PRC LAWS AND REGULATIONS

Regulations in relation to company establishment and foreign investment

The establishment, operation and management of corporate entities in China 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 December 29, 1993 and became effective on July 1, 1994. It was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018. Pursuant to the Company Law, companies are classified into categories, namely limited liability companies and companies limited by shares. The Company Law shall also apply to foreign-invested limited liability companies and companies limited by shares, where the laws on foreign investment provide otherwise, such provisions shall prevail.

The Company Law is the principal law governing dividend distributions of PRC companies. PRC companies may pay dividends only out of their after-tax profits, if any. In addition, PRC companies are required to set aside each year at least 10% of their after-tax profit to their statutory general reserves funds until the cumulative amount of such reserve fund reaches 50% of their registered capital. These reserves or funds are not distributable as dividends. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

On March 15, 2019, the SCNPC promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which came into force on January 1, 2020 and repealed simultaneously the Law of the PRC on Sino-foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), the Law of the PRC on Wholly Foreign-owned Enterprise (《中華人民共和國外資企業法》) and the Law of the PRC on Sino-foreign Cooperative Joint Ventures (《中華人民共和國中外合作經營企業法》). Subject to the Foreign Investment Law, foreign invested enterprises incorporated before the enforcement of the Foreign Investment Law may keep their original organizational forms for five years after the enforcement of the Foreign Investment Law. The Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) was promulgated by the State Council on December 26, 2019 and took effect on January 1, 2020. According to the Foreign Investment Law, the PRC government adopts the management system of pre-establishment national treatment and negative list for foreign investment. The negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the PRC government. The PRC government will give national treatment to foreign investments outside the negative list. The negative list will be released by or upon approval by the State Council.

Pursuant to the Catalogue for the Guidance of Foreign Investment Industries (外商投資產業指導目錄) (the "**Guidance Catalogue**") which was most recently amended on June 28, 2017 and came into effect on July 28, 2017, the industries invested by foreign investors are classified into two categories: encouraged industries and the industries subject to special administrative

measures for the access of foreign investment (including restricted industries and prohibited industries). The Special Administrative Measures (Negative List) for the Access of Foreign Investment (外商投資准入特別管理措施(負面清單)) (the "**Negative List**") which was promulgated on June 28, 2018, revised on June 30, 2019 and came into effect on July 30, 2019, replaced the portion of special administrative measures for the access of foreign investment in the Guidance Catalogue. The Negative List (2021 version) was recently promulgated on December 27, 2021 and came into effect on January 1, 2022. The Catalogue of Industries for Encouraged Foreign Investment (2020 Edition) (鼓勵外商投資產業目錄(2020年版)) (the "**Encouraged Catalogue**") which was promulgated on December 27, 2020 and came into effect on January 27, 2021, replaced the encouraged industries in the Guidance Catalogue. Foreign investors shall not invest in the fields where foreign investment is prohibited in the Negative List. Foreign investors shall meet the investment conditions stipulated under the Negative List for any field with investment restricted by the Negative List for foreign investment access. Unless otherwise prescribed by the PRC laws, any industries not falling into any of the encouraged, restricted or prohibited industries set out in the Encouraged Catalogue and the Negative List is a permitted industry for foreign investment.

Pursuant to the Interim Administrative Measures on Establishment and Modifications (Filing) for Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) (the "**Interim Measures**") promulgated by MOFCOM on October 8, 2016 and amended on July 30, 2017 and June 29, 2018, establishment and modifications of foreign investment enterprises that are not subject to the approval under the special administrative measures for the access of foreign investment shall be filed with the competent commercial authorities.

The Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) was promulgated by MOFCOM and SAMR on December 30, 2019, which came into effect on January 1, 2020 and replaced the Interim Measures. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to such measures.

Regulations in relation to food production, sale and safety

Food safety

Pursuant to the Food Safety Law of the PRC (《中華人民共和國食品安全法》) (the "**Food Safety Law**"), as promulgated by the SCNPC on February 28, 2009, took effective on June 1, 2009 and amended on April 24, 2015, December 29, 2018, and April 29, 2021, and Implementing Regulations of the Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》) ("**Implementing Regulations of the Food Safety Law**"), passed by the State Council on July 20, 2009 and amended on February 6, 2016 and December 1, 2019, food producers and business operators shall, in accordance with laws, regulations and food safety standards, engage in production and business operation activities, establish a sound food safety management system, and take effective measures to prevent and control food safety risks, thus ensuring food safety.

According to the Food Safety Law and the Implementing Regulations of the Food Safety Law, food safety standards are mandatory standards, other than food safety standards, no food mandatory standard shall be formulated. The health administrative department under the State Council shall, in concert with the food safety administration under the State Council, be responsible for the formulation and release of national food safety standards. The standardization administrative department under the State Council shall provide the reference codes for these national standards. The health administrative department of the State Council shall, in collaboration with the food safety supervision and management department and the agriculture administrative department, etc. of the State Council, develop a national standard plan on food safety and an annual plan for the implementation thereof. For local special foods without national food safety standards, the health administrative departments of the people's governments of provinces, autonomous regions and municipalities directly under the central government may formulate and publish local food safety standards and submit the same to the health administrative department under the State Council for filing. After the national food safety standards are formulated, such local standards shall be nullified immediately.

The PRC government encourages food producers to formulate corporate standards that are stricter than the national or local food safety standards. Such corporate standards apply to such producers and shall be reported to the health administrative department of the people's governments of provinces, autonomous regions and municipalities directly under the central government for filing. The health administrative departments of the people's governments at the provincial level or above shall promulgate on their respective websites the national and local food safety standards and corporate standards formulated and filed for inquiry and downloading by the public free of charge.

