A. REGULATORY OVERVIEW

The following is a brief summary of the key laws and regulations in the PRC that currently may materially affect the Group and its operations. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to the Group. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of the Group and/or which may be important to potential investors. Investors should note that the following summary is based on the laws and regulations in force as at the date of this prospectus, which may be subject to change.

Policies Relating to Foreign Investment

Foreign investment industries are classified into two categories according to the Catalogue of Industries for Encouraged Foreign Investment (2020 Version) (鼓勵外商投資產業目錄 (2020年版)) (the "**Encouraged Catalogue**") which was promulgated on 27 December 2020 and implemented on 27 January 2021, and the Special Administrative Measures for the Market Entry of Foreign Investment(2021 Version) (外商投資准入特別管理措施(負面清單) (2021年版)) (the "**Negative List**"), which was promulgated on 27 December 2021, and implemented on 1 January 2022. Our PRC subsidiaries do not engage in any industry that the Negative List has included.

Policies Relating to Modern Husbandry and Dairy Industry

The State Council of the PRC (中華人民共和國國務院) (the "**State Council**"), the Ministry of Agriculture and Rural Affairs of the PRC (中華人民共和國農業農村部) (formerly known as the Ministry of Agriculture of the PRC, 原中華人民共和國農業部) (the "**MOA**"), the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) (the "**NDRC**") and the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (the "**MIIT**") have promulgated a series of policies aiming at promoting the sustained and healthy development of modern husbandry and dairy industry. These policies include, among others, the Opinions of the State Council on the Promotion of Sustainable and Healthy Development of Husbandry (國務院關於促進畜牧業持續健康發展的意見) promulgated by the State Council on 26 January 2007, the Opinions of the State Council on the Promotion of Sustainable and Healthy Development of the Dairy Industry (國務院關於促進奶業持續健康發展的意見) promulgated by the State Council on 27 September 2007, the Notice of the General Office of the State Council Regarding the Transmittal of the Outlines of the Restructuring and Revitalisation Plan for the Dairy Industry Issued by NDRC and Other Ministries (國務院辦公廳關於轉發發展改革委員會等部門奶業整頓和振興規劃綱要的通知) issued by the General Office of the State Council on 7 November 2008, the Opinions of the MOA on the Promotion of the Development of Modern Livestock and Poultry Breeding Industry (農業部關於促進現代畜禽種業發展的意見) promulgated by MOA on 22 June 2016, the Several Opinions of the MOA and Other Ministries on Further Promotion of the Revitalisation of Dairy Industry (農業農村部等關於進一步促進奶業振興的若干意見) promulgated on 24 December 2018, Guidelines on Prioritising the Development of Agriculture and Rural Areas and Accomplishing the Work Relating to Agriculture, Rural Areas and Rural Residents (關於堅持農業農村優先發展做好"三農"工作的若干意見) promulgated by the State Council on 3 January 2019, the Opinions of the General Office of the State Council on Promoting the High-quality Development of the Animal Husbandry Industry (國務院辦公廳關於促進畜牧業高質量發展的意見) promulgated by the State Council on 14 September 2020, and the Notice of Promoting agricultural and Rural Modernisation during the 14th Five-Year Plan (國務院關於印發"十四五"推進農業農村現代化規劃的通知) promulgated on 12 November 2021.

The aforementioned governmental policies call for consolidation, improvement of industrialisation and specialisation level of the animal husbandry industry and dairy industry, optimising the production layout of the dairy industry, innovating the development mode of the dairy industry, improving the production and operation system based on large-scale dairy farmers' breeding, and transforming breeding, promoting the large-scale planting and production of high-quality forage grass, including alfalfa hay, raising pattern of livestock and poultry, and continuously enhancing the quality efficiency and competitiveness of animal husbandry. Furthermore, a series of governmental preferential policies and incentives related to the husbandry and dairy industry are set for related parties to refer to.

Large-Scale Animal Raising And Breeding Industry

Disease Prevention

According to the Animal Epidemic Prevention Law of the PRC (中華人民共和國動物防疫法, "**Epidemic Prevention Law**"), which was promulgated on 3 July 1997 and last amended on 22 January 2021 and the Measures for the Examination of Animal Epidemic Prevention Conditions (動物防疫條件審查辦法), which was promulgated by the MOA on 21 January 2010 and became effective on 1 May 2010, last amended on 22 August 2022 and will take effect on 1 December 2022 entities and individuals who are engaged in animal raising, slaughtering, marketing, isolation, transportation and animal products production, management, processing, storage and other activities shall conform to the provisions of the competent department of agriculture and rural areas of the State Council, undergo animal epidemic prevention work such as immunity, disinfection, detection, isolation, purification, destruction, disposal, and bear the responsibility for animal epidemic prevention. The operators of an animal breeding farm shall apply to the administrative departments of agriculture and rural areas under the people's government at the county level for a certificate for meeting animal epidemic prevention conditions.

According to the Epidemic Prevention Law, entities and individuals that find quarantinable epidemic animals or suspected quarantinable epidemic shall immediately report to the local department in charge of agriculture and rural areas or animal epidemic prevention and control institutions, and rapidly take control measures such as isolation, in order to prevent the spread of the epidemic.

Fresh Milk Production and Procurement

According to the Administrative Measures for Fresh Milk Production and Procurement (生鮮乳生產收購管理辦法), which was promulgated by the MOA and became effective on 11 November 2008, the production, purchase, storage, transportation and sale of fresh milk shall conform to the national quality safety standards for dairy products. Entities or individuals engaged in the dairy animal breeding shall not add animal-derived ingredients (excluding milk and dairy products) into animal feeds, feed additives or veterinary drugs, nor shall they add any substances that are directly or potentially harmful to human beings or animals. Dairy production enterprises, dairy animal breeders, specialised dairy production cooperatives for farmers who wish to open fresh milk purchase stations shall meet the statutory conditions and apply to the administrative department for animal husbandry and veterinary medicine under the people's government at the county level where they are located for a raw fresh milk purchase licence.

Record Filing of Livestock and Poultry Breeding Farms

The Animal Husbandry Law of PRC (中華人民共和國畜牧法) (the "**Animal Husbandry Law**"), which became effective on 1 July 2006 and amended on 24 April 2015, is enacted for the purpose of regulating the production and business operations of animal husbandry, ensuring the quality and safety of livestock and poultry products, protecting and reasonably utilising the genetic resources of livestock and poultry, protecting the legitimate rights and interests of producers and business operators in animal husbandry, and promoting the sustainable and sound development of animal husbandry. The founder of a breeding farm or small-scale breeding village shall submit the name of the farm or small-scale breeding village, the address, the strains of the livestock and poultry as well as the scale of breeding for the record to the administrative department for animal husbandry and veterinary medicine under the people's government at the county level where the farm or small-scale breeding village is located, and obtain labels and codes for the livestock and poultry.

The detailed rules of the labels of livestock and poultry and their breeding files are regulated by the Administrative Measures for the Labels of Livestock and Poultry and Breeding Files (畜禽標識和養殖檔案管理辦法), which was promulgated by the MOA on 26 June 2006 and became effective on 1 July 2006.

Licence for Production and Operation of Breeding Livestock and Poultry

Pursuant to the Animal Husbandry Law, to engage in the production and business operation of breeding livestock and poultry or in the production of young commercial livestock and poultry, an entity or individual shall obtain a licence for the production and business operation of breeding livestock and poultry.

