handle foreign exchange matters such as opening accounts, and transfer and settlement of the relevant proceeds. The Share Incentive Rules further require an offshore agent to be designated to handle matters in connection with the exercise of share options and sales of proceeds for the participants of the share incentive plans. Failure to complete the said SAFE registrations may subject the participating directors, supervisors, senior management and other employees to fines and other legal sanctions.

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

REGULATIONS RELATING TO OUTBOUND DIRECT INVESTMENT

On December 26, 2017, the NDRC promulgated the Administrative Measures for the Outbound Investment of Enterprises (《企業境外投資管理辦法》), or NDRC Order No. 11, which took effect on March 1, 2018. According to NDRC Order No. 11, non-sensitive overseas investment projects are required to make record filings with the NDRC or its local branches. On September 6, 2014, MOFCOM promulgated the Administrative Measures on Overseas Investments (《境外投資管理辦法》), which took effect on October 6, 2014. According to such regulations, overseas investments of PRC enterprises that involve non-sensitive countries and regions and non-sensitive industries must make record filings with the MOFCOM or its local branches. The Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies for 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》)was issued by SAFE on November 19, 2012 and amended on May 4, 2015, October 10, 2018 and December 30, 2019 respectively, under which PRC enterprises must register for overseas direct investment with local banks. The shareholders or beneficial owners who are PRC entities are required to be in compliance with the related overseas investment regulations. If they fail to complete the filings or registrations required by overseas direct investment regulations, the relevant authority may order them to suspend or cease the implementation of such investment and make corrections within a specified time, as well as issuing a warning to such investor and the relevant responsible persons; where a crime is constituted, criminal liability shall be investigated in accordance with the law.

REGULATIONS RELATING TO TAXATION

Income tax

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》), or the EIT Law, which was promulgated on March 16, 2007, became effective from January 1, 2008 and amended on February 24, 2017 and December 29, 2018, respectively, an enterprise established outside the PRC with de facto management bodies within the PRC is considered a resident enterprise for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. The Implementing Rules of the Enterprise Income Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》), or the Implementing Rules of the EIT Law defines a de facto management body as a managing body that in practice exercises "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. Non-PRC resident enterprises without any branches in the PRC pay an enterprise income tax in connection with their income originating from the PRC at the tax rate of 10%.

On February 3, 2015, the SAT issued the Announcement on Several Issues Concerning the Enterprise Income Tax on Indirect Transfer of Assets by Non-Resident Enterprises (《國家税務總局關於非居民企業間接轉讓財產企業所得税若干問題的公告》), or the SAT Circular 7, which was amended in 2017. The SAT Circular 7 repeals certain provisions in the Notice of the State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax on Income from Equity Transfer by Non-Resident Enterprises (《國家税務總局關於加強非居民企業股權轉讓所得企業所得税管理的通知》), or the SAT Circular 698, issued by SAT on December 10, 2009 and the Announcement on Several Issues Relating to the Administration of Income Tax on Non-resident Enterprises (《關於非居民企業所得税管理若干問題的公告》) issued by SAT on March 28, 2011 and clarifies certain provisions in the SAT Circular 698. The SAT Circular 7 provides comprehensive guidelines relating to, and heightening the Chinese tax authorities' scrutiny on, indirect transfers by a non-resident enterprise of assets (including assets of organizations and premises in the PRC, immovable property in the PRC, equity investments in PRC resident enterprises), or the PRC Taxable Assets. For instance, when a non-resident enterprise transfers equity interests in an overseas holding company that directly or indirectly holds certain PRC Taxable Assets and if the transfer is believed by the Chinese tax authorities to have no reasonable commercial purpose other than to evade enterprise income tax, the SAT Circular 7 allows Chinese tax authorities to reclassify the indirect transfer of PRC Taxable Assets into a direct transfer and therefore impose a 10% rate of PRC enterprise income tax on the non-resident enterprise. The SAT Circular 7 lists several factors to be taken into consideration by tax authorities in determining if an indirect transfer has a reasonable commercial purpose. However, regardless of these factors, the overall arrangements in relation to an indirect transfer satisfying all the following criteria will be deemed to lack a reasonable commercial purpose: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from PRC Taxable Assets; (ii) at any time during the one year period before the indirect transfer, 90% or more of the asset value of the intermediary enterprise (excluding cash) is comprised directly or indirectly of investments in