The state has established a food recall system according to the Food Safety Law and the Implementing Regulations of the Food Safety Law. Upon discovery of food produced not conforming to food safety standards or if there is any evidence proving that the foods produced may harm human health, food producers and operators shall (i) immediately cease production, recall foods in the market, notify the relevant food producers, operators and consumers thereof, and keep records of the recall and notification status; (ii) immediately cease operation, notify the relevant food producers, operators and consumers thereof, and keep records of the cessation and notification status. If a food producer considers a recall as necessary, then foods in the market shall be recalled immediately.

Licensing system for food production and sale

Pursuant to the Food Safety Law and the Implementing Regulations of the Food Safety Law, the state adopts a licensing system for food production and sale. To engage in food production and food sale, a license shall be obtained in accordance with the law. A party who intends to sell only pre-packaged food products shall report to the food safety administration of the local people's government at or above the county level at its domicile for record-filing.

Pursuant to the Administrative Measures of Food Production Licensing (《食品生產許可管理辦法》) promulgated by the SAMR on January 2, 2020 and took effect on March 1, 2020, the food production license is valid for five years and is subject to the "one entity, one license" principle. Pursuant to the Administrative Measures for Food Operation Licensing (《食品經營許

可管理辦法》), which was promulgated by the China Food and Drug Administration on August 31, 2015, took effect on October 1, 2015 and was latest amended on November 17, 2017, entities engaging in food selling in the PRC shall obtain a food operation license. The principle of one license for one site shall apply to the food operation license. Food and drug administrative authorities shall implement classified licensing for food operation according to food operators' types and the degree of risk of their operation projects. The food operation license is valid for five years.

Food labelling management

According to the Food Safety Law, packaged food shall be labeled. The labels shall include the following items: (1) name, specification, net weight, and production date; (2) content or ingredient table; (3) name, address, and contact information of the producer; (4) best before date; (5) the standards code of the product; (6) storage conditions; (7) generic names of food additives used under the national standards; (8) the production license number; and (9) other items that are required by laws, regulations and food safety standards. Major nutrition facts and contents shall be specified on the labels of staple foods and supplementary foods exclusively for infants and other designated groups. Where national food safety standards have otherwise provisions on label matters, those provisions shall prevail. Food operators shall sell food in accordance with warning marks, warning specifications or cautions stated on labels thereof.

Regulations in relation to cosmetics

Pursuant to the Regulations on the Supervision and Administration of Cosmetics (《化妝品監督管理條例》) which was promulgated by the State Council on June 16, 2020 and became effective on January 1, 2021, cosmetics are divided into special cosmetics and ordinary cosmetics. The state implements registration management for special cosmetics and filing management for ordinary cosmetics. Domestic ordinary cosmetics shall be filed with the provincial drug regulatory authority where the filing applicant is located before going on sales. In the case of entrusted production of cosmetics, the cosmetics registrant or the record-filing applicant shall entrust the enterprise that has obtained the corresponding cosmetics production license and supervise the production activities of the entrusted enterprise to ensure that the production activities comply with the legal requirements. In accordance with the Work Practices on the Registration and Filing Inspection of Cosmetics (《化妝品註冊和備案檢驗工作規範》) promulgated by the National Medical Products Administration on September 3, 2019, which became effective on the same day, cosmetic enterprises independently select an inspection and testing institution with corresponding capacity to carry out cosmetics registration and filing inspection.

Regulations in relation to e-commerce activities

Pursuant to the E-Commerce Law which was promulgated by SCNPC on August 31, 2018 and became effective on January 1, 2019, e-commerce operators refer to natural persons, legal persons and unincorporated organizations that engage in business activities of selling commodities or offering services through the internet and other information networks,

including: (i) e-commerce platform operators; (ii) in-platform business operators; and (iii) other e-commerce operators that sell commodities or offer services through a self-built website or other network services. An e-commerce platform operator means a legal person, or an organization without the status of legal person that provides two or more parties in e-commerce transactions with services such as online business premises, deal making, and information release for the aforesaid parties to carry out transactions independently. The Ordering Management System provided by our Group only allows users to place order rather than allowing its users to conduct transactions independently, as an e-commerce platform such as Taobao where users are able to display their products for sale on the platform, to enter into purchase agreement with each other according to rules of the platform and/or make payment on the platform. Therefore the Ordering Management System is not an e-commerce platform and our Group is not an e-commerce platform operator. An in-platform business operator means an e-commerce operator who sells products or provide services through e-commerce platforms. An e-commerce operator shall, in business operation, abide by the principles of voluntariness, equality, fairness and good faith, observe the law and business ethics, fairly participate in market competition, perform obligations in aspects including protection of consumer rights and interests, environment, intellectual property rights, cyber security and individual information, assume responsibility for quality of products or services and accept the supervision by the government and the public.

E-commerce operators shall complete the market entity registration (unless no such registration is required by laws and administrative regulations) and obtain the relevant administrative licenses for conducting those operational activities which are required by law to obtain administrative licenses. Commodities sold or services offered by e-commerce operators shall meet the requirements to protect personal and property safety and the environmental protection requirements, and e-commerce operators shall not sell or provide any commodity or service prohibited by laws and administrative regulations. E-commerce operators shall, among others, (i) continuously display its business license information and administrative license, or relevant information which indicates that it does not need to complete the market entity registration in a prominent position on its homepage; (ii) disclose information about commodities or services in a comprehensive, truthful, accurate and timely manner so as to safeguard the consumers' right to know and right of choice; (iii) deliver commodities or services according to its commitment or the ways and time limits as agreed upon with consumers, and bear the risks and responsibilities when commodities are in transit; and (iv) bring the tie-in sales of commodities or services to consumers' attention in significant manner and shall not set tie-in commodities or services as default options. Where an e-commerce operator ceases to engage in e-commerce business, it shall continuously announce relevant information in a prominent position on its homepage 30 days in advance. An e-commerce platform operator shall submit the identity information of in-platform e-commerce operators to the administrative authorities of market regulation as required, remind in-platform e-commerce operators that have not made market entity registration to make registration as legally required, cooperate with the administrative authorities of market regulation, and based on the characteristics of e-commerce, provide in-platform e-commerce operators that are required to make market entity registration with registration facilitation. As advised by our PRC Legal Advisors, as our Group is not an e-commerce platform operator as defined under the E-Commerce Law, hence we are not required

to fulfill the responsibilities of an e-commerce platform operator, including but not limited to monitoring, notifying and providing assistance to our distributors to complete registrations of corporate entities.