To apply for a licence for the production and business operation of breeding livestock and poultry, an applicant shall meet the following conditions: (i) the breeding livestock and poultry for production and business operations shall fall within the species or genetic improvement system as examined and approved or appraised by the National Commission for Livestock and Poultry Genetic Resources, or shall fall within the species or genetic improvement system as imported from abroad upon approval; (ii) having animal husbandry and veterinary technicians that can meet the needs of production and business operations; (iii) having breeding facilities and equipment that can meet the needs of production and business operations; (iv) satisfying the livestock and poultry disease prevention conditions as described in the laws, administrative regulations, as well as the provisions of the administrative department for animal husbandry and veterinary under the State Council; (v) having a sound quality management and breeding record system; and (vi) satisfying other conditions as described in the laws and administrative regulations.

Water Resource

Pursuant to the Water Law of the PRC (中華人民共和國水法) promulgated on 21 January 1988 and latest amended on 2 July 2016, the Regulations on the Administration of the Water Abstraction Licensing and the Levy of Water Resources Fees (取水許可和水資源費徵收管理條例) promulgated on 21 February 2006 and amended on 1 March 2017, and the Measures for the Administration of Water Abstraction Licensing (取水許可管理辦法) promulgated on 9 April 2008 and last amended on 22 December 2017, water abstraction is defined as abstracting water resources directly from rivers, lakes or underground by means of water-abstracting projects or installations. Any entity or individual that abstracts water resources shall, except for certain circumstances, apply for and obtain a water abstraction licence and pay water resources fees. An applicant may not build water abstraction engineering structures or facilities until its application for water abstraction has been approved by the approval authority. The water abstraction permit is generally valid for 5 years, with the maximum of 10 years. The amount of water resource fee shall be determined according to the water resource fee collection standard and the actual amount of water withdrawn at the location of the water abstraction. For water abstraction that exceeds the planned volume, water resources fees shall be charged progressively on the excessive part.

Quality and Safety Management

Food Safety

The Food Safety Law of the PRC (中華人民共和國食品安全法) (the "**Food Safety Law**") was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) (the "**SCNPC**") on 28 February 2009 and was last amended on 29 April 2021. The Regulation on the Implementation of the Food Safety Law of the PRC (中華人民共和國食品安全法實施條例) was promulgated by the State Council on 20 July 2009 and was last amended on 11 October 2019.

The Food Safety Law is formulated to ensure food safety and the safety of the public. Food manufacturers or sellers shall engage in production or marketing activities in accordance with laws, regulations and food safety standards. According to the Food Safety Law, the State shall maintain a system for whole-process traceability of food.

Product Quality Law in General

The Product Quality Law of the PRC (中華人民共和國產品質量法) (the "**Product Quality Law**") promulgated by the SCNPC on 22 February 1993 and last amended on 29 December 2018 is the principal law governing the supervision and administration of product quality and applies to all production and marketing activities within the territory of the PRC. The Product Quality Law is enacted for the purpose of strengthening supervision and control over product quality, raising the level of product quality, clarifying the responsibility for product quality, protecting the legitimate rights and interests of consumers, and safeguarding the social and economic order.

According to the Product Quality Law, manufacturers are liable for the quality of products they produce and sellers shall take measures to maintain the quality of the products they sold.

The manufacturer shall be liable to compensate for any bodily harm or damage to property (other than the defective product itself) caused by the defective products of the manufacturer unless the manufacturer is able to prove that: (i) the product has not been put into circulation; (ii) the defect does not exist at the time when the product is put into circulation; or (iii) the level of scientific or technology at the time when the product is put into circulation cannot detect the existence of the defect.

Agriculture Products Safety

The Law of the PRC on Quality and Safety of Agricultural Products (中華人民共和國農產品質量安全法) (the "**Agricultural Products Safety Law**"), which was promulgated by the SCNPC on 29 April 2006, amended and became effective on 26 October 2018, and last amended on 2 September 2022 the amendments of which will become effective on 1 January 2023, governs the supervision and administration of the quality and safety of primary agricultural products, which are derived from plants, animals, micro-organisms and other products obtained in the course of agricultural activities. The Agricultural Products Safety Law regulates the agricultural products in the following aspects including (i) risk management and standards of agricultural products safety; (ii) origin of agricultural products; (iii) production of agricultural products; and (iv) sales of agricultural products.

Quality of Dairy Products

According to the Regulation on the Supervision and Administration of the Quality Safety of Dairy Products (乳品質量安全監督管理條例), which was promulgated by the State Council and became effective on 9 October 2008, dairy animal breeders, fresh milk purchasers, dairy production enterprises and sellers are the first responsible persons who shall assume responsibility for the quality safety of the dairy products produced, purchased, transported and sold by them. It is forbidden: (i) to add any substance during the process of production, purchase, storage, transport and sale of fresh milk; or (ii) to add any non-edible chemical substance or any other substance that may harm human health in the production of dairy products.

The State Council also promulgated the Opinions on Revitalisation of the Dairy Industry and Ensuring Quality and Safety of Dairy Products (關於推進奶業振興保障乳品質量安全的意見), which became effective on 3 June 2018, to promote the revitalisation of dairy industry, to ensure the quality and safety of dairy products, to enhance the confidence of the general public on domestic dairy products, and to further enhance the competitiveness of dairy industry.

Work Safety

The Work Safety Law of the PRC (中華人民共和國安全生產法) (the "**Work Safety Law**"), which was promulgated on 29 June 2002, and last amended on 10 June 2021 and became effective on 1 September 2021, governs the supervision and administration of work safety in the PRC. The Work Safety Law requires production entities (生產經營單位) to meet the relevant legal requirements such as providing their staff with education and training, strengthening work safety control, setting up and improving the responsibility system for work safety for all employees, increasing the input and guarantee of funds, materials, technologies, and personnel in terms of work safety, promoting the standardisation of work safety, building a dual prevention mechanism of level-to-level safety risk management and hidden danger identification, and improving the risk prevention and resolution mechanism. Any production entities that fails to meet the legal requirements shall not be allowed to engage in production activities in the PRC. Violation of the Work Safety Law may result in the imposition of fines, penalties, suspension or cessation of operations, or even criminal liabilities in severe cases. In the event of a general accident (一般事故), apart from requiring the liable production entity to bear corresponding compensation according to law, the work safety regulatory departments shall impose fines of more than RMB200,000 but less than RMB500,000 according to the then effective Work Safety Law which was amended on 31 August 2014, or more than RMB300,000 but less than RMB1 million according to the currently effective Work Safety Law which was amended on 10 June 2021.

The Regulations on the Reporting, Investigation and Handling of Work Safety Accidents (生產安全事故報告和調查處理條例) (the "**Work Safety Accidents Regulation**"), which was promulgated by the State Council on 9 April 2007, and became effective on 1 June 2007, regulates the reporting, investigation and handling of work safety accidents, implements the liability system for work safety accidents and prevents work safety accidents. According to the Work Safety Accidents Regulation, work safety accidents are categorised as follows:

- particularly major safety accidents (特別重大事故) refer to accidents that cause more than 30 deaths, or serious injuries of more than 100 people (including acute industrial poisoning, hereinafter the same), or direct economic losses of more than RMB100 million;

- major safety accidents (重大事故) refer to accidents that cause more than ten deaths but less than 30 deaths, or serious injuries of more than 50 people but less than 100 people, or direct economic losses of more than RMB50 million but less than RMB100 million;

- relatively major safety accidents (較大事故) refer to accidents that cause more than three deaths but less than ten deaths, or serious injuries of more than ten people but less than 50 people, or direct economic losses of more than RMB10 million but less than RMB50 million; and

- general accidents (一般事故) refer to accidents that cause less than three deaths, or serious injuries of less than ten people, or direct economic losses of less than RMB10 million.