the PRC, or during the one year period before the indirect transfer, 90% or more of its income is derived directly or indirectly from the PRC; (iii) the functions performed and risks assumed by the intermediary enterprise and any of its subsidiaries and branches that directly or indirectly hold the PRC Taxable Assets are limited and are insufficient to prove their economic substance; and (iv) the foreign tax payable on the gain derived from the indirect transfer of the PRC Taxable Assets is lower than the potential PRC tax on the direct transfer of those assets. On the other hand, indirect transfers falling into the scope of the safe harbors under the SAT Circular 7 may not be subject to PRC tax under the SAT Circular 7. The safe harbors include qualified group restructurings, public market trades and exemptions under tax treaties or arrangements.

On October 17, 2017, SAT issued the Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (《關於非居民企業所得税源泉扣繳有關問題的公告》), or the SAT Circular 37, which took effect on December 1, 2017. Certain provisions of the SAT Circular 37 were repealed by the Announcement of the State Administration of Taxation on Revising Certain Taxation Normative Documents (《國家税務總局關於修訂部分税收規範性文件的公告》). According to the SAT Circular 37, the balance after deducting the equity net value from the equity transfer income shall be the taxable income amount for equity transfer income. Equity transfer income shall mean the consideration collected by the equity transferor from the equity transfer, including various income in monetary form and non-monetary form. Equity net value shall mean the tax computation basis for obtaining the said equity. The tax computation basis for equity shall be: (i) the capital contribution costs actually paid by the equity transferor to a Chinese resident enterprise at the time of investment and equity participation, or (ii) the equity transfer costs actually paid at the time of acquisition of such equity to the original transferor of the said equity. Where there is reduction or appreciation of value during the equity holding period, and the gains or losses may be confirmed pursuant to the rules of the finance and tax authorities of the State Council, the equity net value shall be adjusted accordingly. When an enterprise computes equity transfer income, it shall not deduct the amount in the shareholders' retained earnings, such as undistributed profits, of the investee enterprise, which may be distributed in accordance with the said equity. In the event of partial transfer of equity under multiple investments or acquisitions, the enterprise shall determine the costs corresponding to the transferred equity in accordance with the transfer ratio, out of all costs of the equity.

Under the SAT Circular 7 and the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國税收徵收管理法》) promulgated by the SCNPC on September 4, 1992 and newly amended on April 24, 2015, in the case of an indirect transfer, entities or individuals obligated to pay the transfer price to the transferor shall act as withholding agents. Where the withholding agent does not make the withholding, and the transferor of the equity does not pay the tax payable amount, the tax authority may impose late payment interest on the transferor. In addition, the tax authority may also hold the withholding agents liable and impose a penalty of ranging from 50% to 300% of the unpaid tax on them. The penalty imposed on the withholding agents may be reduced or waived if the withholding agents have submitted the relevant materials in connection with the indirect transfer to the PRC tax authorities in accordance with the SAT Circular 7.

According to the Announcement on Issues Related to the Implementation of Preferential Income Tax Policies for High-Tech Enterprises (《關於實施高新技術企業所得税優惠政策有關問題的公告》) promulgated by SAT on June 19, 2017, and Administrative Measures for the Certification of High-tech Enterprises (《高新技術企業認定管理辦法》) amended by Ministry of Science and Technology, MOF and SAT on January 29, 2016 and came into effect since January 1, 2016, upon the accreditation of the qualification of High-tech enterprises, such enterprises may apply for the entitlement of the preferential enterprise income tax treatment since the current year beginning from the valid period approved by the accreditation. Enterprises with "High-Tech Enterprise Certificate" along with its copies and relevant

information may apply to competent tax authorities for tax reduction or exemption. Upon the fulfillment of those procedures, the high and new technology enterprise can make advance enterprise income tax declaration at a tax rate of 15% or enjoy a transitional preferential tax treatment.

Withholding tax on dividend distribution

The EIT Law prescribes a standard withholding tax rate of 20% on dividends and other China-sourced income of non-PRC resident enterprises which have no establishment or place of business in the PRC, or if established, the relevant dividends or other China-sourced income are in fact not associated with such establishment or place of business in the PRC. However, the Implementing Rules of the EIT Law reduced the rate from 20% to 10%, effective from January 1, 2008. However, a lower withholding tax rate might be applied if there is a tax treaty between China and the jurisdiction of the foreign holding company, for example, pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion 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》), or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under the Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends that the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from the tax authority in charge.