On March 15, 2021, SAMR issued the Measures for the Supervision and Administration of Online Trading(《網絡交易監督管理辦法》), or the Online Trading Supervision Measures, which took effect on May 1, 2021, which abolished the Administrative Measures on Online Trading (《網絡交易管理辦法》) which was promulgated by the former SAIC on January 26, 2014. The measures imposed various restrictions on the business operations of online transaction operators. For example, online transaction operators are required to fully, truthfully, accurately and timely disclose information relating to goods and services to protect consumers' right to information and right to choose. In addition, the Online Trading Supervision Measures also stipulate detailed requirements with respect to the protection of consumer rights and personal information. For example, the Online Trading Supervision Measures provide that online transaction operators shall not compel customer.

Regulations on jurisdiction of administration for market regulation

Article 5 of the Online Trading Supervision Measures promulgated on March 15, 2021 and took effect on May 1, 2021, provides that the SAMR is responsible for organizing and guiding the supervision and administration of online transactions nationwide. Local administrations for market regulation at or above the county level are responsible for the supervision and administration of online trading within their respective administrative regions. Article 7 of the Provisions on Administrative Penalty Procedures for Market Regulation (《市場監督管理行政處罰程序規定》) promulgated on July 2, 2021 and took effect on July 15, 2021, provides that, administrative penalty shall come under the jurisdiction of an administration for market regulation at or above the county level in the place where the illegal act is committed. Where there are provisions otherwise prescribed by laws, administrative regulations and departmental rules, such provisions shall prevail. According to Article 8 of the Provisions on Administrative Penalty Procedures for Market Regulation, an administration for market regulation at the level of county or city comprising of different districts shall have jurisdiction over administrative penalty cases occurring within its jurisdiction *ex officio*. Where the laws, regulations and rules stipulate that market regulatory authorities at or above the provincial level has jurisdiction, such provisions shall prevail. Article 10 of the Provisions on Administrative Penalty Procedures for Market Regulation provides that, among others, any illegal act committed by an online trading platform operator or an online trading operator selling goods or providing services through its self-established website or other online services shall be subject to the jurisdiction of the administration for market regulation at or above the county level of the operator's domicile.

Regulations in relation to online live streaming marketing

According to the Guiding Opinions of State Administration for Market Regulation on Strengthening the Regulation of Online Livestreaming Marketing Activities (《市場監管總局關於加強網絡直播營銷活動監管的指導意見》) (the "**Guiding Opinions on Online Livestreaming Marketing**") issued by the SAMR on November 5, 2020, product business operators selling

goods or providing services through online livestreaming are subject to the provisions under the E-commerce Law, the Law on the Protection of Consumer Rights and Interests, the Anti-Unfair Competition Law, the Product Quality Law, the Food Safety Law, the Advertising Law, the Price Law, the Trademark Law, the Patent Law and other applicable laws. The promotion made by livestreamers during livestreaming shall be authentic and legal, and shall comply with relevant provisions of the Anti-Unfair Competition Law and the Advertising Law. The Guiding Opinions on Online Livestreaming Marketing sets out liabilities of product business operators and livestreamers, including provisions on: (i) the marketing scope of goods or services, notably that goods or services prohibited to be manufactured or sold by laws and regulations shall not be sold via livestreaming; (ii) the review and release of advertisements, namely that no advertisement that requires prior review in accordance with laws and administrative regulations may be published without such prior review; and (iii) the protection of consumers' right to know and right to choose. All illegal acts in connection with online livestreaming marketing will be investigated and penalized accordingly.

On April 23, 2021, the Cyberspace Administration of China, the Ministry of Public Security, MOFCOM, the Ministry of Culture and Tourism, SAT, the National Radio and Television Administration, and SAMR issued the Administrative Measures for Online Livestreaming Marketing (for Trial Implementation) (《網絡直播營銷管理辦法(試行)》) (the "**Online Live Streaming Marketing Measures**") which came into effect on May 25, 2021. According to the Online Live Streaming Marketing Measures, livestream room operators and livestream marketers are subject to relevant responsibilities and obligations with respect to advertising compliance for livestreaming marketing activities, the management of interactive contents, the verification and recording of information of the suppliers of commodities and services, consumer rights protection and other matters.

According to the Online Live Streaming Marketing Measures, livestreaming room operators and livestream marketers engaging in online livestreaming marketing activities must comply with relevant laws and regulations, and shall not commit any of the following acts: (i) violate Article 6 and 7 of the Provisions on the Governance of Network Information Content Ecology (i.e., the publication of illegal and harmful information, including but not limited to information that endangers national security, propagates terrorism, spreads obscene or pornographic content or promotes vulgar content); (ii) publish false or misleading information to deceive or mislead user-audience; (iii) market counterfeit or substandard goods or goods that infringe upon intellectual property rights, or goods that fail to meet the requirements for personal and property safety; (iv) fabricate or tamper with transactional data, attention data, page views, likes or other data; (v) promote or attract traffic for others despite knowing or being in situations where they ought to know the promoted individual engage or has engaged in illegal or high-risk behaviors; (vi) harass, slander, insult or threaten others, or infringe upon the legitimate rights and interests of others; (vii) engage in pyramid marketing, fraud, gambling, or selling contrabands or controlled goods, etc.; and (viii) commit any other acts in violation of state laws, regulations and relevant provisions. In addition, livestreaming room operators and livestream marketers are subject to certain obligations during the operation of online livestreaming marketing activities, including but not limited to the obligations to: (i) perform duties and obligations of advertisement publishers, advertisement agents or advertisement endorsers where their

livestreaming content constitutes commercial advertisement; (ii) strengthen the management of livestreaming rooms, and must not implicitly or otherwise mislead user-audience; (iii) effectively carry out real-time management of interactive contents such as voice and video connections, comments and bullet screens, and must not deceive or mislead user-audience in any way, such as by deleting or blocking relevant unfavourable comments; (iv) verify information of suppliers of goods and services, such as their identity, address, contact information, administrative permits, credibility information, and keep record of such information for further inspection; and (v) protect consumers rights and interests in accordance with laws and regulations, and must not deliberately delay or refuse, without justifiable reasons, legitimate and reasonable requests put forward by consumers.