Land Use

There are two kinds of ownership of the land in China, as defined in the Land Administration Law (中華人民共和國土地管理法) which was promulgated by the SCNPC on 25 June 1986, last amended on 26 August 2019, and became effective on 1 January 2020. Land in urban areas is owned by the State. Land in rural and suburban areas, except those of which the ownership belongs to the State according to the law, is collectively owned by villagers; and homestead and private plots in fields or on hillsides are collectively owned by villagers.

State-owned Land

Enterprises that wish to use state-owned land shall get it by means such as grant, allocation and lease. The most common mean is for the enterprise to enter into state-owned land grant contract and pay for the land premium.

In certain circumstance, enterprise can also lease the state-owned land. According to the Opinions on Standardising State-owned Land Lease (規範國有土地租賃若干意見) effective on 27 July 1999, land users can conclude a lease contract with local land authorities and pay for the lease.

Collectively Owned Land by Villagers

According to the Land Contract in Rural Areas of the PRC (中華人民共和國農村土地承包法) (the "**Rural Land Contracting Law**") which was promulgated on 29 August 2002, last amended on 29 December 2018, and became effective on 1 January 2019, China applies the contractual management system in respect of land in rural areas. Contractors of rural land can be members of the economic collective that owns or uses the relevant land, or enterprises and individuals outside the economic collective. The contracting term for arable land shall be 30 years, for grassland shall be between 30 to 50 years, and for forestland shall be between 30 to 70 years.

According to the Rural Land Contracting Law, the decision to contract the rural land to an enterprise or individual that is not a member of the economic collective which owns the land must be made in accordance with relevant procedures, which require (i) the approval by at least two-thirds of the members of the economic collective or two-thirds of the representatives for members of the economic collective, and (ii) the approval by the competent government at the township level.

Circulation of Rural Land

The Rural Land Contracting Law also provide that a contractor of rural land may circulate its right to operate the contracted land through subcontracting, leasing or other means. The circulation of the land operation right shall comply with, among other things, the following principles:

- such transfer must be based on voluntary negotiation between the contractor and the transferee;
- such transfer must not alter the (i) nature of the ownership or (ii) agricultural usage of the contracted land;
- the term of transfer may not exceed the remainder of the contracting term;
- the transferee must be capable of conducting agricultural production activities; and
- members of the same economic collective shall enjoy priority in obtaining the right to operate the contracted land under same conditions.

According to the Measures for the Administration of the Circulation of the Rural Land Contractual Management Right (農村土地承包經營權流轉管理辦法) which became effective on 1 March 2005 and the Measures for the Administration of the Circulation of the Rural Land Operation Right (農村土地經營權流轉管理辦法) (the "**Measures for the Circulation of Land Operation Right**"), which replaced the former, promulgated by the MOA on 26 January 2021 and became effective on 1 March 2021, a contractor that entrusts a third party to circulate the contracted land, shall present an power of attorney. Without this power of attorney, no one has the right to decide the circulation of a contracted rural land. The circulation of contracted land shall report to the contract-issuing party and local government at the township level for record. A transferee that re-circulate the land circulated by a contractor shall be subject to the consent of original contractor. The Measures for the Circulation of Land Operation Right further requires government at the township level to establish examination system for the circulation of land operation right to enterprises.

Grass Land Law

According to the Grassland Law of the PRC (中華人民共和國草原法) promulgated by the SCNPC on 18 June 1985 and last amended on 29 April 2021, using grassland for animal husbandry requires approval from government at or above county level.

Land Used for Agricultural Facilities

According to the Circular of the Ministry of Land and Resources and the MOA on the Further Promotion of the Healthy Development of Facility Agriculture (國土資源部、農業部關於進一步支持設施農業健康發展的通知) (the "**2014 Circular**")which was issued on 29 September 2014, land used for agricultural facilities is divided into land for production facilities, land for ancillary facilities and land for supporting facilities, which is in nature agricultural land and shall be administered as such, and accordingly, no governmental approval of agricultural land conversion is required for the use of agricultural land for agricultural facilities. After the signing of land use agreement, government at the township level shall promptly submit the land use agreement and construction plans of the facilities to be built on such land to the competent department of land and resources and agricultural department at the county level for filing. Land used for agricultural facilities must not be used for non-agricultural purposes without going through the legal requirements under the PRC laws.

On 17 December 2019, the Circular of the Ministry of Natural Resources and the Ministry of Agriculture and Rural Affairs on Issues Concerning the Management of Facility Agricultural Land (自然資源部、農業農村部關於設施農業用地管理有關問題的通知) (the "**2019 Circular**") was issued by the Ministry of Natural Resources and the Ministry of Agriculture and Rural Affairs, according to which the 2014 Circular has expired and automatically revoked. The 2019 Circular stipulates that land used for agricultural facilities is divided into land directly for crop cultivation and land for livestock and poultry aquaculture, including related land used for storage, drying, packaging, disposal, inspection, and etc. General cultivated land can be used for facility agricultural land, while permanent basic farmland shall not be allowed to use for breeding facilities in principle unless it is unavoidable to use a small amount of permanent basic farmland and additional designation of land must be compensated as permanent basic farmland. Rural collective economic Organisation or business operator shall file the use of facility agricultural land to government at the township level.

Local rules relevant to us include the Notice of the Implementation Opinions on Improving the Management of Land Used for Agricultural Facilities (山東省國土資源廳等四部門關於完善設施農用地管理的實施意見的通知) which was issued on 9 January 2012 and substituted by the Measures of Shandong Province for the Administration of Land Used for Agricultural Facilities (山東省設施農業用地管理辦法) on 6 May 2020 and the Notice on Standardising and Strengthening the Management of Land Used for Agricultural Facilities (內蒙古自治區自然資源廳與農牧業廳關於規範和加強設施農業用地管理的通知) which was promulgated by the Inner Mongolia Department of Natural Resources and Department of Farming and Animal Husbandry on 21 July 2020.

Environmental Protection

Construction Project Environmental Protection

According to the Environmental Protection Law of the PRC (中華人民共和國環境保護法), which was promulgated by the SCNPC on December 26, 1989, last amended on 24 April 2014, and became effective on 1 January 2015, and the Law of the PRC on Environment Impact Assessment (中華人民共和國環境影響評價法), which was promulgated by the SCNPC on 28 October 2002, last amended on 29 December 2018 and became effective on the same date, the Administrative Regulations on Environmental Protection in Construction Projects (建設項目環境保護管理條例), which was promulgated by the State Council on 29 November 1998, was amended on 16 July 2017, and took effect on 1 October 2017, and the Interim Measures for the Completion Inspections of Environment Protection Facilities of Construction Projects (建設項目竣工環境保護驗收暫行辦法), which was promulgated by the Ministry of Environmental Protection of the PRC on 20 November 2017, and took effect on the same date, enterprises planning construction projects are required to provide assessment reports, statements, or registration forms on the environmental impact of such projects. The assessment reports or statements must be approved by the competent environmental protection authorities prior to the commencement of any construction work, while the registration forms must be submitted to the competent environmental protection authorities for record. Unless otherwise provided by laws and regulations, enterprises with construction projects, which are required to make assessment reports or statements, shall undertake acceptance inspections of the environmental protection facilities upon the completion of the construction. A construction project may be formally put into production or use only if its corresponding environmental protection facilities have passed the acceptance inspection.

