INDUSTRY REGULATIONS

Substantially all of our business operations are based in the PRC and are subject to extensive supervision and regulation by the PRC government. This section summarizes the major laws, rules and regulations which impact key aspects of our business.

REGULATIONS ON ACCESS OF FOREIGN CAPITAL

According to the Special Administrative Measures for Foreign Investment Access (Negative List) (2021 Version) (《外商投資准入特別管理措施(負面清單)(二零二一年版)》) adopted by the National Development and Reform Commission and the Ministry of Commerce on December 27, 2021 and effective from January 1, 2022, franchised operation businesses and sale business of fresh fruits, dried fruits, vegetables and other fresh groceries are included in the industry of permitted foreign investor investment.

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) promulgated by the National Peoples' Congress on March 15, 2019 and effective from January 1, 2020, the management system of pre-access national treatment plus negative list is implemented by China for foreign investment, and foreign investment out of the negative list is entitled to national treatment.

As confirmed by the Company, the Group's online channels mainly comprise its online mobile Pagoda APP, WeChat mini-program, storefronts on e-commerce and social commerce platforms such as Tmall, JD.com, and Douyin, and storefronts on third-party food delivery platforms such as Meituan, Koubei and Ele.me. Pursuant to the Announcement on issues related to Value-added Telecommunications Services License published by Guangdong Communication Administration, enterprises carry out business through WeChat, Alipay and other online mini-program, official accounts, etc. instead of independent self-run platforms, are not required to apply for Value-added Telecommunications Business License. Based on the interview with Shenzhen Communication Administration, given that the Group carries out online selling through mobile APPs, WeChat mini-program and other online channels, the Group is not required to apply for Value-added Telecommunications Business License, and the Group's Overseas Financing, [**REDACTED**] of H-share and the Group's business operation do not fall under the supervision of Shenzhen Communication Administration and will not be affected by Shenzhen Communication Administration.

Based on the above reasons, the PRC counsel is of the view that the Group's online selling does not constitute value-added telecommunications business services and restricted or prohibited activities regulated under Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2021).

RULES AND REGULATIONS IN THE PRC REGARDING FOOD SERVICE INDUSTRY

Food Business License

According to the Administrative Measures for Food Operation License (《食品經營許可管理辦法》) promulgated by the State Food and Drug Administration on August 31, 2015, and most recently amended on November 17, 2017 and effective from the same day, entities or individuals involved in food operation and catering service in China shall obtain the food operation license, which shall be effective for 5 years. Applications of food operation license shall be filed according to food operators' types of operation and classification of operation projects.

Food Safety

According to the Food Safety Law of the People's Republic of China (《中華人民共和國食品安全法》) (the "**Food Safety Law**") promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on February 28, 2009, and most recently amended on April 29, 2021 and effective from the same day, and the Implementation Regulations for the Food Safety Law of the People's Republic of China (《中華人民共和國食品安全法實施條例》) (the "**Implementation Regulations for the Food Safety Law**") promulgated by the State Council on July 20, 2009 and effective from the same day, and most recently amended on October 11, 2019 and effective from December 1, 2019, food producers and business operators shall be responsible to the society and public, ensure food safety, accept social supervision and assume social obligations in compliance with laws, regulations and food safety standards. The Food Safety Law regulates not only food production and processing, food sales and catering service, but also the use of food additives, food-related products, food storage and transportation by food producers and operators.

As stipulated in the Food Safety Law, the quality and safety management of agricultural primary products supplied for food shall be subject to requirements of the Law of the People's Republic of China on the Quality and Safety of Agricultural Products (《中華人民共和國農產品質量安全法》). However, the market sales of edible agricultural products, establishment of relevant quality safety standards, disclosure in relation to safety information and where required by the Food Safety Law on agricultural inputs, shall be in compliance with the Food Safety Law.

Quality and Safety of Agricultural Products

According to the Law of the People's Republic of China on the Quality and Safety of Agricultural Products (《中華人民共和國農產品質量安全法》) promulgated by the SCNPC on April 29, 2006 and effective from November 1, 2006, and most recently amended on October 26, 2018 and effective from the same day, agricultural products refer to primary products from agriculture, i.e. plants, animals, micro-organisms and their products obtained from agricultural activities. Agricultural products sold by entities or individuals engaging in purchase of agricultural products, where packaging or tag marking in accordance with regulations is

required, shall be packaged or marked with tags before marketing. Contents such as product name, origin, producer, date of production, shelf life, rating of product quality shall be stated at the package or tags in accordance with regulations; where food additives are used, the name of the additives shall also be specified as required. Materials including preservatives, antiseptics and additives used in the packaging, preserving, warehousing and transportation of agricultural products shall meet the relevant compulsory technological standards of the PRC.

Food Recall

As provided by the Administrative Measures for Food Recall (《食品召回管理辦法》) promulgated by the State Food and Drug Administration on March 11, 2015 and the most recently amended and effective from October 23, 2020. A food producer or business operator shall, according to law, assume primary responsibilities for food safety, by establishing a sound management system, collecting and analyzing food safety information and performing legal duties of the cease of production and operation as well as recall and disposal of unsafe food. Where a food producer finds that its production of food does not comply with the food safety standards, it shall immediately cease the production, recall the food on the market for sale, notify the relevant producers and operators, as well as consumers, and record the recalling and notification. Where a food operator finds that the food traded by it does not comply with the food safety standards, it shall immediately cease the trading, notify the relevant producers and operators, as well as consumers, record the cessation of operation and notification. Where the food producers consider that the food shall be recalled, the food shall be recalled immediately. The food producers are required to take such measures as remedy, destruction and harmless treatment for the recalled food, and report the recalling and treatment of the recalled food to the quality supervision department at or above the county level. Where the food producers or operators fail to recall or cease trading of the food and thus fail to comply with the food safety standards in accordance with the provisions of the laws, the quality supervision, administration for industry and commerce, food and drug supervision and administration departments at and above the county level shall order them to recall or stop the sale.

RULES AND REGULATIONS IN THE PRC REGARDING FOOD IMPORT AND EXPORT INSPECTION AND QUARANTINE

Food Import and Export

Under the Food Safety Law as well as Implementing Rules on the Food Safety Law, the imported food, food additives and food-related products shall be consistent with the national food safety standards of China. A food importer shall apply for inspection with the import and export inspection and quarantine authority for the imported food and food additives, make truthful report on the relevant information of products, and attach qualified documents as provided by the laws and administrative regulations. The imported food, after arrival at the port, shall be stored in the place designated or approved by the import and export inspection and quarantine authority; where relocation is required, necessary safety protection measures shall be taken in accordance with the requirements of the import and export inspection and quarantine authority. Bulk imported food shall be subject to inspection at the port of discharge.