Regulations in relation to strengthening the regulation of entertainment industry

According to the Circular of the General Office of the National Radio and Television Administration on Further Strengthening the Administration on Culture Programs and Related Personnel (《國家廣播電視總局辦公廳關於進一步加強文藝節目及其人員管理的通知》) promulgated by the National Radio and Television Administration on September 2, 2021, government authorities intend to strengthen the regulation of culture programs and related individuals, and strictly regulate and resolve problems of artists' violation of law and morality and chaos in the "fans community". Specifically, (i) the selection of actors and guests for culture programs by the broadcast and TV institutions and online audio-visual platforms should be carefully controlled, with political literacy and moral conduct included as selection criteria; individuals with the wrong political stance, breaking laws and regulations or are contrary to public order and morals shall not be selected; (ii) broadcast and TV institutions and online audio-visual platforms must not broadcast idol development programs or variety shows and reality shows that feature the children of celebrities; encouragements for fans to spend money to vote are strictly forbidden; unhealthy fan culture are strictly forbidden; (iii) "deformed" tastes such as "effeminate" aesthetics in programs should be forbidden; resolutely resist showing off wealth and enjoyment, hyping up gossip and privacy, negative hot topics, vulgar 'internet celebrities', and the bottomless appreciation of ugliness, and other pan-entertainment tendencies; (iv) resolutely resist exaggerated actor salaries and tax evasion; actors and guests are encouraged to assume social responsibilities and participate in public welfare program; and (v) strengthen the regulation over practitioners of the performing arts industry, who must not pursue improper benefits with professional status and popularity.

According to the Circular on Further Strengthening Work Relating to the Regulation of the Online Information Involving Entertainment Celebrities (《關於進一步加強娛樂明星網上信息規範相關工作的通知》) issued by the Cyberspace Administration of China on October 26, 2021, the State will strengthen the regulation of entertainment celebrities' online information orientation. Entertainment celebrity-related information published online shall correctly lead public discourse and value orientation and shall not contain content expressly prohibited by laws and administrative regulations. These publications shall not encourage traffic supremacy, deformed aesthetics, wealth flaunting and other undesirable values; or stimulate and induce fan groups to engage in excessive consumption, illegal fund-raising, irrational voting and other irrational acts of support. Joint disciplinary measures will be taken against law-breaking and

unethical celebrities to strictly prevent these celebrities from relocating their online presence and coming back.

Regulations on the approval process for launching programs (both on TV & platforms) in the PRC

Pursuant to the Regulations on Radio and Television Administration (Revised in 2020) (《廣播電視管理條例》(2020年修訂)) promulgated by the State Council on August 11, 1997 and last revised on November 29, 2020, radio station or television station shall carry out pre-broadcast examinations of the content of radio and television programs they broadcast. Pursuant to the Notice on Further Strengthening the Administration of Record-filing of Radio and Television Programs and Punishment for Regulations Non-compliance (Xin Guang Dian Fa [2017] No. 254) (《關於進一步加強廣播電視節目備案管理和違規處理的通知》(新廣電發[2017]254號)) promulgated by the State Administration of Press, Publication, Radio, Film and Television on December 6, 2017, radio station or television station shall file for record with the competent radio and television administrative department at or above the provincial level certain key types of radio and television programs before broadcasting. Such key types of radio and television programs include without limitation certain types of prime-time programs of satellite comprehensive channels.

Pursuant to the Notice on Further Strengthening the Administration of Online Dramas, Microfilms and other Online Audio-visual Programs (Guang Fa [2012] No. 53) (《關於進一步加強網絡劇、微電影等網絡視聽節目管理的通知》(廣發[2012]53號)) promulgated by the State Administration of Radio, Film and Television and the Cyberspace Administration on July 6, 2012, an online audio-visual program service provider shall carry out the management system of reviewing prior to broadcasting online audio-visual programs. Before broadcasting online audio-visual programs, the online audio-visual program service provider shall arrange its content censors to review the content of such online audio-visual programs proposed to be broadcasted, and may not broadcast such programs on the Internet until they are approved upon review. An online audio-visual program service provider shall file for record the information of the approved online audio-visual programs with the provincial radio and television administrative department.

Regulations in relation to product quality

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 amended on July 8, 2000, August 27, 2009 and December 29, 2018 is the principal governing law relating to the supervision and administration of product quality, which clarified liabilities of the manufactures and sellers. Manufacturers shall be responsible for the quality of their products. If a defect in a product causes physical injury or damage to property other than the defective product, the manufacturers shall bear liability for compensation, unless they are able to prove that: (1) the product has not been put into circulation; (2) the defects causing injuries or damage did not exist at the time when the product was circulated; or (3) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects. A seller shall pay compensation if it fails to

indicate neither the manufacturer nor the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller.