Prevention and Control of Pollution

The Regulations on the Prevention and Control of Pollution Caused by Large-scale Breeding of Livestock and Poultry (畜禽規模養殖污染防治條例), issued by the State Council on 11 November 2013 and implemented since 1 January 2014, provides that the activities engaged in livestock and poultry breeding and the comprehensive utilisation and harmless treatment of livestock and poultry breeding wastes shall conform to the requirements for the prevention and control of pollution from livestock and poultry breeding and shall be subject to the supervision and inspection of the relevant competent departments. Besides, the construction, reconstruction and expansion of livestock and poultry farms and breeding districts shall conform to the plans for the development of animal husbandry and the plans for the prevention and control of pollution from livestock and poultry breeding. The large-scale livestock and poultry farms and breeding districts which may have a major impact on environment shall prepare environmental impact reports, and other livestock and poultry farms and breeding districts shall fill out environmental impact registration forms. In the livestock and poultry farms and breeding districts, relevant facilities are required, based on breeding scales and the needs for pollution prevention and control, for faeces of livestock and poultry, shunting sewage and rains, storage of faeces and sewage, and comprehensive utilisation and harmless treatment facilities for anaerobic digestion and stack retting of faeces, organic fertiliser processing, methane producing, separation and delivery of dregs and fluid of methane, sewage treatment and corpse treatment.

Pursuant to the Regulations on the Administration of Pollutant Discharge Permits (排污許可管理條例), which was promulgated by the State Council on 24 January 2021 and became effective on 1 March 2021, and the Catalogue of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Edition) (固定污染源排污許可分類管理名錄(2019年版)), which was promulgated by the Ministry of Ecology and Environment of the PRC and became effective on 20 December 2019, based on factors such as the amount of pollutants produced, the amount of pollutants discharged, and the impact on the environment, pollutant discharge units are subject to three different level of pollutant discharge permit administration, namely priority administration, simplified administration, and registration administration. It is not required for units applicable for registration administration to apply for the pollutant discharge licence, but they shall fill in and submit a pollution discharge registration form on the national pollution discharge licence management information platform.

Import and Export of Goods

Pursuant to the Customs Law of the PRC (中華人民共和國海關法), which was promulgated by the SCNPC on 22 January 1987 and became effective on 1 July 1987, was last amended and took effect on 29 April 2021, unless otherwise provided for, the consignor or consignee of import and export goods may declare and pay duties themselves or entrust a customs brokers to complete declaration procedures and pay duties. The consignor and consignee for import or export of goods and the customs brokers engaged in customs declaration shall register with the Customs in accordance with the laws.

According to the Administrative Measures for the Inspection, Quarantine, and Supervision of Imported and Exported Feedstuff and Feed Additives (進出口飼料和飼料添加劑檢驗檢疫監督管理辦法), which was promulgated by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC on 20 July 2009 and became effective on 1 September 2009, was last amended by the General Administration of Customs of the PRC and became effective on 23 November 2018, the General Administration of Customs adopts a registration system for production enterprises of countries and regions allowed to export feed to China. Imported feed shall come from registered overseas production enterprises. The feed importing enterprise shall file with the customs at the place of domicile of the enterprise before or at the time of the first application for inspection and quarantine.

Incorporation, Operation and Management of Corporate Entities

The establishment, operation, and management of corporate entities in PRC are governed by the Company Law of the PRC (中華人民共和國公司法) (the "**Company Law"**), which was promulgated by the SCNPC on 29 December 1993 and became effective on 1 July 1994, last amended on 26 October 2018. Pursuant to the Company Law, companies are classified into two categories, namely limited liability companies and limited companies by shares. The Company Law shall also apply to foreign-invested limited liability companies and companies limited by shares. According to the Company Law, the provisions otherwise prescribed by the laws on foreign investment shall prevail.

Before 2020, the establishment procedures, approval procedures, registered capital requirement, foreign exchange, accounting practices, taxation, and labour matters of a wholly foreign-owned enterprise were regulated by the Law of the PRC on Wholly Foreign-owned Enterprises (中華人民共和國外資企業法) (the "**Wholly Foreign-owned Enterprises Law**"), which was promulgated by the SCNPC and became effective on 12 April 1986, was last amended on 3 September 2016 and expired on 1 January 2020, and the Implementing Rules for the Law of the PRC on Wholly Foreign-owned Enterprises (中華人民共和國外資企業法實施細則), which was promulgated by the Ministry of Foreign Trade and Economic Cooperation (modified) and became effective on 12 December 1990, and was last amended on 19 February 2014, and the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法), which was promulgated by the Ministry of Commence (the "**MOFCOM**") and became effective on 8 October 2016, and last amended on 29 June 2018.

From 2020, foreign investments in the PRC by foreign investors and foreign-invested enterprises shall be subject to the Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the "**Foreign Investment Law**"), which was promulgated on 15 March 2019 by the National People's Congress of the PRC (the "**NPC**") and became effective on 1 January 2020 and the Implementing Regulations of the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例), which was promulgated by the State Council on 26 December 2019, and became effective on 1 January 2020. The Foreign Investment Law defines foreign investment as any investment activity directly or indirectly carried out in the PRC by one or more foreign natural persons, enterprises or other organisations. Pursuant to the Foreign Investment Law, the foreign-invested enterprises, established according to the Wholly Foreign-owned Enterprises Law prior to the implementation of the Foreign Investment Law, may adjust their Organisation form, structure, etc. pursuant to the provisions of the Company Law and other related laws, and complete change registration legally. Alternatively, they may choose to retain their current Organisation form, structure, etc. within five years after the implementation of the Foreign Investment Law.

On 30 December 2019, the MOFCOM and the State Administration for Market Regulation (the "**SAMR"**), jointly promulgated the Measures for Information Reporting on Foreign Investment (外商投資信息報告辦法) ("**FI Information Reporting Measures**"), which took effect on 1 January 2020. Pursuant to the FI Information Reporting Measures, where a foreign investor directly or indirectly carries out investment activities in the PRC, the foreign investor or the foreign-invested enterprise must submit the investment information to the competent commerce department through the enterprise registration system and the National Enterprise Credit Information Publicity System for further handling.

Taxation

Enterprise Income Tax

According to the Law of the PRC on Enterprise Income Tax (中華人民共和國企業所得税法) (the "**EIT Law**"), which was promulgated by the SCNPC on 16 March 2007, became effective on 1 January 2008, and last amended on 29 December 2018, and the Implementing Regulations of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法實施條例) (the "**EIT Implementing Regulations**"), which was promulgated by the State Council on 6 December 2007, became effective on 1 January 2008, and was amended on 23 April 2019, enterprises are classified into resident enterprises and non-resident enterprises. An EIT rate of 25% is applied to the resident enterprise on its global income. A reduced EIT rate of 10% is applied on the income generated in the PRC by a non-resident enterprise with no PRC institution, or by a non-resident enterprise whose income has no substantial nexus with its PRC institutions.