The Administrative Department of Health under the State Council shall, in compliance with the provisions of Article 93 of the Food Safety Law, review the relevant national (regional) standards or international standards submitted by overseas exporters, overseas production enterprises or their entrusted importers, and then decide to tentatively apply and publish such standards as found in line with food safety requirements. Before the publication of such tentative applicable standards, no import shall be conducted regarding food without national food safety standards yet.

The imported pre-packaged food and food additives shall be accompanied with labels written in Chinese and instructions, if the instructions are required by the laws, written in Chinese. The labels and instructions shall be consistent with the provisions of the Food Safety Law of the People's Republic of China and other relevant laws and administrative regulations of China as well as the requirements of the national food safety standards, and indicate the origin of food and name, address and contact methods of a domestic agent. Where any pre-packaged food is not accompanied with labels or instructions in Chinese or the labels or instructions are not consistent with the requirements, the pre-packaged food shall not be imported. The importer shall establish a food import and sale record system to truthfully record the names, specifications, quantities, dates of production, lot numbers of production or import, shelf life, name, address and contact methods of exporters and purchasers, dates of delivery, etc., and keep the relevant documents.

The production enterprises of food and food additives to be exported shall ensure their exported food and food additives are in compliance with standards of the country (region) where such food, food additives are imported, and where international treaties or agreements entered into or joined by the PRC require, such international treaties or agreements shall also be complied with. The production enterprises of exported food and the planting and breeding farms of raw materials for exported food shall be filed with the department of entry and exit inspection and quarantine department of the state.

Pursuant to the Measures for the Supervision and Administration of Inspection and Quarantine of Inbound Fruits (《進境水果檢驗檢疫監督管理辦法》) promulgated by the State Administration of Quality Supervision Inspection and Quarantine (canceled) on January 5, 2005 and effective from July 5, 2005, and most recently amended by the General Administration of Customs on November 23, 2018 and effective from the same day, before entering into a trading contract or agreement for inbound fruits, an application for quarantine approval for inbound fruits shall be filed with the General Administration of Customs in accordance with relevant regulations and the License for Import Animal and Plant Quarantine of the PRC (《中華人民共和國進境動植物檢疫許可證》) shall be obtained. Inbound fruits shall be consistent with the relevant inspection and quarantine requirements, for example, other fruits not specified in the plant quarantine license shall not be mixed in or entrained, the name, source, name or code of the packing factory of fruits shall be tagged on the packing box in Chinese or English, quarantine pests, soil, and plant debris of branches and leaves prohibited in China shall not be brought in, and the volume of toxic and harmful substances examined shall not exceed as stipulated by relevant safety and health standards in China.

Pursuant to the Measures for the Supervision and Administration of Inspection and Quarantine of Outbound Fruits (《出境水果檢驗檢疫監督管理辦法》) promulgated by the State Administration of Quality Supervision Inspection and Quarantine (canceled) on December 25, 2006 and effective from February 1, 2007, and most recently amended by the General Administration of Customs on November 23, 2018 and effective from the same day, in case of any bilateral agreement or protocol, etc., entered into between China and the importing country or region which clearly stipulates that, or at the requests of any laws and regulations of the importing country or region, the orchard and the packing factory of the fruits exporting to that country or region shall be registered, the Customs shall register the orchard and the packing factory of the fruits exporting to the respective country or region in accordance with legal provisions. The orchard or the packing factory may file an application for registration to the Customs in the absence of a bilateral agreement or protocol between China and the importing country or region, or when registration is not clearly required by any laws or regulations of the importing country or region.

Foreign Trade

Pursuant to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994 and most recently amended on November 7, 2016 and effective from the same day, any foreign trade business operator engaged in the import and export of goods or technologies shall be registered with the administrative department of foreign trade of the State Council or the institution entrusted by it, but those that are exempted from registration for record by laws, administrative rules and rules of the department in charge of foreign trade under the State Council shall be excluded. If the foreign trade business operator fails to complete such registration in accordance with the regulations, the Customs will not process the procedures of declaration, inspection and release for the import or export of goods. Furthermore, the foreign trade operator engaging in export of goods shall comply with the Measures for Archival-filling and Registration of Foreign Trade Operator (《對外貿易經營者備案登記辦法》) passed by the MOFCOM on June 25, 2004 and most recently amended on May 10, 2021 and taking effect on the same day.

Customs Law

According to the Customs Law of the PRC (《中華人民共和國海關法》) adopted by the SCNPC on January 22, 1987, most recently amended on April 29, 2021 and effective from the same date, the Customs of the People's Republic of China is the state's entry and exit customs supervision and administration authority. According to the relevant laws and administrative regulations, the Customs supervises the transportation vehicles, goods, luggages, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and counters smuggling, compiles customs statistics and handles other customs operations.

According to the Regulations of PRC Customs on Administration of Recordation of Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) adopted by the General Administration of Customs on November 19, 2021 and effective from January 1, 2022, customs declaration entities refer to the consignees and consignors of import and export goods and customs declaration enterprises recorded with the customs. If the consignees and consignors of import and export goods and customs declaration enterprises apply for recordation, they shall obtain the qualification of market entities; among them, if the consignees and consignors of import and export goods apply for recordation, they shall also obtain the recordation of the foreign trade operators. The recordation of the customs declaration entities is valid for a long period of time, while the temporary recordation is valid for one year, after the expiry re-application of recordation can be made.

Laws and regulations in the PRC in relation to product quality and consumer protection

Product Quality Law

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and most recently amended on December 29, 2018 and effective from the same date, producers shall assume responsibilities for the product quality produced by them. Sellers shall adopt measures to maintain the quality of products for sale. Enterprises may not produce or sell counterfeit products in any way, and violations of state or industrial standards for health and safety and any other related violations may result in civil liabilities and administrative penalties, such as compensation for damages, fines, suspension or shutdown of business, as well as confiscation of products illegally produced and sold and the proceeds from such sales. Severe violations may subject the responsible individual or enterprise to criminal liabilities. Where a defective product causes personal injury or damage to another person's property, the victim may claim compensation from the manufacturer or from the seller of the product. If the seller pays compensation and it is the manufacturer that should bear the liability, the seller has a right of recourse against the manufacturer. If the manufacturer pays compensation and it is the seller that should bear the liability, the manufacturer has a right of recourse against the seller.