Pursuant to the Tort Liability Law of the PRC (《中華人民共和國侵權責任法》), promulgated by the SCNPC on December 26, 2009 and effective from July 1, 2010, manufacturers shall assume tort liability where the defects in relevant products cause damage to others. Sellers shall assume tort liability where the defects in relevant products causing damage to others are attributable to the sellers. The infringed party may claim for compensation from the manufacturer or the seller of the relevant product in which the defects have caused damage. The Tort Liability Law of the PRC was repealed by the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**") which was promulgated on May 28, 2020 and became effective on January 1, 2021. According to the Civil Code, if damages to other persons are caused by defective products due to the fault of third parties, such as the parties providing transportation or warehousing, the producers and the sellers of the products have the right to recover their respective losses from such third parties. If defective products are identified after they have been put into circulation, the producers or the sellers shall take remedial measures such as issuance of a warning, recall of products, etc., in a timely manner. The producers or the sellers shall be liable under tort if they fail to take remedial measures in a timely manner or have not made efforts to take remedial measures, thus causing damages. If the products are produced or sold with known defects, causing deaths or severe adverse health issues, the infringed party has the right to claim punitive damages in addition to compensatory damages.

Regulations in relation to consumer protection

According to the Consumer Protection Law of the PRC (《中華人民共和國消費者權益保護法》) (the "**Consumer Protection Law**") which was promulgated by the SCNPC on October 31, 1993 and became effective on January 1, 1994 and was amended on August 27, 2009 and October 25, 2013, where business operators sell commodities on the internet, on television, over telephone, or by mail order, consumers shall have the right to return the commodities within seven days of receipt of them without cause, subject to certain exceptions. Moreover, consumers are entitled to the protection of their personal safety and property security at the time of purchase and use of goods and receipt of services. Violations of the Consumer Protection Law may result in the imposition of fines, the suspension of operation, the revocation of business license or even criminal liability of the business operators.

Regulations in relation to intellectual property

Trademark

Trademarks are protected by the PRC Trademark Law (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982 and subsequently amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 as well as the Implementation Regulation of the PRC Trademark Law (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002 and amended on April 29, 2014. The Trademark Office of

National Intellectual Property Administration (國家知識產權局商標局) (the "**Trademark Office**") handles trademark registrations and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the first or any renewed ten-year term. Trademark registrant may license its registered trademark to another party by entering into a trademark license agreement. Trademark license agreements must be filed with the Trademark Office to be recorded, while the non-filing of the licensing of a trademark shall not be contested against a good faith third-party. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities.

The PRC Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

Domain name

Internet domain name registration and related matters are primarily regulated by the Measures on Administration of Domain Names for the Chinese Internet (《中國互聯網絡域名管理辦法》) promulgated by the MII on November 5, 2004 and took into effect on December 20, 2004, which was superseded by the Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and took into effect on November 1, 2017. Domain name owners are required to register their domain names and the MIIT is in charge of the administration of PRC Internet domain names. The domain name services follow a "first come, first file" principle. Applicants for registration of domain names shall provide their true, accurate and complete information of such domain names to and enter into registration agreements with domain name registration service institutions. The applicants will become the holders of such domain names upon the completion of the registration procedure.

Patent

Pursuant to the Patent Law of the PRC (Revision 2020) (《中華人民共和國專利法》(2020年修訂)) promulgated by the SCNPC on October 17, 2020 and took into effect on June 1, 2021, and its Implementation Rules (Revision 2010) (《中華人民共和國專利法實施細則》(2010年修訂)) promulgated by the State Council on January 9, 2010 and took into effect on February 1, 2010, the National Intellectual Property Administration is responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law of the PRC and its implementation rules provide for three types of patents, "invention", "utility model" and "design". Invention patents are valid for twenty years, while design patents and utility model patents are valid for ten years, from the date of

application. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third party must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, implemented on June 1, 1991 and amended on October 27, 2001, February 26, 2010 and November 11, 2020 (the latest revision became effective on June 1, 2021) and the Implementing Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) promulgated by the State Council on August 2, 2002, amended on January 8, 2011 and January 30, 2013 (the latest revision became effective on March 1, 2013), the PRC nationals, legal persons, and other organizations shall, enjoy copyright in their works, whether published or not, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. The copyright owner enjoys various kinds of rights, including right of publication, right of authorship and right of reproduction.

Any work of a foreigner or stateless person which acquires copyright under an agreement concluded between the PRC and the country to which the author belongs or in which the author permanently resides, or under an international treaty to which both countries are parties, shall be protected by this Law. Any work of a foreigner or stateless person published for the first time and within the territory of the PRC shall acquire copyright in accordance with the relevant rules.

Regulations in relation to employment and social welfare

The Labor Contract Law

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, becoming effective on January 1, 1995 and amended on August 27, 2009 and on December 29, 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, becoming effective on January 1, 2008 and amended on December 28, 2012 and effective from July 1, 2013, and the Regulations on the Implementation of the Labor Contract Law (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council and came into effect on September 18, 2008, labor relationships between employers and employees must be executed in written form. Where a labor relationship has already been established but no formal contract has been made, a written labor contract shall be entered into within one month from the date when the employee begins to work. Wages may not be lower than the local minimum wage. Employers must establish a system for labor safety and sanitation, strictly abide by state standards and provide relevant training to its employees. Employees are also required to work in safe and sanitary conditions.

Social insurance and housing fund

Enterprises in China are required by the PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund.

Pursuant to the Social Security Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and came into effect on July 1, 2011 and amended on December 29, 2018, and other relevant PRC laws and regulations such as the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) came into effect on January 22, 1999 and amended on March 24, 2019, Regulations on Work Injury Insurance (《工傷保險條例》) implemented on January 1, 2004 and amended on December 20, 2010, Regulations on Unemployment Insurance (《失業保險條例》) promulgated on January 22, 1999 and Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》) implemented on January 1, 1995, the employer shall contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, work injury insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees, while work injury insurance and maternity insurance contributions shall be paid only by employers, and employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

Pursuant to the Regulations on the Administration of Housing Fund (《住房公積金管理條例》), which was promulgated by the State Council and became effective on April 3, 1999, and was amended on March 24, 2002 and March 24, 2019, enterprises in the PRC must register with the competent managing center for housing funds and upon the examination by such center, these enterprises shall complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner. Employers that violate these regulations and fail to process housing fund payments or deposit registrations with the housing fund administration center within a designated period are subject to a fine ranging from RMB10,000 to RMB50,000.