According to the EIT Law and the EIT Implementation Regulations, the income of an enterprise generated from farming cattle and poultry, or the primary process of agricultural products will be exempted from enterprise income tax.

Value-added Tax

All entities and individuals engaged in the sales of goods, provision of processing, repairs and replacement services, the sale of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax (the "**VAT**") in accordance with the Interim Regulations on Value-added Tax of the PRC (中華人民共和國增值税暫行條例) (the "**VAT Regulations**"), which was promulgated by the State Council on 13 December 1993, became effective on 1 January 1994, and was last amended on 19 November 2017, and the Implementing Rules for the Interim Regulations on Value-added Tax of the PRC (中華人民共和國增值税暫行條例實施細則), which was promulgated by the Ministry of Finance (the "**MOF**") on 25 December 1993, became effective on 25 December 1993, was last amended on 28 October 2011, and took effect on 1 November 2011. Pursuant to the VAT Regulations and its implementation rules, self-produced agricultural products, including planting, breeding, forestry, animal husbandry, and aquatic products, sold by agricultural producers, including units and individuals engaged in agricultural production, shall be exempt from value-added tax.

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on the Exemption of Value-added Tax on Feed Products (財政部、國家税務總局關於飼料產品免徵增值税問題的通知) promulgated on 12 July 2001 and became effective on 1 August 2001, mixed feed, compound feed, compound premix, concentrated feed and single bulk feed shall be exempt from value-added tax.

Foreign Currency Exchange and Dividend Distribution

Foreign Currency Exchange

Pursuant to the Administrative Regulations of the PRC on Foreign Exchange (中華人民共和國外匯管理條例) (the "**Foreign Exchange Regulations**"), which was promulgated by the State Council on 29 January 1996, became effective on 1 April 1996, and was last amended on 5 August 2008, the payment in and transfer of foreign exchange for current international transactions are not be subject to government restriction. Renminbi is generally freely convertible for payments of current account items, such as trade

and service-related foreign exchange transactions. Under the Foreign Exchange Regulations, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of SAFE for paying dividends by providing certain evidencing documents (board resolutions, tax certificates, etc.), or for trade and service-related foreign exchange transactions by providing commercial documents evidencing such transactions. However, any foreign organisation or individual that seeks to make direct investment, or engage in the issuance or trading of negotiable securities or derivatives are subject to appropriate registration with SAFE and approval or filing with the relevant governmental authorities (if necessary).

On 19 November 2012, the SAFE promulgated the Circular of the SAFE on Further Improving and Adjusting the Direct Investment Foreign Exchange Administration Policies (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知), which became effective on 17 December 2012, latest amended on 30 December 2019. Together with its appendix, it provides for and simplifies the operational steps and regulations on foreign exchange matters related to direct investment by foreign investors, including, among others, foreign exchange registration, account opening, reinvestment with legal income, purchase, payment, and settlement of foreign exchange.

Pursuant to the Circular of the SAFE on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the "**SAFE Circular 13**"), which was promulgated on 13 February 2015, and became effective on 1 June 2015, the foreign exchange registration under domestic and overseas direct investment is directly reviewed and handled by banks in accordance with the SAFE Circular 13, and the SAFE and its branches shall perform indirect regulation over the direct investment-related foreign exchange registration via banks.

Pursuant to the Administrative Measures for Registration of Foreign Debts (外債登記管理辦法) (the "**Foreign Debts Measures**"), which was promulgated by the SAFE on 28 April 2013, and became effective on 13 May 2013, the debtor shall borrow foreign debts in accordance with the relevant provisions of the State, and go through the formalities for registration of foreign debts. According to the Article 9 of the Foreign Debts Measures, the non-bank debtors, who are domestic debtors other than the financial department or banks, shall go through the formalities for registration or filing of foreign debts deal by deal with the local authority in charge of foreign exchange within the time limit.

Dividend Distribution

Pursuant to the EIT Law, non-resident enterprises which have not set up agencies or offices in the PRC, or agencies or offices are set up but there is no actual relationship with the income obtained by the agencies or offices, shall pay enterprise income tax in relation to the income originating from China at the tax rate of 20%. However, the EIT Implementation Regulations reduced the rate from 20% to 10%.

According to the Agreement between the Government of the PRC and the Government of the Republic of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (中華人民共和國政府和新加坡共和國政府關於對所得避免雙重徵税和防止偷漏税的協定) implemented on 1 January 2008, and the Circular on Printing and Distributing the Interpretations on Clauses of the Agreement between the Government of the PRC and the Government of the Republic of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and of the Protocol thereto (關於印發《<中華人民共和國政府和新加坡共和國政府關於對所得避免雙重徵税和防止偷漏税的協定>及議定書條文解釋》的通知), which was promulgated by the State Taxation Administration (the "**STA**") on 26 July 2010, and became effective thereafter, dividends paid by a company which is a resident of a Contracting State to a resident of the other

Contracting State may be taxed in that other State. However, according to the Circular of the SAT on Relevant Issues Concerning the Implementation of Dividend Clauses in Tax Treatise (國家税務總局關於執行税收協定股息條款有關問題的通知), which was promulgated on 20 February 2009 and became effective thereafter, the qualifications for a dividend recipient to enjoy a tax preferential levied at 5% rate are as follows: (i) the recipient of the dividend must be a corporation; (ii) the recipient's ownership in the PRC company must meet the prescribed direct ownership thresholds at all times during the 12 consecutive months preceding the receipt of the dividends; (iii) the deal or arrangement is not mainly for the purpose of obtaining the tax preferential. Otherwise, the tax rate shall be 10% of the gross amount of the dividends.

Employment, Social Insurance, and Housing Provident Fund

Employment

According to the PRC Labour Law (中華人民共和國勞動法), which was promulgated by the SCNPC on 5 July 1994, came into effect on 1 January 1995 and was last amended on 29 December 2018, an employer shall develop and improve its rules and regulations to safeguard the rights of its employees, who are entitled to fair employment, choice of occupation, labour remuneration, leave, a safe workplace, a sanitation system, social insurance and welfare, and certain other rights. An employer shall develop and improve its labour safety and sanitation system, stringently implement national protocols and standards on labour safety and sanitation, conduct labour safety and sanitation education for employers, guard against labour accidents and reduce occupational hazards.

On 29 June 2007, the SCNPC promulgated the PRC Labour Contract Law (中華人民共和國勞動合同法) (the "**Labour Contract Law**"), which was amended on 28 December 2012 with effect from 1 July 2013, and the State Council promulgated the Implementing Regulations of the Labour Contract Law of the PRC (中華人民共和國勞動合同法實施條例) with immediate effect from 18 September 2008. The aim of the Labour Contract Law and its implementing regulation is primarily at regulating employee/employer rights and obligations, including matters with respect to the establishment, performance, amendment, cancellation and termination of labour contracts. Pursuant to the Labour Contract Law and its implementing regulation, a written labour contract shall be executed by an employer and an employee when the employment relationship is established. Employers are forbidden to force or in a disguised manner to force employees to work beyond the time limit, and employers shall pay employees for overtime work in line with related state rules and regulations. In addition, labour wages shall not be lower than local standards on minimum wages and shall be paid to employees in a timely manner.