THE CONSUMER PROTECTION LAW

The Consumer Protection Law of the PRC (《中華人民共和國消費者權益保護法》), promulgated by SCNPC on October 31, 1993 and most recently amended on October 25, 2013 and coming into effect on March 15, 2014 sets out standards of behavior for business operators in their dealings with consumers, including, among others, (i) compliance of goods and services with the Product Quality Law and other relevant laws and regulations; (ii) accurate information concerning goods and services and the quality and use of such goods and services; (iii) issuance of receipts to consumers in accordance with relevant national regulations, business practices or upon customer request; (iv) ensuring the actual quality and functionality of goods or services are consistent with advertising materials, product descriptions or samples; (v) assumption of the responsibilities related to repairing, replacing, returning or other liability

in accordance with national regulations or any agreements with the consumer; and (vi) not stipulating unreasonable or unfair terms for consumers and not excluding themselves from civil liabilities to undermine the legal rights and interests of consumers.

LAWS AND REGULATIONS IN THE PRC IN RELATION TO SINGLE-PURPOSE PREPAID CARDS

According to the Administrative Measures for Single-Purpose Commercial Prepaid Cards (for Trial Implementation) (《單用途商業預付卡管理辦法(試行)》) ("**Administrative Measures for Single-Purpose Prepaid Cards**") promulgated by MOFCOM on September 21, 2012 and most recently amended on August 18, 2016 and came into effect from the same date, single-purpose prepaid cards refer to prepaid vouchers issued by enterprises engaging in retailing, catering and restaurants, and residents services, for the purpose of payment for goods or services solely within such enterprises, groups to which such enterprises are affiliated, or the franchised operation system of the same brand, including physical and virtual cards in form of magnetic stripe cards, chips or paper coupons. According to the Administrative Measures for Single-Purpose Prepaid Cards, cards issuing enterprises shall file within 30 days from the commencement date of its single-purpose prepaid cards business in accordance with the following regulations: (i) group issuers and brand issuers shall file their card issuing arrangement with competent commerce departments at the provincial, autonomous regional, or municipal people's government level at their place of industrial and commercial registration; (ii) Scale issuers shall file with competent commerce departments at the municipal people's government at their place of industrial and commercial registration which is divided into districts; (iii) Other issuers shall file with competent commerce departments at the county (municipal or regional) people's government at their place of industrial and commercial registration. The cap for a single name-bearing card shall not exceed RMB5,000, while that of an anonymous card shall not exceed RMB1,000. There will be no expiry date for a name-bearing card while that of an anonymous card no less than 3 years. Violation of the above regulations by card issuers may be ordered to correct. Where such corrections are overdue, a fine of above RMB10,000 and below RMB30,000 shall be imposed.

LAWS AND REGULATIONS IN THE PRC IN RELATION TO INFORMATION SECURITY AND DATA PRIVACY

To protect the legitimate rights and interests of telecommunication and Internet users, the Ministry of Industry and Information Technology issued 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》) on July 16, 2013, which became effective from September 1, 2013, to clarify the scope and obligors of protecting personal information of telecommunication and Internet users. The scope of protecting personal information stipulated in the Provisions on Protection of Personal Information of Telecommunication and Internet Users includes information such as user name, birth date, ID number, address, phone number, account and password, etc, enabling identification of users separately or in combination with other information collected by telecommunication service operators and Internet information service providers in provision of services. Telecommunication service operators and Internet information service providers shall

not collect or use personal information of users without the consent of users. Telecommunication service operators and Internet information service providers shall keep confidential the personal information of users known in the performance of their duties, and shall not disclose, tamper with or damage, sell or illegally provide such information to others. Telecommunication service operators and Internet information service providers shall take technical and other measures to prevent unauthorized disclosure, damage or loss of users' personal information.

According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**") promulgated by the SCNPC on November 7, 2016 and came into effect from June 1, 2017, China adopts a multi-level protection scheme (MLPS). Network operators are required to, in accordance with the requirements of the MLPS, perform obligations of security protection to ensure that the network is free from interference, disruption or unauthorized access, and prevent network data from being disclosed, stolen or tampered. When data security incidents occur, processors shall immediately notify the persons whose information is collected as required and report the matter to the relevant competent authorities. Network operators are required to collect and use personal information with the consent of the person whose personal information is collected, adopt a legal, proper and open approach, follow necessary principles, and make clear the rules, purpose, manner and scope of use.

According to the Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the "**Civil Code**") promulgated by the National People's Congress on May 28, 2020 and effective from January 1, 2021, the personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

According to the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and effective from September 1, 2021, the conduct of data handling activities shall not endanger national security or public interests and shall not damage the legitimate rights and interests of individuals and organizations. The conduct of data handling activities shall, in accordance with the provisions of laws and regulations, establish and improve the data security management rules, as well as take appropriate technical measures and other necessary measures to protect data security. Any organization or individual collecting data shall adopt lawful and proper methods and shall not steal data or obtain the data by other illegal means. The conduct of data handling activities using information networks such as the Internet shall perform the above data security protection obligations on the basis of the cybersecurity Multi-Level Protection System.

Pursuant to the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) promulgated by the NPC on August 20, 2021 and effective from November 1, 2021, the circumstances under which the Personal Information Protection Law of the People's Republic of China applies include: (i) activities of processing personal information of natural persons within the territory of the People's Republic of China; (ii) personal information processing activities that occur beyond China for the purpose of providing products or services to natural persons in China, or for the purpose of analyzing or evaluating the behavior of natural persons in China. Among them, personal information refers to all kinds of information related to identified or identifiable natural persons recorded by electronic or other means, excluding information after anonymization. The processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information.

Pursuant to the Regulations on the Management of Network Information Security (a Consultation Draft for Public Comments) (《網絡數據安全管理條例(徵求意見稿)》) (Consultation Draft) promulgated by the Cyberspace Administration of China on November 14, 2021, data processors shall, in accordance with relevant state provisions, apply for cyber security review when carrying out the following activities: (i) the merger, reorganization or separation of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affects or may affect national security; (ii) data processors that handle the personal information of more than one million people intends to be listed abroad; (iii) the data processor intends to be listed in Hong Kong, which affects or may affect national security; (iv) other data processing activities that affect or may affect national security. The Consultation Draft also stipulates that large Internet platform operators who set up headquarters or operation centers and R & D centers abroad shall report to the national Internet Information department and competent departments. In addition, the Consultation Draft also stipulates that data processors need to fulfill relevant obligations, including establishing a data security person in charge, establishing a data security management organization and establishing relevant data processing rules. Up to now, the Consultation Draft for comments has not been formally implemented and come into force.

Pursuant to the Measures for Cyber Security Review (《網絡安全審查辦法》) promulgated by the Cyberspace Administration of China and National Development and Reform Commission on December 28, 2021 and effective from February 15, 2022, operators of critical information infrastructure purchasing network products and services, and network platform operators carrying out data processing activities that affect or may affect national security, shall report to the cyber security review office for a cyber security review. In addition, an operator who controls more than 1 million users' personal information must report to the cyber security review office for a cyber security review if it intends to be listed in a foreign country.

