This section sets forth a summary of the principal laws, rules and regulations in the PRC that are relevant to our business.

## PRINCIPAL REGULATORY AUTHORITIES

The principal regulatory authorities governing the CRDMO industry in the PRC include the NMPA and the National Development and Reform Commission (the "**NDRC**").

The NMPA, under and supervised by the State Administration for Market Regulation, is the primary regulatory agency in the PRC for the supervision and management of the pharmaceutical products and related businesses, and regulates almost all the key stages of the life-cycle of pharmaceutical products. As our principal business is the discovery of bioconjugates, development and manufacturing of drug substance and drug products when providing CRDMO services, we are subject to the NMPA's and its local counterpart's administration and supervision.

The NDRC, being the macro-economic management administrative authority under the PRC State Council, has broad and extensive administrative and planning control over the economic activities in China, including promoting the development of strategic new industries including drug research and contract research and development, reviewing and formulating policies.

## LAWS AND REGULATIONS OF THE PRC

### Regulations of Bio-industry

To promote the development of bio-industry, the PRC government has promulgated a series of industry policies in recent years. The General Office of the PRC State Council promulgated the Circular on Printing and Issuing Certain Policies for Promotion of Accelerated Development of Bio-industry (關於印發促進生物產業加快發展若干政策的通知) on June 2, 2009, clearly indicating that accelerating the development of bio-industry is a major initiative for China to grasp the strategic opportunity of the revolution of new scientific technology and to build an innovation-oriented country in an all-round way in the new century. On October 9, 2010, the Guidance on the Acceleration of the Structural Adjustment of the Pharmaceutical Industry (關於加快醫藥行業結構調整的指導意見) was promulgated and it requests boosting the development and innovation of biological technologies and pharmaceutical agents and breakthroughs of technologies, including large-scale and high throughput gene cloning and protein expression, humanization of antibody, preparation of humanized antibody, new vaccine adjuvants and large-scale cell culturing and protein purification. On October 10, 2010, the PRC State Council issued the Decision on Accelerating the Fostering and Development of Strategic Emerging Industries (關於加快培育和發展戰略性新興產業的決定), categorizing the bio-industry as a strategic emerging industry and calling for strong supports to not only develop biotechnology-derived pharmaceuticals, new types of vaccines, diagnostic reagents, chemical drugs and other large varieties of innovative pharmaceuticals used for the prevention and control of critical diseases, but also raise standards of biomedical industry.

According to the Notice of the NDRC on Printing and Distributing of the "13th Five-Year Plan" for Biological Industry (關於印發"十三五"生物產業發展規劃的通知) (Fa Gai Gao Ji [2016] No. 2665) issued on December 20, 2016, the PRC government, among others, intends to foster new types of business in the industry of bio-pharma services by establishing professional specialized service platforms and improving the level of specialization, including prioritizing the pharmaceutical services, which are in conformity with international standards, covering translational medicine, CRO, CMO, third-party medical testing services, and health management services, to research and develop a batch of internationally-leading

innovative drugs, particularly in treatment of malignant tumors and fatal infectious diseases. According to the Notice of the NDRC on Printing and Distributing of the "14th Five-Year Plan" for Bio-economy Development Planning (關於印發"十四五"生物經濟發展規劃的通知) (Fa Gai Gao Ji [2021] No. 1850) issued on December 20, 2021, the PRC government, among others, intends to emphasize on the development of bio-economy industry, which will become a key driving force to boost high-quality development by 2025.

**Regulations on Drug Research, Development and Manufacturing Services**

***Regulations on Drug Research and Development***

The institutions for non-clinical safety evaluation and study shall implement the Good Laboratory Practice for Non-Clinical Laboratory Studies (藥物非臨床研究質量管理規範) (the "**GLP**"). GLP contains a set of rules and criteria for the quality system concerned with the organizational process and conditions under which non-clinical laboratory studies are planned, performed, monitored, recorded, achieved and reported. Other pre-clinical related research activities for the purpose of drug registration shall be carried out with reference to the GLP.

***Regulations on Drug Manufacturing***

According to the Drug Administration Law of the PRC (中華人民共和國藥品管理法), or the Drug Administration Law, which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") in September 1984 and last amended in August 2019, a drug manufacturing enterprise is required to obtain a Drug Manufacturing License (藥品生產許可證) from the relevant provincial counterpart of the NMPA. According to the Measures for the Supervision and Administration of Drugs (藥品生產監督管理辦法) promulgated by the China Food and Drug Administration (the predecessor of the NMPA) on August 5, 2004 and last amended on January 15, 2020, a Drug Manufacturing License is valid for five years and may be renewed upon the application by the holder of such Drug Manufacturing License at least six months prior to the expiration date and the approval by the provincial counterpart of the NMPA originally issues the Drug Manufacturing License.

The Good Manufacturing Practice for Drugs (藥品生產質量管理規範) (the "**GMP**") which was promulgated in March 1988 and last amended in January 2011 and took effect on March 1, 2011, comprises a set of detailed standard guidelines governing the manufacture of the drugs, including institution and staff qualifications, production premises and facilities, equipment, hygiene conditions, production management, quality controls, product operation, raw material management, maintenance of sales records and manner of handling customer complaints.

In November 2019, the NMPA issued the Announcement on Matters Pertaining to the Implementation of the Drug Administration Law of the PRC (關於貫徹實施《中華人民共和國藥品管理法》有關事項的公告), in accordance to which the GMP certification was canceled from December 1, 2019, and no application for GMP certification would be accepted and no GMP certificate would be granted. However, according to the Drug Administration Law, drug manufacturers shall still comply with the GMP, establish and improve the GMP system, and ensure the whole drug production process is consistently in compliance with statutory requirements.