Social Insurance and Housing Provident Fund

As required under the Regulations on Work-Related Injury Insurance (工傷保險條例) promulgated on 27 April 2003, amended on 20 December 2010, and came effective on 1 January 2011, the Trial Measures for Maternity Insurance of Enterprises Employees (企業職工生育保險試行辦法) promulgated on 14 December 1994 and became effective on 1 January 1995, the Decisions on the Establishment of a Unified Programme for Basic Pension Insurance for Enterprise Employee of the State Council (國務院關於建立統一的企業職工基本養老保險制度的決定) promulgated and became effective on 16 July 1997, the Decisions on the Establishment of the Medical Insurance Programme for Urban Employees of the State Council (國務院關於建立城鎮職工基本醫療保險制度的決定) promulgated and became effective on 14 December 1998, the Regulations on Unemployment Insurance (失業保險條例) promulgated and became effective on 22 January 1999, and the Social Insurance Law of the PRC (中華人民共和國社會保險法) promulgated on 28 October 2010, became effective on 1 July 2011, and amended on 29 December 2018, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension

insurance, unemployment insurance, maternity insurance, labour injury insurance and medical insurance. An enterprise must provide social insurance by going through social insurance registration with local social insurance agencies and shall pay or withhold relevant social insurance premiums for or on behalf of employees. Any employer that fails to contribute on time and in full may be placed and ordered by the social insurance contributions collecting agency demanding full payment within a prescribed period, and an overdue payment fine at the rate of 0.05% shall be levied as of the date of indebtedness. When the payment is not made at the expiry of the prescribed period, a fine above the overdue amount but less than its triple shall be demanded by the authoritative administrative department. The Interim Regulations on Levying Social Insurance Premiums (社會保險費徵繳暫行條例) promulgated by the State Council on 22 January 1999 and amended with immediate effect on 24 March 2019 is aiming to strengthen and regularise collection and payment of social insurance premiums, and to ensure the granting of social insurance compensation, pursuant to which the administrative department of labour security under the State Council is responsible for the nationwide administration and supervision of the collection and payment of social insurance premiums. On 20 July 2018, the General Office of the CPC Central Committee and the General Office of the State Council issued the Plan for Reforming the State and Local Tax Collection and Administration Systems (國稅地稅徵管體制改革方案), which stipulated that the SAT will become solely responsible for collecting social insurance premiums.

According to the Regulations on the Administration of Housing Provident Fund (住房公積金管理條例), which was promulgated on 3 April 1999 by the State Council and last amended on 24 March 2019, housing provident fund paid and deposited both by employees themselves and their unit employers shall be owned by the employees. Employers shall undertake the registration of payment and deposit of the housing provident fund at the competent housing provident fund management centre and complete procedures for opening an account at the commissioned bank for the deposit of employees' housing provident funds. Enterprises are also required to pay and deposit housing provident fund contributions in full amount and in a timely manner; otherwise, the housing provident fund management centre shall order the enterprises to pay up within a prescribed time limit, and if the enterprises fail to do so at the expiration of the time limit, further application may be made to the People's Court for compulsory enforcement.

Labour Despatch

According to the Interim Provisions on Labour Despatch (勞務派遣暫行規定), which was promulgated by the Ministry of Human Resources and Social Security on 24 January 2014, and became effective on 1 March 2014, an employer may use despatched works only for temporary, auxiliar or back-up positions and the number of despatched labourers shall not exceed 10% of the total number of its employees.

Prevention and Control of Occupational Diseases

Pursuant to the Law of the PRC on the Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法), which was promulgated by the SCNPC on 27 October 2001 and was last amended on 29 December 2018, the State shall establish a report system for projects entailing occupational disease hazards. The employer that has a workplace where there exists any hazard factor included in the published catalogue of occupational diseases, shall make a timely and truthful report to the local public health department and accept its supervision. In addition, the facilities for the prevention and control of occupational diseases shall be designed, constructed, and put into production and use at the same time with the main body of the construction project.

Employee Stock Incentive Plans

Pursuant to the Circular of the SAFE on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly Listed Companies (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) (the "**Share Incentive Rules**") promulgated by SAFE on 15 February 2012, PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, who join any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, shall register and complete certain procedures with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company.

Intellectual Property

Copyright

Copyright in the PRC, including copyrighted software, is principally protected under the Copyright Law of PRC (中華人民共和國著作權法) and related rules and regulations. Under the Copyright Law, the term of protection for copyrighted software is 50 years.

Trademarks

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) (the "**Trademark Law**"), which was promulgated by the SCNPC on 23 August 1982 and last amended on 23 April 2019, and the Implementation Regulation of the PRC Trademark Law (中華人民共和國商標法實施條例), which was adopted by the State Council on 3 August 2002 and last amended on 29 April 2014, registered trademarks include commodity trademarks, service trademarks, collective trademarks and certification trademarks. The trademark registrants shall be entitled to the right to the exclusive use of their trademarks and shall be protected by law. A registered trademark is valid for ten years commencing on the date of registration approval. If a trademark registrant wishes to use a trademark after the expiration of the term of the registered trademark, he could conduct the renewal procedure in accordance with laws.

Domain Names

Internet domain name registration and related matters are primarily regulated by the Administrative Measures for Internet Domain Names (互聯網域名管理辦法) (the "**Domain Name Measures**"), which was promulgated by the MIIT on 24 August 2017 and became effective as of 1 November 2017. The registration of domain names is generally on a "first-apply-first-registration" basis. Domain name registrations are handled through domain name service agencies established under the Domain Name Measures and other relevant regulations, and the applicants become domain name holders upon successful registration.

Patent

The Patent Law of the PRC (中華人民共和國專利法) promulgated by the SCNPC on 12 March 1984 and last amended on 17 October 2020, being effective as of 1 June 2021, and the Implementing Rules of the Patent Law of the PRC (中華人民共和國專利法實施細則) promulgated by the State Council on 15 June 2001 and last amended on 9 January 2010, being effective as of 1 February 2010, are the principal laws and regulations governing patent-related matters. Inventions under the patent laws and regulations include inventions, utility models and designs. Novelty, inventiveness and practical applicability are the essence of being granted patents. The term of an invention patent, a utility model and a design patent shall respectively be 20 years, 10 years and 15 years as the date of application.

B. TAXATION

The following summary of certain Hong Kong and Singapore tax consequences of the purchase, ownership and disposition of the Shares is based upon the laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares and does not purport to apply to all categories of prospective investors, some of whom may be subject to special rules, and is not intended to be and should not be taken to constitute legal or tax advice. Prospective investors should consult their own tax advisors concerning the application of tax laws of Hong Kong to their particular situation as well as any consequences of the purchase, ownership and disposition of the Shares arising under the laws of any other taxing jurisdiction. Neither the Company nor any of the Relevant Persons assumes any responsibility for any tax consequences or liabilities that may arise from the subscription for, holding or disposal of the Shares.

The taxation of the Company and that of the Shareholders is described below. Where tax laws are discussed, these are merely an outline of the implications of such laws. Such laws and regulations may be interpreted differently. It should not be assumed that the relevant tax authorities or the Hong Kong courts will accept or agree with the explanations or conclusions that are set out below.

Investors should note that the following statements are based on advice received by the Company regarding taxation laws, regulations and practice in force as at the date of this prospectus, which may be subject to change.