LAWS AND REGULATIONS IN THE PRC IN RELATION TO FRANCHISED COMMERCIAL OPERATION

Franchised operation is subject to the supervision and administration of the Ministry of Commerce and its local competent commercial departments. These activities are currently regulated by the Regulations on the Administration of Commercial Franchised Operation (《商業特許經營管理條例》) promulgated by the State Council on February 6, 2007 and implemented from May 1, 2007, which was supplemented by the Administrative Measures for the Record-filing of Commercial Franchises (《商業特許經營備案管理辦法》) issued by the Ministry of Commerce on April 30, 2007 and most recently amended on December 12, 2011 and effective from February 1, 2012 and the Administrative Measures for the Information Disclosure of Commercial Franchise (《商業特許經營信息披露管理辦法》) issued by the Ministry of Commerce on April 30, 2007, and most recently amended on February 23, 2012 and effective from April 1, 2012.

According to the above-mentioned applicable regulations, franchisers may engage in franchised operation activities on conditions that they shall have a mature operation model and be capable of providing continuous operation guidance and training services for franchisees, as well as owning at least two direct-sale stores in China with the operation period being more than one year. Where franchisers fail to conduct franchised activities in accordance with the above provisions, punishment may be imposed, such as confiscating the illegal proceeds and imposing a fine of above RMB100,000 but less than RMB500,000, and an announcement will be made by the Ministry of Commerce or the local competent department of commerce. The franchise contract shall specify certain necessary provisions concerning terms, the right to terminate and payment.

Franchisers shall submit the business license, draft of the franchise contract and other documents to the provincial competent commercial department where they are registered within 15 days from the date of the initial signing of the franchise contract with franchisees within China. Where a franchiser engages in franchised activities within the scope of two or more municipalities, provinces or autonomous regions, it shall file with the Ministry of Commerce. Filing shall be performed by the franchisers complying with the above applicable regulations through the information management system for commerce franchises established by the Ministry of Commerce in accordance with the provisions of the Measures. In addition, franchisers shall file with the commercial department concerning the execution, cancellation, renewal and amendment of franchise agreements before March 31 of every year.

In case of any changes to franchisers' filing information, such changes shall also be filed with the relevant commercial department after occurrence. Where franchisers fail to file in accordance with such regulations, relevant commercial departments may order the franchiser to file within a stipulated period and impose a fine of more than RMB10,000 but less than RMB50,000. Failure to file within the stipulated period may render a fine of more than RMB50,000 but less than RMB100,000, and an public announcement.

LAWS AND REGULATIONS IN RELATION TO ONLINE SALES

According to the Provisions on the Administration of Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) published by the State Internet Information Office on June 28, 2016 and effective from August 1, 2016, provision of information services through mobile Internet applications shall acquire relevant qualifications in accordance with laws and regulations. Mobile Internet application providers shall not leverage on mobile Internet applications to engage in activities prohibited by laws and regulations, such as endangering national security, disturbing social order, and infringing on the legitimate rights and interests of others, and shall not use mobile Internet applications to produce, copy, publish and spread information content prohibited by laws and regulations.

Pursuant to the Online Trading Supervision and Management Measures (《網絡交易監督管理辦法》) promulgated by the SAMR on March 15, 2021, and effective from May 1, 2021, provisions are made on the information collection and transactions involved in online transactions, including that online trading operators shall follow the principles of legality, propriety and necessity when collecting and using consumers' personal information, specifically notify consumers about the purpose, method and scope of the collection and use of the information and obtain the consumers' consent. Online trading operators who collect and use consumers' personal information should announce their policies on collection and use and should not collect and use the information in breach of laws and regulations and the agreement between the parties. Online trading operators shall fully, truly, accurately and timely disclose commodity or service information to protect consumers' right to know and choose.

Network transaction operators and their staff shall keep the collected personal information strictly confidential and shall not provide the information to any third parties, including related parties, without the authorized consent of the collected person, except for cooperating with regulatory and enforcement activities in accordance with the law.

According to the E-Commerce Law of the People's Republic of China (《中華人民共和國電子商務法》) (the "**E-Commerce Law**") promulgated by the SCNPC on August 31, 2018 and effective from January 1, 2019, the natural persons, legal persons and non-legal persons who sell goods or provide services through the Internet and other information networks in China are included as e-commerce operators under the E-Commerce Law. When engaging in operation activities, e-commerce operators shall stick to the principles of voluntariness, equality, fairness and integrity, abide by laws and business ethics to participate in market competition in a fair manner, perform obligations in respect of consumer rights and interests protection, environmental protection, intellectual property protection, network security and personal information protection, assume product and service quality responsibilities, and accept the supervision of the government and society.

Pursuant to the Administrative Measures for Online Live-Streaming Marketing (Trial) promulgated by the Ministry of Public Security, Ministry of Commerce, Ministry of Culture and Tourism, State Administration of Taxation, State Administration of Radio and Television on April 23, 2021, and effective on May 25, 2021, these measures shall apply to commercial

marketing activities carried out within the territory of the People's Republic of China in the form of live video broadcast, audio broadcast, graphic broadcast or a combination thereof by means of internet websites, applications, programs, etc. Live-streaming marketing platforms refer to various platforms that provide live-streaming services in online live-streaming marketing, including Internet live-streaming service platforms, Internet audio and video service platforms, and e-commerce platforms, etc. Live-streaming studio operators refer to individuals, legal persons, and other organizations that establish live-streaming studios to engage in online marketing activities by registering accounts on a live-streaming marketing platform or through self-built websites or other network services. Live-streaming marketing personnel refer to individuals that directly engage in marketing to the public in online live-streaming marketing. Service agencies for live-streaming marketing personnel refer to specialized agencies that provide planning, operation, brokerage, training, etc. for live-streaming marketing personnel to engage in online live-streaming marketing activities. Those who engage in online live-streaming marketing activities shall comply with laws and regulations, follow public order and good custom, abide by commercial ethics, adhere to correct orientation, carry forward socialist core values, and create a favorable network ecology.

Live-streaming marketing platform shall, in accordance with relevant laws and regulations and the relevant provisions of the State, formulate and publicize management rules and platform conventions for online live-streaming marketing. Live-streaming marketing platform shall develop a negative catalogue of live-streaming marketing goods and services, specifying the goods and services that are prohibited from production and sales, from online transactions, from commercial promotion and from publicity, or from marketing in the form of live-streaming by laws and regulations. Live-streaming marketing platforms shall establish a dynamic verification mechanism for the identity of live-streaming marketing personnel to verify the identity information of all live-streaming marketing personnel prior to live-streaming, and shall not provide live-streaming release services to those whose identity information is inconsistent with the real identity information or who are prohibited from engaging in online live-streaming release in accordance with relevant provisions of the State.