Regulations in relation to taxation

Enterprise income tax

Pursuant to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》) (the "**EIT Law**") promulgated on March 16, 2007, amended on February 24, 2017 and December 29, 2018, and the Enterprise Income Tax Implementation Regulations of the PRC (《中華人民共和國

企業所得税法實施條例》) (the "**EITIR**"), which was promulgated by the State Council on December 6, 2007, became effective on January 1, 2008 and was amended on April 23, 2019, the income tax rate for both domestic and foreign-invested enterprises is 25%. Enterprises established outside the PRC with "de facto management bodies" located in the PRC are considered as "resident enterprises" and are subject to the uniform 25% enterprise income tax rate for their global income. "Non-resident enterprises" are defined as enterprises that are organized under the laws of foreign countries and have "de facto management bodies" located outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law, non-resident enterprises are generally subject to a uniform corporate income tax of 25%. However, pursuant to the EIT Law and its implementing rules, if non-resident enterprises have not formed establishments or premises in the PRC, or if they have formed establishments or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the establishments or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from inside the PRC.

Dividends withholding tax

According to the EIT Law, dividends paid by foreign-invested companies to their foreign investors that are non-resident enterprises as defined under the law are subject to withholding tax at a rate of 10%, unless otherwise provided in the relevant tax agreements entered into with the central government of the PRC. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排) (the "**Double Tax Avoidance Arrangement**") promulgated on August 21, 2006, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement, the withholding tax rate on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% from 10% applicable under the EIT Law and the EITIR.

However, based on the Notice of the State Administration of Taxation on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (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) promulgated and took into effect on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment.

Based on the Notice of the State Administration of Taxation on the Recognition of Beneficial Owners in Tax Treaties (國家税務總局關於税收協定中"受益所有人"有關問題的公告), which was promulgated by SAT on February 3, 2018 and came into effect on April 1, 2018, a comprehensive analysis will be used to determine beneficial ownership based on the actual situation of a specific case combined with certain principles, and if an applicant was obliged to pay more than 50% of its income to a third country (region) resident within 12 months of the receipt of the income, or the business activities undertaken by an applicant did not constitute substantive business activities including substantive manufacturing, distribution, management

and other activities, the applicant was unlikely to be recognized as an beneficial owner to enjoy tax treaty benefits.

Value-added tax

Pursuant to the Pilot Proposals for the Collection of Value-Added Tax in Lieu of Business Tax (《營業税改徵增值税試點方案》) issued jointly by the Ministry of Finance (the "**MOF**") and the SAT on November 16, 2011 and with effect from November 16, 2011, the pilot program shall be initiated on January 1, 2012, and timely improve the program according to the circumstances and choose a right time to expand the scope of the pilot program. The pilot program shall be conducted in the production-oriented service industries such as the transportation industry and some modern service industries in the pilot regions and gradually spread to other industries. On the basis of the current standard value-added tax ("**VAT**") rate of 17% and low VAT rate of 13%, two low tax rates of 11% and 6% shall be added. The tax rate of 17% shall be applicable to those like lease of tangible personal property, the tax rate of 11% shall be applicable to the transportation industry and the construction industry, and the tax rate of 6% shall be applicable to other modern service industries. Up to August 1, 2013, the scope of the pilot for the Collection of Value-Added Tax in Lieu of Business Tax program had expanded to the whole country.

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《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 last amended on November 19, 2017 with effect from the same day and the Implementing Rules of the Provisional 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 MOF on December 25, 1993, came into effect on January 1, 1994, and was last amended on October 28, 2011, all entities or individuals in the PRC engaging in the sale of goods, services, intangible assets or real estate, the provision of processing repairing and replacement services, and the importation of goods are required to pay VAT. The amount of VAT payable is calculated as "output VAT" minus "input VAT". The rate of VAT is 17% for those engaging in the sale or importation of goods, provision of processing, repairing and replacement services, or lease of tangible personal property, except as otherwise provided in the Provisional Regulations on Value-added Tax of the PRC.

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、税務總局關於調整增值税税率的通知》) promulgated on April 4, 2018 and taking effect from May 1, 2018, a taxpayer who is previously subject to VAT rates of 17% and 11% respectively on VAT-taxable sales activities or imported goods shall have the applicable tax rates adjusted to 16% and 10% respectively. As regards exported goods that are previously subject to VAT rate of 17% and are eligible for export tax rebate of 17%, their export tax rebate shall be adjusted to 16%. As regards exported goods and cross-border taxable activities that are previously subject to VAT rate of 11% and are eligible for export tax rebate of 11%, their export tax rebate shall be adjusted to 10%.

According to the Announcement on Policies related to Deepening VAT Reform (《關於深化增值税改革有關政策的公告》), which was promulgated on March 20, 2019 and became effective

on April 1, 2019, VAT general taxpayers who conduct VAT taxable sales or import goods subject to a 16% tax rate will enjoy an adjusted tax rate of 13% while those subject to a 10% tax rate will enjoy an adjusted tax rate of 9%. For export goods subject to a 16% tax rate and export tax rebate rate of 16%, the export tax rebate rate will be adjusted to 13%; while for exported goods or cross-border taxable behaviors subject to a 10% tax rate and export tax rebate rate of 10%, the export tax rebate rate will be adjusted to 9%.