(a) Hong Kong Taxation of the Company

Profits Tax

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), Hong Kong profits tax will be chargeable in respect of profits of the Company arising in or derived from Hong Kong at a maximum tax rate of 16.5%. Subject to certain conditions, a two-tiered profits tax regime may apply under which the first HKD2,000,000 of assessable profits of the Company will be taxed at half of the Hong Kong standard profits tax rate (i.e. 8.25%). Dividend income derived by the Company from subsidiaries which are subject to Hong Kong profits tax will be specifically tax-exempted. Dividend income derived by the Company from its overseas subsidiaries will generally be considered to be sourced outside of Hong Kong and will not be subject to Hong Kong profits tax.

(b) Hong Kong Taxation of Shareholders

Tax on Dividends

No tax will be payable in Hong Kong in respect of dividends paid by the Company to its Shareholders.

Profits Tax

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or transfer of the Shares. Trading gains derived from dealings in the Shares by persons carrying on a trade, profession or business in Hong Kong may be subject to Hong Kong profits tax at a maximum tax rate of 15% for unincorporated bodies and 16.5% for corporations if arising in or derived from Hong Kong in connection with such trade, profession or business. Trading gains derived from the sale of Shares effected on the Stock Exchange will be deemed by the Hong Kong Inland Revenue Department as derived from or arising in Hong Kong for profits tax purposes. Shareholders are advised to seek advice from their own professional advisors as to their particular tax position.

Stamp Duty

Hong Kong stamp duty will be charged on the sale, purchase or transfer of Shares registered with the Company in Hong Kong. Hong Kong stamp duty will apply at the current standard rate of 0.26% on the higher of the consideration paid for, or the market value of the Shares being sold, purchased or transferred, whether or not the sale or purchase is effected on or off the Stock Exchange. The Shareholder selling the Shares and the purchaser will both be legally and severally liable for the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of Shares.

Estate Duty

Hong Kong estate duty was abolished on 11 February 2006. No Hong Kong estate duty will be payable by Shareholders in relation to the Shares owned in the Company.

Singapore Taxation

Individual Income Tax

An individual is a tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore. Singapore citizens are regarded as tax residents by virtue of their citizenship where they normally reside in Singapore except for temporary absences.

Singapore adopts a territorial basis of taxation. Individual taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore, unless the income is specifically exempt by concession or domestic laws. All foreign-sourced income received in Singapore by a Singapore tax resident individual, except for income received through a partnership in Singapore, is exempt from Singapore income tax if the Comptroller of Income Tax in Singapore (the "**Comptroller**") is satisfied that the tax exemption would be beneficial to the individual.

A Singapore tax resident individual is taxed at progressive rates ranging from 0% to 22%, with allowable deductions for applicable personal reliefs. As announced in the Singapore Budget 2022 ("**Budget 2022**"), from the year of assessment 2024, the maximum personal income tax rate for Singapore tax resident individuals will be raised from 22% to 24%. Non-Singapore tax resident individuals are subject to tax on employment income at the higher of (i) a flat rate of 15% (with no deductions for allowable personal reliefs) or (ii) the progressive resident tax rates (with deductions for allowable personal reliefs). Taxation of other taxable Singapore sourced income will be subject to tax at the flat rate of 22%. As announced in the Budget 2022, from the year of assessment 2024, the income tax rate for non-Singapore tax resident individuals will be raised from 22% to 24%.

Corporate Income Tax

A corporate taxpayer is regarded as resident in Singapore for a particular year of assessment if the business is controlled and managed in Singapore in the preceding calendar year. The status of residency of a company may change from year to year. As a general rule, the control and management of a company's business is vested in its board of directors and hence the place of residence of the company is usually where the board meetings are held. Conversely, a company is a non-resident when the control and management of the company is not exercised in Singapore. Where board resolutions are passed in the form of written consent signed by the directors each acting in their own jurisdictions, or where the board meetings are held by teleconference or videoconference, it is possible that the place of de facto control and management will be considered to be where the majority of the board are located when they sign such consent or attend such conferences.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of foreign-sourced dividends, foreign branch profits and foreign-sourced service income received or deemed to be received in Singapore by Singapore tax resident companies are exempt from tax if certain prescribed conditions are met, including the following:

(a) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;

(b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever named called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%; and

(c) the Comptroller is satisfied that the tax exemption would be beneficial to the Singapore tax resident company.

In the case of dividends paid by a company resident in a territory from which the dividends are received, the "subject to tax condition" in (a) above is considered met where tax is paid in that territory by such company in respect of its income out of which such dividends are paid or tax is paid on such dividends in that territory from which such dividends are received. Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore ("**IRAS**") with respect to such conditions.

A non-resident corporate taxpayer is subject to income tax on income that is accrued in or derived from Singapore. Foreign-sourced income derived by a non-resident corporate taxpayer that is not operating in or from Singapore can remit their foreign-sourced income to Singapore without being taxed on such income.

The corporate tax rate in Singapore is currently 17%. In addition, three-quarters of up to the first S$10,000, and one-half of up to the next S$190,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax. The remaining chargeable income, after the tax exemption, will be fully taxable at the prevailing corporate tax rate. New companies will also, subject to certain conditions and exceptions, be eligible for an exemption of three-quarters of up to the first S$100,000, and one-half of up to the next S$100,000, of their normal chargeable income for each of the company's first three years of assessment. The aforementioned rates have applied with effect from the year of assessment 2020.

For the year of assessment 2020, corporate taxpayers will be entitled to corporate income tax rebates of 25% of the corporate tax payable, capped at S$15,000 for the year of assessment 2020. The corporate income tax rebate is computed on the tax payable after deducting tax set-offs. The corporate income tax rebate will not apply to income derived by a non-resident company that is subject to final withholding tax. There is no corporate income tax rebate proposed for the year of assessment 2021 or 2022.

General Transfer Pricing Considerations

Under Singapore tax law, transactions between related parties have to comply with the arm's length principle. Two persons are related parties with respect to each other if:

(a) either person, directly or indirectly, controls the other person; or

(b) both persons are, directly or indirectly, controlled by a common person.

The arm's length principle requires a transaction with a related party to be made under comparable conditions and circumstances as a transaction with an independent party. The underlying premise is that where market forces drive the terms and conditions agreed in an independent party transaction, the pricing of the transaction would reflect the true economic value of the contributions made by each party in that transaction.

The arm's length principle is provided for under Section 34D of the ITA, in which the IRAS is empowered to make necessary adjustments to the taxable profits of the Singapore taxpayer to reflect the true price that would be derived on an arm's length basis by:

(i) increasing the amount of the income of the Singapore taxpayer for the year of assessment;

(ii) reducing the amount of deduction that may be allowed to the Singapore taxpayer for the year of assessment; and/or

(iii) reducing the amount of loss of the Singapore taxpayer for the year of assessment.

In addition, under Section 34E of the ITA, with effect for the year of assessment 2019 and subsequent years of assessment, where the IRAS exercises its power to make necessary adjustments to the taxable profits of a Singapore taxpayer under Section 34D of the ITA, a surcharge equal to 5% of the amount of the increase or reduction (as the case may be) will be imposed.

Transfer Pricing Documentation

With effect from the year of assessment 2019, Singapore taxpayers are required to prepare transfer pricing documentation ("**TP Documentation**") under Section 34F of the ITA for their related party transactions undertaken in a basis period where:

(a) its gross revenue derived from their trade or business is more than S$10 million for that basis period; or

(b) it was required to prepare TP Documentation for the basis period immediately before the basis period concerned (i.e. taxpayers who were required to prepare TP Documentation for a previous basis period would continue to be required to do so for the subsequent basis period, and so on).