Based on the Notice on Relevant Issues Relating to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行税收協定股息條款有關問題的通知》) issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, at their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. The Announcement of the State Administration of Taxation on Issues concerning "Beneficial Owners" in Tax Treaties (《國家税務總局關於税收協定中「受益所有人」有關問題的公告》), promulgated by the SAT on February 3, 2018 and took effect on April 1, 2018, further clarifies the analysis standard when determining one's qualification for beneficial owner status.

Furthermore, the Administrative Measures for Convention Treatment for Non-resident Taxpayers (《非居民納税人享受協定待遇管理辦法》), which became effective on January 1, 2020, require that non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of "self-assessment, claiming for the enjoyment of treaty benefits, and retention of the relevant materials for future inspection." Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the provisions of these Measures for future inspection, and subject to subsequent administration by relevant competent tax authorities.

Value-Added Tax

Pursuant to the Interim Regulations on Value-Added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例》), which was promulgated by the State Council on December 13, 1993 and amended on November 10, 2008, February 6, 2016 and November 19, 2017, respectively, and the Implementation Rules for the Interim Regulations on Value-Added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例實施細則》), which was promulgated by the MOF and SAT on December 15, 2008 and became effective on January 1, 2009 and as amended on October 28, 2011, entities or individuals engaging in sale of goods, provision of processing services, repairs and replacement services or importation of goods within the territory of the PRC shall pay value-added tax, or VAT. Unless provided otherwise,

the rate of VAT is 17% on sales and 6% on the services. On April 4, 2018, MOF and SAT jointly promulgated the Circular of the Ministry of Finance and the State Administration of Taxation on Adjustment of Value-Added Tax Rates (《財政部國家税務總局關於調整增值税税率的通知》), or the Circular 32, according to which (i) for VAT taxable sales acts or import of goods originally subject to VAT rates of 17% and 11% respectively, such tax rates shall be adjusted to 16% and 10%, respectively; (ii) for purchase of agricultural products originally subject to tax rate of 11%, such tax rate shall be adjusted to 10%; (iii) for purchase of agricultural products for the purpose of production and sales or consigned processing of goods subject to tax rate of 16%, such tax shall be calculated at the tax rate of 12%; (iv) for exported goods originally subject to tax rate of 17% and export tax refund rate of 17%, the export tax refund rate shall be adjusted to 16%; and (v) for exported goods and cross-border taxable acts originally subject to tax rate of 11% and export tax refund rate of 11%, the export tax refund rate shall be adjusted to 10%. Circular 32 became effective on May 1, 2018 and shall supersede existing provisions which are inconsistent with Circular 32.

Since November 16, 2011, the MOF and the SAT have implemented the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (《營業税改徵增值税試點方案》), or the VAT Pilot Plan, which imposes VAT in lieu of business tax for certain "modern service industries" in certain regions and eventually expanded to nation-wide application in 2013. According to the Implementation Rules for the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (《營業税改徵增值税試點實施辦法》) released by the MOF and the SAT on the VAT Pilot Program, the "modern service industries" include research, development and technology services, information technology services, cultural innovation services, logistics support, lease of corporeal properties, attestation and consulting services. The Notice on Comprehensively promoting the Pilot Plan of the Conversion of Business Tax to Value-Added Tax (《關於全面推開營業税改徵增值税試點的通知》), which was promulgated on March 23, 2016, became effective on May 1, 2016 and amended on July 11, 2017, and March 20, 2019, respectively, sets out that VAT in lieu of business tax be collected in all regions and industries.

On March 20, 2019, MOF, SAT and the General Administration of Customs jointly promulgated the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》), which became effective on April 1, 2019, repeal certain provisions of the Implementation Rules for the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax, and provides that (i) with respect to VAT taxable sales acts or import of goods originally subject to VAT rates of 16% and 10% respectively, such tax rates shall be adjusted to 13% and 9%, respectively; (ii) with respect to purchase of agricultural products originally subject to tax rate of 10%, such tax rate shall be adjusted to 9%; (iii) with respect to purchase of agricultural products for the purpose of production or consigned processing of goods subject to tax rate of 13%, such tax shall be calculated at the tax rate of 10%; (iv) with respect to export of goods and services originally subject to tax rate of 16% and export tax refund rate of 16%, the export tax refund rate shall be adjusted to 13%; and (v) with respect to export of goods and cross-border taxable acts originally subject to tax rate of 10% and export tax refund rate of 10%, the export tax refund rate shall be adjusted to 9%.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