Enterprise income tax on indirect transfer of non-resident enterprises

On December 10, 2009, the SAT issued the Circular 698. By promulgating and implementing the Circular 698, the PRC tax authorities have enhanced their scrutiny over the indirect transfer of equity interests in a PRC resident enterprise by a non-resident enterprise. The SAT further issued the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (國家税務總局關於非居民企業間接轉讓財產企業所得税若干問題的公告) (the "**Circular 7**") on February 3, 2015, to supersede existing provisions in relation to the indirect transfer as set forth in the Circular 698. The Circular 7 introduces a new tax regime that is significantly different from that under the Circular 698. The Circular 7 extends its tax jurisdiction to capture not only indirect transfer as set forth under the Circular 698 but also transactions involving transfer of immovable property in China and assets held under the establishment and place, in China of a foreign company through the offshore transfer of a foreign intermediate holding company. The Circular 7 also provides clearer criteria than the Circular 698 on how to assess reasonable commercial purposes and introduces safe harbor scenarios applicable to internal group restructurings. Where a non-resident enterprise indirectly transfers equity interests or other assets of a PRC resident enterprise by implementing arrangements that are not for reasonable commercial purposes to avoid its obligation to pay enterprise income tax, such an indirect transfer shall, in accordance with the EIT Law, be recognized by the competent PRC tax authorities as a direct transfer of equity interests or other assets by the PRC resident enterprise.

On October 17, 2017, the SAT promulgated the Announcement on Matters Concerning Withholding and Payment of Income Tax of Non-resident Enterprises from Source (國家税務總局關於非居民企業所得税源泉扣繳有關問題的公告) (the "**SAT Circular 37**"), which came into force and replace the Circular 698 and certain other regulations on December 1, 2017 and partly amended on June 15, 2018. The SAT Circular 37 does, among other things, simplify procedures of withholding and payment of income tax levied on non-resident enterprises.

Regulations in relation to foreign exchange

Pursuant to the Regulations of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on January 29, 1996, taking effect on April 1, 1996 and amended on August 5, 2008 and other related regulations, no restrictions are imposed on international payments and transfers under the current account. Foreign exchange receipts and payments under the current account, such as goods and service-related foreign exchange transactions and interest and dividend payments, shall be based on true and legitimate transactions and can be processed directly at a bank against authentic and valid transaction

documents. Foreign exchange receipts and payments under the capital account, such as direct equity investment and loans, shall go with registration procedures at foreign exchange administration departments, and shall also go through certain approval or record-filing procedures if the relevant laws and regulations require such approval or record-filing. The foreign exchange and settlement fund under the capital account shall be used for the purpose approved by the relevant authorities and foreign exchange administration departments.

In February 13, 2015, the State Administration for Foreign Exchange issued the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the "**SAFE Circular 13**"), pursuant to which, foreign exchange registration and approval in respect of overseas direct investment are cancelled and relevant banks are authorized to review and handle foreign exchange registration in accordance with the SAFE Circular 13 and the Operational Guidance for Direct Investment Foreign Exchange Business and SAFE and its local counterparts will exert indirect supervision on direct investment foreign exchange registration via banks.

In accordance with the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Accounts (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), issued by SAFE on June 9, 2016, and taking effect on the same day, the settlement of foreign exchange receipts under the capital account (including foreign exchange capital, external debts, funds repatriated from overseas listing, etc.) entitled to discretionary settlement in accordance with relevant policies, may be conducted at a bank based on the actual operating needs of domestic entities. The discretionary settlement ratio of foreign exchange receipts under the capital account of domestic entities is tentatively set as 100%. SAFE may adjust the above ratio in due time in accordance with receipt and payment balance and status.

Regulations in relation to foreign exchange registration of domestic individuals participating in stock incentive plan of overseas publicly listed company

Pursuant to the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) promulgated by the SAFE on February 15, 2012, PRC citizens and non-PRC citizens residing in China for a continuous period of not less than one year with the exception of foreign diplomats in China and the representatives of any international organization in China, who participate in any stock incentive plan of an overseas publicly listed company, are required to register with SAFE through a domestic qualified agent and complete certain other procedures, unless certain exceptions are available. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests.

Regulations relating to cybersecurity review

On November 14, 2021, the Cyberspace Administration of China ("**CAC**") published a draft of the Administrative Regulations for Internet Data Security (網絡數據安全管理條例(徵求意見稿)) (the "**Draft Cyber Data Security Regulations**"), providing that data processors conducting the following activities must apply for cybersecurity review: (i) merger, reorganization, or division of internet platform operators that have acquired a large number of data resources related to national security, economic development, or public interests affects or may affect national security; (ii) a foreign listing by data processors processing over one million users' personal information; (iii) listing in Hong Kong that affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. However, the Draft Cyber Data Security Regulations does not provide the standard to determine the circumstances that would be determined to "affect or may affect national security". The CAC solicited comments until December 13, 2021, but there is no timetable as to when it will be enacted.

On December 28, 2021, the CAC, the National Development and Reform Commission of the PRC, the MIIT and several other PRC governmental authorities jointly issued the Cybersecurity Review Measures (網絡安全審查辦法), which became effective on February 15, 2022 and replaced the Cybersecurity Review Measures published on April 13, 2020. The Cybersecurity Review Measures provides that, network platform operators with personal information of over one million users shall be subject to cybersecurity review before listing abroad (國外上市). The cybersecurity review will evaluate, among others, the risk of critical information infrastructure, core data, important data, or a large amount of personal information being influenced, controlled or maliciously used by foreign governments after going public, and cyber information security risk. Pursuant to Cybersecurity Review Measures, critical information infrastructure operators that purchase network products and services, and network platform operators engaging in data processing activities that affect or may affect national security are subject to cybersecurity review under the Cybersecurity Review Measures. In addition, (i) the relevant government authorities may initiate the cybersecurity review against the relevant operators if the authorities believe that the network products or services or data processing activities of such operators affect or may affect national security; and (ii) network platform operators who possess personal information of more than one million users and intend to be listed at a foreign stock exchange must be subject to the cybersecurity review.