Operators of live studios and live-streaming marketing personnel engaging in online live-streaming marketing activities shall comply with laws, regulations and the relevant provisions of the State, follow public order and good customs, and truthfully, accurately and comprehensively release information on goods or services, and shall not commit any of the following acts:

(I) violating Articles 6 and 7 of the Provisions on the Ecological Governance of Network Information Contents;

(II) publicizing false or misleading information to cheat or mislead users;

(III) marketing counterfeit or shoddy goods or goods that infringe upon intellectual property rights, or goods that fail to meet the requirements for personal and property safety;

(IV) fabricating or tampering with data traffic such as transactions, attention, number of views, number of comments, etc.;

(V) still making promotion or diversion for a person even where the existence of any illegal or irregular act or act with high risk committed by the person is known or should have been known;

(VI) harassing, slandering, vilifying or intimidating others, or infringing upon the legitimate rights and interests of others;

(VII) pyramid marketing, fraud, gambling, or selling prohibited or controlled goods, etc.; and

(VIII) other acts in violation of the laws, regulations and relevant provisions of the State.

Live-streaming marketing personnel shall not engage in online live-streaming marketing activities at places that involve national security, public security, or affect the normal production and life order of others and the society.

Operators of live-streaming studios and live-streaming marketing personnel shall perform their responsibilities and obligations of protecting consumers' rights and interests in accordance with laws and regulations, and shall not deliberately delay or refuse without justifiable reasons the legitimate and reasonable requests put forward by consumers.

Given that the Group conducts online live-streaming marketing mainly for the purpose of displaying and selling fresh fruits, dried fruits, vegetables and other fresh groceries, the aforementioned regulations will not have material adverse impacts on the Group's business.

LAWS AND REGULATIONS IN THE PRC IN RELATION TO COMMODITY DISTRIBUTION

Anti-Unfair Competition Law

According to the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) promulgated by the SCNPC in 1993, amended on April 23, 2019 and effective from the same date, due diligence business operators who conduct improper market activities to damage the interests of competitors, including forging or passing off the trademarks, names and logos of others, infringing the business secrets of others, conducting false or misleading publicity through advertising or other means, bribing, infringing the goodwill of competitors or the reputation of their products, which are in violation of the Anti-Unfair Competition Law, may result in imposition of fines, confiscation of gains derived from such violation, and in severe circumstances, revocation of business licenses.

Price Law

According to the Price Law of the People's Republic of China (《中華人民共和國價格法》) promulgated by the SCNPC in 1997 and effective on May 1, 1998, business operators are prohibited from engaging in unfair pricing activities, including manipulating market prices, dumping commodities at a price lower than cost, manipulation of prices, deception of consumers or other business operators by using false or misleading prices, and price discrimination. If a business operator violates the Price Law, he/she shall be subject to administrative penalties, such as warning, cessation of illegal activities, confiscation of illegal gains and fines, and the business operator may be ordered to suspend business for rectification or the business license may be revoked in severe circumstances.

LAWS AND REGULATIONS IN THE PRC IN RELATION TO FACTORING

According to the Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the "Civil Code") promulgated by the National People's Congress on May 28, 2020 and effective from January 1, 2022, A factoring contract shall mean a contract whereby a creditor of receivables assigns its existing receivables or receivables to exist to the factor, and the factor provides services such as financing, receivables management or collection, payment guarantee by debtors of receivables, etc. The contents of a factoring contract shall generally include clauses such as type of business, scope of services, term of services, information on basic transaction contract, receivables information, financing funds under factoring or service remuneration, and payment method thereof. Upon receipt of a notice of assignment of receivables by the debtor, where the creditor of the receivables and the debtor negotiate on amendment to or termination of the underlying transaction contract without a proper reason, which has an adverse impact on the factor, such amendment or termination shall not be binding on the factor. Where the parties agree on factoring with recourse, the factor may claim against the creditor of receivables on refund of principal and interest of the factoring financing monies or redemption of creditor's rights on receivables, or claim against the debtor of receivables on creditor's rights on receivables. Where the factor claims creditor's rights over receivables against the debtor of receivables, and there is a balance after deduction of the principal and interest of the factoring financing monies and the relevant expenses, the balance shall be refunded to the creditor of receivables. Where the parties have agreed on factoring without recourse, the factor shall claim creditor's rights on receivables against the debtor of receivables, and the factor is not required to return the excess amount over the principal and interest of the factoring financing monies and the relevant fees obtained to the creditors of receivables. Where a creditor of receivables concludes several factoring contracts for the same receivables, causing multiple factors to claim their rights, registered receivables shall be obtained prior to unregistered receivables; registered receivables shall be obtained in the chronological order of registration date; unregistered receivables shall be obtained by the factor stated in the notice of assignment from the debtor of the receivables who first reaches the debtor of the receivables; where registered receivables are neither registered nor notified, the receivables shall be obtained in proportion of factoring financing funds or service remuneration.

According to the Notice of the General Office of the CBIRC on Strengthening Supervision and Administration of Commercial Factoring Enterprises (《中國銀保監會辦公廳關於加強商業保理企業監督管理的通知》) (No. 205) promulgated by China Banking and Insurance Regulatory Commission on October 18, 2019 and most recently amended on June 21, 2021 and came into effect from the same date, commercial factoring enterprise should, during its business operation, comply with the relevant provisions of the Civil Code and related laws and regulations. Commercial factoring business refers to the following services provided by a commercial factoring enterprise to a supplier which transfers its accounts receivable based on real transactions to the commercial factoring enterprise: 1. Factoring financing; 2. Management of separate (classified) accounts for sales activities; 3. Collection of receivables; and 4. Guarantee for non-commercial bad debts; A commercial factoring enterprise should mainly engage in commercial factoring business and may also engage in investigation and evaluation of client credit, and the advisory services relating to commercial factoring. A commercial factoring enterprise may not engage in any of the following activities or businesses: 1. Take in, directly or in a disguised form, public deposits; 2. Raise capital through Internet lending information intermediaries, local trading venues, asset management agencies, private investment funds and other institutions; 3. Make inter-bank lending, directly or in a disguised form with other commercial factoring enterprises; 4. Grant loans directly or in a disguised form; 5. Specialize in or is entrusted to carry out debt collection services irrelevant to commercial factoring; 6. Carry out factoring financing business on the basis of, among other things, illegitimate underlying transaction contracts, consignment contracts, accounts receivable with unclear title, and rights to request payment under notes or other negotiable securities; or 7. Other activities as prohibited by the State. Commercial factoring enterprises may raise funds from banks and non-banking financial institutions regulated by the CBIRC and may also raise funds through channels such as shareholder loans, issuance of bonds and re-factoring.