According to the Labor Contract Law of the People's Republic of China (《中華人民共和國劳動合同法》), or the Labor Contract Law, promulgated by the SCNPC on June 29, 2007 and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the People's Republic of China (《中華人民共和國劳動合同法實施條例》), or the Implementation Rules of the Labor Contract Law, promulgated by the State Council on September 18, 2008, a written employment contract shall be concluded in the establishment of an employment relationship. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is

established, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee's salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the written employment contract. The Labor Contract Law and its implementation rules also require compensation to be paid upon certain terminations. In addition, if an employer intends to enforce a non-compete provision in an employment contract or non-competition agreement with an employee, it has to compensate the employee on a monthly basis during the term of the restriction period after the termination or expiry of the labor contract. Employers in most cases are also required to provide severance payment to their employees after their employment relationships are terminated.

Pursuant to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010, effective on July 1, 2011 and last amended on December 29, 2018, the Interim Regulations on the Collection of Social Insurance Fees (《社會保險費徵繳暫行條例》), issued by the State Council on January 22, 1999 and last amended on March 24, 2019, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), issued by the State Council on April 3, 1999 and last amended on March 24, 2019, enterprises in China are required to participate in certain employee benefit plans, including social insurance funds and housing provident funds, and contribute to the funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located.

Pursuant to the Social Insurance Law of the People's Republic of China, enterprises in China shall present their business license, registration certificate or organization seal to complete social security registration with the local social security agency within 30 days from the date of incorporation, and enterprises in China shall complete social security registration with the social security agency for their employees within 30 days from the date of recruitment. If the employer fails to go through the formalities for social insurance registration, the administrative department of social insurance shall order it to rectify within a prescribed time limit; where it fails to rectify within the prescribed time limit, the employer shall be subject to a fine of not less than one time but not more than three times the amount of the payable social insurance premiums, and the person directly in charge and other persons directly liable shall be subject to a fine of not less than RMB500 but not more than RMB3,000. Also, enterprises in China shall declare on their own and pay social insurance premiums in full and on time, and shall not postpone, reduce or exempt the payment of social insurance premiums not due to force majeure and other statutory causes. Where an employer fails to pay social insurance premiums in full and on time, the social insurance premiums collecting agency shall order it to pay or supplement the premiums within a time limit, and shall, as of the date of default, impose an overdue fine at the rate of 0.05% per day; where the employer fails to make the payment within the time limit, the relevant administrative department shall impose a fine of not less than one time but not more than three times the amount of the arrears.

Pursuant to the Regulations on the Administration of Housing Provident Funds, a newly established entity shall, within 30 days from the date of its establishment, undertake registration of payment and deposit of housing provident fund with a housing provident fund management center, and within 20 days from the date of the registration, go through the formalities of opening housing provident fund accounts on behalf of its staff and workers. Otherwise, it will be subject to a fine of not less than RMB10,000 but not more than RMB50,000. Also, entities shall pay housing provident funds on time and in full, and shall not be overdue in the payment and deposit or underpay. If an entity fails to pay housing fund contributions within a time limit or underpays housing fund contributions, it shall be ordered by the housing fund management center to pay the outstanding housing fund contributions within a time limit; if it fails to pay the outstanding housing fund contributions within the time

limit, the housing fund management center may apply to the people's court for enforcement. The Interim Provisions on Labor Dispatch (《劳務派遣暫行規定》) was issued by the Ministry of Human Resources and Social Security on January 24, 2014, which came into force on March 1, 2014. Under the provisions, the employers can only use dispatched workers in temporary, auxiliary, or alternative jobs, and the number of dispatched workers employed shall not exceed 10% of its total employment. According to the Labor Contract Law, if a labor dispatch unit or an employer violates the relevant provisions, the labor administrative department shall order it to make corrections within a time limit; if it fails to make corrections within the time limit, where failure to do so at the expiration of the time limit shall result in a fine of not less than RMB5,000 nor more than RMB10,000 per person being imposed. If the employer causes damage to the dispatched worker, the labor dispatch unit and the employing unit shall be jointly and severally liable for compensation.