The purpose of TP Documentation is for Singapore taxpayers to show that the pricing of their transactions with related parties is arm's length.

However, it should be noted that there is an exemption to prepare TP Documentation where the related party transactions fall within the ambit of Rule 4 of the Income Tax (Transfer Pricing Documentation) Rules 2018, which provides for certain stipulated scenarios in which a taxpayer is exempt from having to prepare TP Documentation for its related party transactions.

Where a Singapore taxpayer (which is required to prepare TP Documentation) fails to satisfy its obligations under Section 34F of the ITA, it shall be liable on conviction to a fine not exceeding S$10,000.

Dividend Distributions

The Company is a tax resident of Singapore. All Singapore-resident companies are currently under the one-tier corporate tax system ("**one-tier system**").

Dividends received in respect of the Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax, on the basis that the company distributing the dividends is a tax resident of Singapore and under the one-tier system.

Under the one-tier system, the tax on corporate profits is final and dividends paid by a Singapore-resident company are tax exempt in the hands of a Shareholder, regardless of whether the Shareholder is a company or an individual and whether or not the Shareholder is a Singapore tax resident.

Gains on Disposal of the Shares

Singapore does not currently impose taxes on capital gains. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains arising from the disposal of the Shares may be construed to be of an income nature and subject to Singapore income tax, especially if they arise from activities which the IRAS regards as the carrying on of a trade or business in Singapore. As the precise status of each investor will vary from one another, each investor should consult an independent tax advisor on the Singapore income tax and other tax consequences that will apply to their individual circumstances.

Subject to certain conditions being satisfied, Section 13W of the Income Tax Act 1947 of Singapore ("**ITA**") provides for certainty on the non-taxability of gains derived by a company from the disposal of the Shares between the period of 1 June 2012 and 31 December 2027 (inclusive of both dates), if the divesting company holds a minimum shareholding of 20% of our Shares and these Shares have been held for a continuous minimum period of 24 months. This is provided that the company, if unlisted, is not in the business of trading or holding Singapore immovable properties (other than the business of property development). This exemption would not apply to the disposal on or after 1 June 2022 of unlisted shares in a company that is in the business of trading, holding or developing immovable properties in Singapore and/or abroad.

Holders of the Shares who apply, or who are required to apply, the Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**"), Singapore Financial Reporting Standard 109 – Financial Instruments ("**FRS 109**") or Singapore Financial Reporting Standard (International) 9 – Financial Instruments ("**SFRS(I) 9**"), as the case may be, may be required to recognise gains or losses in accordance with the provisions of FRS 39, FRS 109 or SFRS(I) 9. Such gains may be construed to be of an income nature and subject to Singapore income tax even though no sale or disposal of the Shares is made.

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) for taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 (as the case may be) for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Shareholders who may be subject to the above-mentioned tax treatments, including under Sections 34A or 34AA of the ITA, should consult their accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Shares.

Stamp Duty

There is no stamp duty payable on the subscription for and issuance of the Shares.

Where the Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of their transfer at the rate of 0.2% of the consideration for, or market value of, the Shares, whichever is higher.

Stamp duty is borne by the purchaser or transferee unless there is an agreement to the contrary. Where the acquisition of the Shares is effected by physical instruments of transfer executed wholly outside Singapore and the said instruments of transfer are not received in Singapore, no stamp duty is payable on the acquisition of the Shares. However, stamp duty must be paid within 30 days of receipt of the instrument of transfer in Singapore if the physical instrument of transfer is executed outside Singapore and is received in Singapore. Where the instrument of transfer is executed in Singapore, Singapore stamp duty must be paid within 14 days of the execution of the instrument of transfer. Note that where electronic instruments are executed, the electronic instruments are treated as received in Singapore under the following scenarios: (a) it is retrieved or accessed by a person in Singapore; (b) an electronic copy of it is stored on a device (including a computer) and brought into Singapore; or (c) an electronic copy of it is stored on a computer in Singapore.

In the case of acquisition of the Shares on the Stock Exchange where there is only an acquisition of beneficial interest in the Shares as reflected through the designated CCASS Participant's stock account, no stamp duty should be payable based on current legislation.

Estate Duty

Singapore estate duty was abolished with respect to all deaths occurring on or after 15 February 2008.

Goods and Services Tax ("GST")

GST in Singapore is a broad-based consumption tax that is levied on import of goods into Singapore, supplies of overseas digital services to customers in Singapore as well as nearly all supplies of goods and services in Singapore, at a prevailing rate of 7%. GST applies irrespective of the fact that the sale was concluded online or physically. The GST-registered entity is required to charge and account for GST at 7% on all sales of goods and services in Singapore unless the sale can be zero-rated or exempted under the applicable GST law. As announced in the Budget 2022, the GST rate will be increased to 8% with effect from 1 January 2023, and 9% with effect from 1 January 2024.

The sale of the Shares by a GST-registered investor belonging in Singapore for GST purposes to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST incurred by the GST-registered investor in making an exempt supply is generally not recoverable from the Singapore Comptroller of GST.

Where the Shares are sold by a GST-registered investor in the course or furtherance of a business carried on by such investor contractually to a person belonging outside Singapore and for the direct benefit of either a person belonging outside Singapore who is outside Singapore at the time of sale or a GST-registered person belonging in Singapore, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0%. Any input GST incurred by the GST-registered investor in making such a supply in the course or furtherance of a business may be fully recoverable from the Singapore Comptroller of GST.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of the Shares.

Services consisting of arranging, brokering, underwriting or advising on the issue, allotment or transfer of ownership of the Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of the Shares will be subject to GST at the standard rate of 7%. Similar services rendered by a GST-registered person contractually to an investor belonging outside Singapore and for the direct benefit of either an investor belonging outside Singapore who is outside Singapore at the time of provision of the service or a GST-registered investor belonging in Singapore, should generally, subject to the satisfaction of certain conditions, be subject to GST at 0%.

With the implementation of reverse charge from 1 January 2020, the "directly benefit" condition for zero-rating (i.e. GST at 0%) has been amended to allow the zero-rating of a supply of services to the extent that the services directly benefit a person belonging outside Singapore who is outside Singapore at the time of provision of the service or a GST-registered person in Singapore. Under the reverse charge regime, a GST-registered partially exempt business that is not entitled to full input tax claims will be required to account for GST on all services that it procures from overseas suppliers ("**imported services**") except for certain services which are specifically exempt from reverse charge. A non GST-registered person whose total value of imported services for a 12-month period either exceeds S$1 million at the end of a calendar year or is expected to exceed S$1 million at any time, and is not entitled to full input tax claims if such person was GST-registered, may become liable for GST registration and be required to account for GST both on its taxable supplies and imported services subject to reverse charge.

Tax Treaties between Hong Kong and Singapore

There is no comprehensive double tax treaty entered into between Hong Kong and Singapore.

Relief from Taxation

Recipients of dividends or other Singapore income who are residents in other jurisdictions are advised to consult their own tax advisers on whether they may claim double taxation relief in accordance with any tax treaty (or under domestic legislation) if such income is taxed in their respective jurisdictions.

Effect of holding Shares through CCASS or outside CCASS on tax payable

The holding of the Shares through CCASS or outside CCASS should not give rise to any additional Singapore income tax implications.