Commercial factoring enterprises should actively transform business model, gradually increase the proportion of standard factoring, and benefit more small and medium-sized enterprises in the upstream and downstream supply chain; and give priority to support upstream and downstream small and medium-sized enterprises in the industry chain which comply with the direction of State industry policies, whose principal activities are concentrated in the real economy, which are technologically advanced and competitive, to support development of the real economy and small and medium-sized enterprises.

A commercial factoring enterprise should comply with the following regulatory requirements: 1. receivables transferred from the same debtor should not exceed 50% of its total amount of risk assets; and 2. receivables transferred where the affiliated enterprise is the debtor should not exceed 40% of its total amount of risk assets; classify unrecovered or unrealized factoring financing funds which are 90 days overdue as non-performing assets; the risk provision accrued should not be less than 1% of the closing balance of the financing factoring business; and risk assets should not exceed 10 times of its net assets.

Based on the interview conducted by our PRC Legal Advisor with the Shenzhen Municipal Local Financial Regulatory Bureau on January 26, 2022, if the business scope contains factoring business (non-bank financing), the company is allowed to carry out factoring

business. Shenzhen Yitong's current licenced business scope includes factoring business (non-bank financing), bill information data processing, the development of bill quotation trading software system, system application management and maintenance services related to bill business (for those requiring examination and approval in accordance with laws, administrative regulations and decisions of the State Council, the operation shall not be conducted until relevant examination and approval documents are obtained according to law). Based on the business license, it is qualified to conduct factoring business in China. According to the interview participated by us and our PRC Legal Advisor with the Shenzhen Municipal Local Financial Regulatory Bureau on June 15, 2022, Shenzhen Yitong has obtained all requisite qualification to conduct the factoring business without further qualifications, and subject to compliance with appropriate indicators governed by the No.205, the carrying out by us of our commercial factoring business is in compliance with applicable laws and regulation.

LAWS AND REGULATIONS IN THE PRC IN RELATION TO ENVIRONMENTAL PROTECTION

Environmental Impact Assessment and Completion Acceptance

According to the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002, most recently amended on December 29, 2018 and effective from the same date, 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 effective on October 1, 2017, and the Interim Measures for the Acceptance Examination of Environmental Protection Facilities of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the Ministry of Environmental Protection on November 20, 2017 and effective from the same date, the State implements classified management on the environmental impact assessment of construction projects in accordance with the degree of impact of construction projects on the environment. Construction units shall organize the preparation of environmental impact report, environmental impact report form or filling in environmental impact registration form in accordance with the degree of impact of construction projects on the environment. The construction unit is the major entity responsible for the environmental protection acceptance of the completed construction project, to organize the acceptance of the supporting environmental protection facilities, prepare the acceptance report, disclose relevant information, accept social supervision, and ensure that the supporting environmental protection facilities and the main part of the construction project are put into operation or use at the same time.

Pollutant Discharge Permit

According to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) promulgated by the SCNPC on September 13, 1979, most recently amended on April 24, 2014 and effective on January 1, 2015, and the Administrative Measures for Pollutant Discharge Permit (Trial) (《排污許可管理辦法(試行)》) promulgated by the Ministry of Ecology and Environment and effective on August 22, 2019, the State implements a pollutant discharge permit management system in accordance with the provisions

of laws, and enterprise units and other production operators (hereinafter referred to as pollutant discharge entities) that are included in the classification management catalogue of pollutant discharge permits for stationary pollution sources shall apply for and obtain a pollutant discharge permit in accordance with the provisions, and the pollutant discharge entities that are not included in the scope are not required to apply for a pollutant discharge permit for the time being.

According to the Catalogue of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) promulgated by the Ministry of Ecology and Environment on December 20, 2019 and effective from the same date, the State implements key management, simplified management and registration management of pollutant discharge permits based on factors such as the amount of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. The pollutant discharge unit that implements registration management is not required to apply for a pollutant discharge license, but shall fill in the pollutant discharge registration form on the national pollutant discharge license management information platform.

LAWS AND REGULATIONS IN THE PRC IN RELATION TO FIRE PREVENTION

According to the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and effective on April 29, 2021, and the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and effective on June 1, 2020, special construction projects that have not passed the fire prevention inspection or the fire prevention inspection are prohibited from putting into use. Construction projects other than special construction projects shall go through the fire safety acceptance filing, and the competent housing and urban-rural development authorities shall conduct random inspections on the fire safety acceptance of other construction projects filed. If the construction projects fail to pass the random inspection on fire safety acceptance, such projects shall be stopped.

LAWS AND REGULATIONS IN THE PRC IN RELATION TO INTELLECTUAL PROPERTY

Trademark Law

As required by the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by SCNPC on August 23, 1982, most recently amended on April 23, 2019 and effective from November 1, 2019, and Regulation for the Implementation of Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, most recently amended on April 29, 2014 and effective from May 1, 2014, the valid period of a registered trademark is ten years from the date of the approval for registration. Where the registrant intends to continue to use the registered trademark beyond the expiration of the period of validity, an application for renewal of the registration shall be made within twelve months before the said expiration. Where no application therefor has been filed within the said

period, a grace period of six months may be allowed. If no application has been filed before the expiration of the grace period, the registered trademark shall be canceled. The period of validity of each renewal of registration shall be ten years. Any renewal of registration shall be published after it has been approved.

Any trademark registrant may, by signing a trademark license contract, authorize other persons to use his registered trademark. The licensor shall supervise the quality of the goods in respect of which the licensee uses his registered trademark, and the licensee shall guarantee the quality of the goods in respect of which the registered trademark is used.

Any of the following acts shall be an infringement upon the right to exclusive use of a registered trademark: (1) using a trademark which is identical with a registered trademark on the same kind of commodities without a license from the registrant of the registered trademark; (2) using a trademark which is similar to a registered trademark on the same kind of commodities, or using a trademark that is identical with or similar to the registered trademark on similar goods without a license from the registrant of the registered trademark, which is likely to cause confusion; (3) selling commodities that infringe upon the right to exclusive use of a registered trademark; (4) counterfeit or unauthorized production of the label of another's registered trademark, or sale of any such label that is counterfeited or produced without authorization; (5) changing a registered trademark and putting the commodities with the changed trademark into the market without the consent of the registrant of the registered trademark; (6) providing, intentionally, convenience for activities infringing upon others' exclusive right of trademark use, and facilitating others to commit infringement on the exclusive right of trademark use; or (7) causing other damage to the right to exclusive use of a holder of a registered trademark. When a dispute arises after a party commits any of the acts infringing upon another party's exclusive right to use a registered trademark as enumerated in the Trademark Law of the People's Republic of China, the parties involved shall settle the dispute through consultation. Where the parties refuse to pursue consultation or where consultation has failed, the trademark registrant or any interested party may institute legal proceedings with the People's Court or ask the administrative authorities for industry and commerce to handle the matter upon determining that trademark infringement has taken place.