REGULATIONS RELATING TO OVERSEAS SECURITIES OFFERING AND LISTING

On December 24, 2021, the State Council's Administrative Regulations on Overseas Issuance and Listing of Securities by Domestic Enterprises (Draft for Public Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》) and the Administrative Measures on Filing of Overseas Issuance and Listing of Securities by Domestic Enterprises (Draft for Public Comments) (《境內企業境外發行證券和上市備案管理辦法》(徵求意見稿)) was released for public comments by the CSRC. Pursuant to these regulations, a domestic enterprise that applying for listing abroad shall, among others, complete record-filing procedures and report relevant information to the securities regulatory authority as required. As of the Latest Practicable Date, the Draft Regulations on Listing have not been formally adopted. The provisions and anticipated effective date of the Draft Regulations on Listing are subject to changes and interpretation, and its implementation remains uncertain. The Directors, as advised by our PRC Legal Advisors, are of the view that the Draft Regulations on Listing will not have a material adverse impact on our [**REDACTED**] for the following reasons: (i) the responsible person of the CSRC stated in a press conference that the purpose of the Draft Regulations on Listing is to "improve the supervisory and regulatory institution for the overseas listing of enterprises, not to tighten the regulatory policies for overseas listing" and "to support enterprises to use overseas capital markets for financing and development in accordance with laws and regulations." (ii) as of the Latest Practicable Date, the Draft Regulations on Listing have not come into effect, we do not need to perform the relevant filing or information reporting procedures for the [**REDACTED**] of our Company in accordance with the Draft Regulations on Listing; (iii) we have obtained the approval letter from the CSRC with respect to our [**REDACTED**].

Assuming that the Draft Regulations on Listing subsequently come into effect in accordance with the current version, as advised by our PRC Legal Advisers, we can comply with the Draft Regulations on Listing in all material aspects for the following reasons: (i) our Company does not fall within any of the circumstances specified in Article 7 of the Administrative Provisions in which overseas issuance and listing are prohibited; (ii) our Company has taken comprehensive measures to ensure its compliance with the relevant laws and regulations and will continue to pay close attention to the legislative and regulatory developments in respect of the overseas listing of domestic enterprises, comply with the specific regulatory requirements and perform the filing procedures or information reporting procedures in accordance with the requirements of the Draft Regulations on Listing where applicable to our Company, with the assistance of our onshore and offshore counsel teams.

Japan

The following sets forth a summary of the most significant rules and regulations that affect our business activities in Japan.

Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (Act No. 145 of 1960, as amended)

Any person who wishes to engage in the business of marketing pharmaceuticals, quasi-pharmaceutical products or cosmetics is required to obtain a license from the Minister of Health, Labour and Welfare for such marketing business.

Labor Laws

There are various labor related laws enacted in Japan, including the Labor Standards Act (Act No. 49 of 1947, as amended), the Industrial Safety and Health Act (Act No. 57 of 1972, as amended), the Labor Contract Act (Act No. 128 of 2007, as amended) and the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers ("Dispatched Workers Act", Act No. 88 of 1985, as amended). The Labor Standards Act regulates, inter alia, minimum standards for working conditions such as working hours, periods of leave, and days off. The Industrial Safety and Health Act requires, *inter alia*, the implementation of measures to secure the safety of workers and protect the health of workers in the workplace. The Labor Contract Act regulates, *inter alia*, the change of terms to an employment contract and working rules, dismissal and disciplinary action. The Dispatched Workers Acts stipulates, *inter alia*, the duties of the dispatching agency and the company to where an employee is dispatched. All companies shall comply with the labor related regulations and any company that accepts dispatched workers must also comply with dispatching related regulations.

Water Pollution Prevention Act (Act No. 138 of 1970, as amended)

Any person who discharges water from factories or workplaces into areas of public water bodies is required to, when installing a Specified Facility (facilities which discharge polluted water or wastewater that may negatively affect public health), submit a report to the corresponding Prefectural governors. Therefore, any company engaged in such discharging of water shall comply with such regulations.

General Consumer protection and product safety regulations

Any company engaged in manufacturing and selling products to consumers shall comply with the general consumer protection regulations, such as the Consumer Contract Act (Act No. 61 of 2000, as amended), the Act against Unjustifiable Premiums and Misleading Representations (Act No. 134 of 1962, as amended), and product safety regulations, such as the Product Liability Act (Act No. 85 of 1994).