REGULATIONS ON OVERSEAS LISTINGS

On February 17, 2023, with the approval of the State Council, the CSRC released the Trial Measures and five supporting guidelines, which will come into effect on March 31, 2023. According to the Trial Measures, (1) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC. If a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly

liable persons may also be subject to administrative penalties such as warnings and fines; (2) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (i) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; (ii) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of operation and management of the issuer are mostly Chinese citizens or have domicile in China; and (3) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with CSRC, and where an issuer makes an application for initial public offering and listing in an overseas market, the issuer shall submit filings with the CSRC within 3 business days after such application is submitted.

Pursuant to the Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfil the filing procedure with the CSRC and report relevant information. The Trial Measures provides that an overseas offering and listing is explicitly prohibited, if any of the following: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended overseas securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

On February 17, 2023, the CSRC also issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (關於境內企業境外發行上市備案管理安排的通知) (i.e. the Notice), which, among others, clarified that (1) on or prior to the effective date of the Trial Measures, domestic companies that have already submitted valid applications for overseas offering and listing but have not obtained approval from overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with CSRC and must complete the filing before the completion of their overseas offering and listing; (2) a six-month transition period will be granted to domestic companies which, prior to the effective date of the Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (according to the Notice, such "approval from overseas regulatory authorities or stock exchanges" include the pass of the hearing for applicants who apply for listing on the Stock Exchange) but have not completed the indirect overseas listing. If domestic companies fail to complete the overseas listing within such six-month transition period, they shall file with CSRC according to the requirements. As confirmed by the

Company, if the above requirements cannot be met, the Company will schedule the submission of the filing application in a reasonable manner after submitting the application documents for issuance and listing, and undertake not to implement the issuance before completion of filing procedures with the CSRC.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provision on Confidentiality**"), which will be effective on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions.

APPROVAL OF INVESTMENT REGULATIONS

According to the Approval of Investment Regulations, direct or indirect investments made by each individual with Taiwan passport or Taiwan-incorporated entity in Mainland China through companies under its control are subject to the approval of the Taiwan Investment Commission.

The Approval of Investment Regulations also set certain limitations on the amount and business categories of investments that individuals with Taiwan passport or Taiwan-incorporated entities may make in the Mainland China.

Other than investments in prohibited or conditionally permitted categories, if the total investment amount of each individual with Taiwan passport or Taiwan-incorporated entity in a Mainland China enterprise does not exceed US$1 million, these persons can report to the Taiwan Investment Commission within six months after the investment was made in such Mainland China enterprise. If such individual or entity's investment in a Mainland China enterprise exceeds US$1 million, they are required to obtain the Taiwan Investment Commission's prior approval before conducting such investment. In addition, individuals with Taiwan passport are also restricted by the Annual Investment Quota of US$5 million per year for investments in Mainland China.

As of the Latest Practicable Date, our Taiwan Shareholders indirectly held in aggregate approximately 64.5% of our Shares. As advised by our Taiwan Legal Advisors, since our Founders are holders of Taiwan passports, their indirect investment in our operating subsidiary in Mainland China is subject to the approval of the Taiwan Investment Commission, and the above investment shall be categorised under the general items (i.e. not businesses where investment by investors with Taiwan passport or are Taiwan-incorporated entities is prohibited or conditionally permitted) pursuant to the Approval of Investment Regulations. Our Taiwan Shareholders filed their respective indirect investment in our operating subsidiary in Mainland China with, and obtained the approval thereof from the Taiwan Investment Commission. As advised by our Taiwan Legal Advisors, our Taiwan Shareholders had fulfilled all relevant legal requirements in respect of their investment in our Group as required under Taiwan laws.

Any additional investment by our Taiwan Shareholder(s) in the future will be subject to prior approval by the Taiwan Investment Commission (if the total investment amount made by each Taiwan Shareholder in one Mainland China entity exceeded US$1 million). Each of our Taiwan Shareholders are also subject to the Annual Investment Quota of US$5 million.

Based on our Taiwan Legal Advisors' interpretation and its consultation with the Taiwan Investment Commission, we believe that the Taiwan Investment Commission would likely take the position that any equity capital increase by our Taiwan Shareholders through our Company (and/or other holding companies) into our subsidiary(ies) in Mainland China will be considered as additional investment by our Taiwan Shareholders, and the amount of investment made by each Taiwan Shareholder will be determined with reference to their shareholding in our Company. If the Taiwan Investment Commission takes that position, each of our Taiwan Shareholders will be required to obtain an approval from the Taiwan Investment Commission for their equity capital increase. Based on the current practice and policy of the Taiwan Investment Commission, our Taiwan Shareholders are not expected to have any legal impediment in obtaining the pre-approval (or the subsequent approval, if his/her total investment amount in one Mainland China entity has not exceeded US$1 million) from the Taiwan Investment Commission for equity capital increase into our Mainland China subsidiaries in the future so long as each of our Taiwan Shareholders meets the criteria prescribed by the Approval of Investment Regulations and the equity capital increase does not exceed the Annual Investment Quota. We cannot guarantee that the current practice and policy of the Taiwan Investment Commission will remain the same in the future.

For the avoidance of doubt, based on the Foreign and Mainland China Investment Regulations and Case Sharing (對外及對大陸投資法規與案例分享) published by the Taiwan Investment Commission, if we conduct an equity capital increase into our Mainland China subsidiaries using **[REDACTED]** from the **[REDACTED]**, such equity capital increase will not be counted towards the Annual Investment Quota of each Taiwan Shareholder as such proceeds represent funds received by us from third party investors. Intra-group loans or transactions provided by our group companies are also not counted towards the Annual Investment Quota of each Taiwan Shareholder as they are not considered as an investment act. When our Taiwan Shareholders report their investment in Mainland China to the Taiwan Investment Commission to obtain its approval, they shall substantiate source of fund used for the equity capital increase if the authority enquires.