Patent Law

The Patent Law of the People's Republic of China (《中華人民共和國專利法》) promulgated by the Standing Committee of the NPC on March 12, 1984 and most recently amended on October 17, 2020 and effective from June 1, 2021, and its implementation rules (《中華人民共和國專利法實施細則》), which was promulgated by the China Patent Office on January 19, 1985 and most recently amended by the State Council on January 9, 2010 and effective from February 1, 2020, provide for three types of patents, "invention", "utility model" and "design", "invention" refers to any new technical solution in relation to a product, a process or improvement thereof; "utility model" refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; "design" refers to a new design that is aesthetic and suitable for industrial application for the

overall or partial shape, pattern or its combination of products, as well as the combination of color, shape and pattern. The validity period of patent for an "invention" is 20 years, while the validity period of patent for a "utility model" is 10 years and that of a "design" is 15 years, from the date of application.

Copyright Law

Pursuant to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990 and most recently amended on November 11, 2020 and effective from June 1, 2021, Chinese citizens, legal persons or unincorporated organizations shall, whether published or not, enjoy copyright in their works in accordance with the law. Unless otherwise provided in the Copyright Law of the People's Republic of China and other related system and laws and regulations, reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, shall constitute infringements of copyrights. The infringer shall, according to the circumstances of the case, undertake to cease the infringement, eliminate impact, and offer an apology, pay damages and other civil liabilities. In exercising the rights, copyright owners and copyright related rights holders shall not be in violation to the Constitution and laws nor prejudice to public interests.

According to the measures for the Measures for the Registration of Computer Software Copyright issued by the Ministry of Machine Building and Electronics Industry (《計算機軟件著作權登記辦法》) (currently incorporated into the Ministry of Industry and Information Technology) on April 6, 1992 and most recently amended by the National Copyright Administration on February 20, 2002 and effective from the same date, and the Regulations on Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and most recently amended on January 30, 2013 and effective from March 1, 2013, the State Copyright Administration shall be responsible for the administration of software copyright registration nationwide, and the China Copyright Protection Center is recognized as the software registration authority. Applicants of computer software copyright satisfying the requirements of the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computer Software will issued a registration certificate by the China Copyright Protection Center.

Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網絡域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and effective from November 1, 2017, the Ministry of Industry and Information Technology supervises and administers domain services nationwide. The principle of "first come, first serve" is followed for the domain name registration service. Applicants of domain name registration shall provide the domain name registration authority with true, accurate and complete information about the identity of the domain name holder for registration purpose, and sign a registration agreement with it. After completing the domain name registration, the applicant becomes the holder of the domain name registered by him/it.

LAWS AND REGULATIONS IN THE PRC IN RELATION TO LABOR AND SOCIAL INSURANCE

Regulations in Relation to Labor

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994 and most recently amended on December 29, 2018 and effective from the same date, and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, effective from January 1, 2008 and amended on December 28, 2012, effective from July 1, 2013 and the Regulations on Implementation of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008 and effective from the same date, labor relations between employers and employees must be established in writing. Remuneration shall not be lower than the local minimum wage standard. Enterprises and institutions must establish and improve the safety and health system of workplace in China, strictly abide by national rules and standards on workplace safety, and carry out safety and health education for employees in the workplace. The safety and health facilities in the workplace shall meet the national standards. Enterprises and institutions must provide workers with a safe and healthy environment in the workplace in compliance with national regulations and relevant labor protection rules.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010, most recently amended on December 29, 2018 and effective from the same date, the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and effective from the same date, the Regulations on Work Injury Insurance (《工傷保險條例》) promulgated by the State Council on April 27, 2003, and amended on December 20, 2010 and effective from January 1, 2011, the Regulations on Unemployment Insurance (《失業保險條例》) promulgated by the State Council on January 22, 1999 and effective from the same date, and the Trial Measures on Maternity Insurance for Enterprise Employees (《企業職工生育保險試行辦法》) promulgated by the Ministry of Labor and Social Security (merged with the Ministry of Human Resources in March 2008 into the Ministry of Human Resources and Social Security) on December 14, 1994 and effective from January 1, 1995, enterprises in China shall provide their employees with welfare plans including basic pension insurance, unemployment insurance, maternity insurance, work-related injuries insurance and basic medical insurance. Employers must register social insurance with local social insurance registration authorities, provide social insurance, and pay or withhold relevant social insurance expenses the employees. Where employers fail to register social insurance, orders for corrections within a specified time period will be made by social insurance administrative departments; in case of overdue default, a fine of more than one time but less than three times the amount of social insurance premiums will be imposed, and a fine of more than RMB500 but less than RMB3,000 will be imposed upon persons in charge and other directly responsible

persons. Where employers fail to pay the social insurance premium in full and on time, orders for payment or makeup within a specified time period from social insurance premium collection institutions will be made and an overdue fine of 0.05% per day will be imposed from the date of failure to pay. In case of overdue default, a fine of more than one time but less than three times the unpaid amount will be imposed.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and most recently amended on March 24, 2019 and effective from the same date, employers shall register for payment the housing provident fund with the housing provident fund administration center, and establish housing provident fund accounts for their employees at the entrusted banks after affirmation and registration by the housing provident fund administration center. Employers shall transfer the payable amount by employers and the payable amount by employees to the specific account of housing provident fund within five days from the date of monthly payment of employees' wages, and the above-mentioned funds will be deposited in employees' housing provident fund account by the entrusted bank. In case of overdue payment or underpayment by employers, orders for payment within a specified time period will be made by the housing fund management center. Where employers fail to make payment within such period, enforcement by the people's court will be applied.

LAWS AND REGULATIONS IN THE PEOPLE'S REPUBLIC OF CHINA IN RELATION TO TAX

Income Tax Law

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》) promulgated by the National People's Congress on March 16, 2007, and most recently amended on December 29, 2018 and effective from the same date and the Enterprise Income Tax Implementation Regulations (《中華人民共和國企業所得税法實施條例》) promulgated by the State Council on December 6, 2007, and most recently amended on April 23, 2019 and effective from the same date, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are enterprises which are set up in China in accordance with law, or which are set up in accordance with the law of a foreign country (region) but which are actually under the administration of institutions in China. Non-resident enterprises are enterprises which are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in China, but which have institutions or establishments in China, or which have no such institutions or establishments but have income generated from inside China. Resident enterprises are subject to a uniform 25% enterprise income tax rate on their worldwide income. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a 15% tax rate reduction for Enterprise Income Tax.

Value-added Tax

Pursuant to the Provisional 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 most recently amended on November 19, 2017 effective from the same date, and the Detailed Rules for the Implementation of the Interim Regulations of the People's Republic of China on Value-added Tax (《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 on December 25, 1993 and most recently amended on October 28, 2011, and effective from November 1, 2011, all entities or individuals in the PRC engaged in the sale of goods, processing services, repair and replacement services, and the provision of services, sales of intangible assets, real estate and importation of goods are required to pay value-added tax ("**VAT**"). Unless otherwise provided, taxpayers engaged in provision of services and sales of intangible assets are subject to a tax rate of 6%.

According to the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Caishui [2016] No. 36) (《關於全面推開營業税改徵增值税試點的通知》(財税[2016]第36號)》) promulgated by the Ministry of Finance and the State Administration of Taxation promulgated on March 23, 2016 and effective from May 1, 2016, and amended on July 11, 2017, December 25, 2017 and March 20, 2019, with the approval of the State Council, as of May 1, 2016, the pilot program of replacing business tax with VAT shall be implemented across the country, all business tax taxpayers in the construction industry, the real estate industry, the financial industry, and the living service industry shall be included in the scope of the pilot program, and the payment of business tax shall be replaced by the payment of VAT.

According to the Circular on Policies for Simplifying and Consolidating Value-added Tax Rates (Cai Shui [2017] No. 37(《關於簡併增值税税率有關政策的通知》(財税[2017]37號)), announced by the Ministry of Finance and the State Administration of Taxation on April 28, 2017, and effective from July 1, 2017, the structure of value-added tax (VAT) rates will be simplified from July 1, 2017, and the 13% VAT rate will be canceled. The scope of goods with 11% tax rate and the provisions for deducting input tax are specified.

According to the Circular of on Adjusting Value-added Tax Rates of Ministry of Finance and the State Administration of Taxation (Cai Shui [2018] No. 32) (《財政部、税務總局關於調整增值税税率的通知》(財税[2018]32號)) announced by the Ministry of Finance and the State Administration of Taxation on April 4, 2018 and effective May 1, 2018, from May 1, 2018, where a taxpayer engages in a taxable sales activity for the value-added tax (VAT) purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs (《財政部、税務總局、海關總署關於深化增值税改革有關政策的公告》) ("Announcement of the Ministry of Finance of the PRC, the State Taxation Administration and the General Administration of Customs of the PRC [2019] No. 39")

announced by the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on March 20, 2019 and effective from April 1, 2019, with respect to VAT taxable sales or imported goods of a VAT general taxpayer, the originally applicable VAT rate of 16% shall be adjusted to 13%; the originally applicable VAT rate of 10% shall be adjusted to 9%.

LAWS AND REGULATIONS IN CHINA IN RELATION TO FOREIGN EXCHANGE

Pursuant to the Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996 and effective from April 1, 1996, and most recently amended on August 5, 2008 and effective from the same date, and relevant regulations, there is no restriction on the recurring international payment and transfer, and the foreign exchange income and expenses of recurring items (such as goods trade, income and expenses of service trade and payments of interest and dividends) should be on true and legal transactions basis, and can be directly undertaken at the bank with true and valid transaction documents.

Foreign exchange income and expenses of capital items (such as direct equity investment and loans) shall comply with the provisions of relevant laws and regulations, and where approval or registration by relevant regulation from foreign exchange administration authorities is required, such approval or registration shall be filed. Foreign exchange and settlement funds of capital items shall be used for purposes as stipulated by relevant competent departments and foreign exchange administration authorities.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Standardizing the Administration Policies of Foreign Exchange Settlement of Capital Items (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated by the State Administration of Foreign Exchange on June 9, 2016 and effective from the same date, the foreign exchange income (including foreign exchange capital, foreign debt capital and the remitted fund from overseas listing) of capital items that has explicitly implemented foreign exchange settlement intentions in compliance with relevant policies, can be settled at banks given the actual operation needs of domestic institutions. The interim proportion of the intended settlement of foreign exchange income from capital items of domestic institutions is determined at 100%. The above proportion may be adjusted by the State Administration of Foreign Exchange on basis of the income and expenses positions in due course.

According to the Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《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》) promulgated by the State Administration of Foreign Exchange on October 23, 2019 and effective from the same date, permitted business scope shall not include the settlement of foreign exchange capital into RMB and the domestic equity investment with the RMB fund in line with law, which were carried out by foreign-invested enterprises engaged in investment business without violating the current Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)》) and with investment projects in China on true and compliance basis.

According to the Circular of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Management Service in Support of Foreign Business Development (《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》) promulgated by the State Administration of Foreign Exchange on April 10, 2020 and effective from June 1, 2020, on the premise of ensuring the authentic and compliant use of funds and complying with the existing regulations on the use of capital income, eligible enterprises are allowed to use capital income such as capital funds, foreign debts and proceeds from overseas listing for domestic payments without providing materials to the bank in advance for authenticity verification on a case-by-case basis. The concerned banks shall follow the principle of prudent development to control the relevant business risks and conduct post inspection on the use of funds under capital accounts handled in accordance with relevant requirements.

REGULATIONS RELATING TO THE H SHARE "FULL CIRCULATION"

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (Announcement of the CSRC [2019] No. 22) (《H股公司境內未上市股份申請「全流通」業務指引》(中國證券監督管理委員會公告[2019]22號)) ("Guidelines for the 'Full Circulation'"), promulgated by the CSRC on November 14, 2019 and effective from the same date, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for "full circulation". After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China.

According to the Measures for Implementation of H-share "Full Circulation" Business (《H股「全流通」業務實施細則》) ("**Measures for Implementation**") promulgated by the China Securities Depository and Clearing Corporation Limited and Shenzhen Stock Exchange on December 31, 2019 and effective from the same date, the businesses of cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share "full circulation business", are subject to the Measures for Implementation. Where there is no provision in the Measures for Implementation, it shall be handled with reference to other business rules of the CSDC and CSDC (Hong Kong) and SZSE.

After having completed relevant information disclosure, the H-share listed companies with the approval of the CSRC to engage in the H-share "full circulation" business shall apply to the CSDC for the cancellation of part or all of the domestic unlisted shares, and shall re-register the fully circulated H-share which are not pledged, frozen, restricted to transfer to the share register institutions in Hong Kong. Relevant securities are centrally deposited in CSDC for settlement. As the nominal holder of the above-mentioned securities, CSDC handles the depository and holding details maintenance, cross-border clearing and settlement and other businesses involved in the "full circulation" of H-share, and provides nominal holder services for investors. The H-share listed company shall be authorized by "full circulation" shareholders to choose domestic securities companies that participate in the "full circulation" business of H-shares. Investors may submit trading instructions of H-share "full circulation" shares through domestic securities companies. Domestic securities companies shall select a Hong Kong Securities Company to submit trading instructions of investors to Hong Kong Stock Exchange for trading. After the transaction is concluded, CSDC and CSDC (Hong Kong) shall handle the cross-border clearing and settlement of relevant shares and funds.