In May 2021, the NMPA promulgated the Administrative Measures for Drug Inspection (Trial Implementation) (藥品檢查管理辦法(試行)) which became effective on the same date, and the Administrative Measures for the Certification of Good Manufacturing Practice for Drugs (藥品生產質量管理規範認證管理辦法) were repealed concurrently. The Administrative Measures for Drug Inspection (Trial Implementation) provide that if a drug manufacturer applies for a drug manufacturing license for the first time, onsite inspections to be conducted in accordance with the GMP requirements is required, while for a drug manufacturer applying for the renewal of a drug manufacturing license, the review will be conducted based on the risk management principles, taking into account certain factors, including the drug manufacturer's compliance with the laws and regulations of drug administration, the drug manufacturer's operation of the GMP system and quality management system, and inspections on the drug manufacturer's conformity to the GMP requirements may be conducted where necessary.

**Regulation on Pathogenic Microorganism Laboratories**

According to the Regulations on Administration of Bio-safety in Pathogenic Microorganism Laboratories (病原微生物實驗室生物安全管理條例), which were promulgated by the PRC State Council on November 12, 2004 and last amended on March 19, 2018, the pathogenic microorganism laboratory is classified into four levels, namely Bio-safety Level 1, 2, 3 and 4 in terms of the national standard on biosafety of the laboratory. A laboratory of Bio-safety Level 1 or 2 shall not conduct laboratory activities related to highly pathogenic microorganisms. The construction, alteration or expansion of a laboratory of Bio-safety Level 1 or 2 shall be reported for the record to competent health authorities. The establisher of a laboratory shall develop a scientific and strict management system, regularly inspect the implementation of the regulations on bio-safety, and regularly inspect, maintain and update the facilities, equipment and materials in the laboratory, to ensure its compliance with the national standards. As of the Latest Practicable Date, we have two pathogenic microorganism laboratories of Bio-safety Level 2.

**Regulations on 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), or the PRC Company Law, which was promulgated by the SCNPC, in December 1993 and further amended in December 1999, August 2004, October 2005, December 2013 and October 2018, respectively. According to the PRC Company Law, companies are generally classified into two categories: limited liability companies and companies limited by shares. The PRC Company Law also applies to foreign-invested limited liability companies. According to the PRC Company Law, where laws on foreign investment have other stipulations, such stipulations shall prevail.

Investment activities in the PRC by foreign investors are governed by the Provisions on Guiding Foreign Investment Direction (指導外商投資方向規定), which was promulgated by the PRC State Council in February 2002 and came into effect in April 2002, the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2021 Version) (外商投資准入特別管理措施(負面清單)(2021年版)), or the Negative List, which was promulgated by the Ministry of Commerce of the PRC, or MOFCOM, and the NDRC, in December 2021 and came into effect in January 2022, and the Catalogue of Encouraged Industries for Foreign Investment (2022 version) (鼓勵外商投資產業目錄(2022年版)), or the Encouraged Catalogue, which was promulgated by MOFCOM and the NDRC in October 2022 and came into effect in January 2023. The Provisions on Guiding Foreign Investment Direction divides foreign investment projects into four categories, namely "encouraged," "permitted," "restricted" and "prohibited" categories. The Encouraged Catalogue lists the foreign investment projects of the encouraged category, while the Negative List set out the foreign investment projects of the restricted and prohibited categories,

and foreign investment projects which fall outside the encouraged, restricted and prohibited categories belong to the permitted category. The Negative List sets out the restrictive measures in a unified manner, such as the requirements on shareholding percentages and corporate governance, for the access of foreign investments, and the industries that are prohibited from receiving foreign investment. The Negative List covers 12 industries, and any field not falling under the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

The Foreign Investment Law of the PRC (中華人民共和國外商投資法), or the PRC Foreign Investment Law, was promulgated by the National People's Congress or NPC in March 2019 and came into effect in January 2020. The Law on Wholly Foreign-owned Enterprises of the PRC (中華人民共和國外資企業法), the Law on Sino-foreign Equity Joint Ventures of the PRC (中華人民共和國中外合資經營企業法) and the Law on Sino-foreign Cooperative Joint Ventures of the PRC (中華人民共和國中外合作經營企業法) were repealed upon the PRC Foreign Investment Law coming into effect. The investment activities of foreign natural persons, enterprises or other organizations (collectively, the "**foreign investors**") directly or indirectly within the territory of China shall comply with and be governed by the PRC Foreign Investment Law. Such activities include establishments by foreign investors of foreign-invested enterprises in China alone or jointly with other investors; acquisitions by foreign investors of shares, equity, property shares, or other similar interests of Chinese domestic enterprises; investments by foreign investors in new projects in China alone or jointly with other investors; and other forms of investment prescribed by laws, administrative regulations or the PRC State Council.

In December 2019, the PRC State Council promulgated the Regulations on Implementing the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例), which came into effect in January 2020. Upon the Regulations on Implementing the Foreign Investment Law of the PRC coming into effect, the Regulations on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (中華人民共和國中外合資經營企業法實施條例), Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture Enterprise (中外合資經營企業合營期限暫行規定), the Regulations on Implementing the Wholly Foreign-Invested Enterprise Law of the PRC (中華人民共和國外資企業法實施細則) and the Regulations on Implementing the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC (中華人民共和國中外合作經營企業法實施細則) were repealed simultaneously.

In December 2019, MOFCOM and the State Administration for Market Regulation, or the SAMR, promulgated the Measures on Reporting of Foreign Investment Information (外商投資信息報告辦法), which came into effect in January 2020 and supersedes the Interim Measures for the Administration of Filing for Establishment and Changes in Foreign Investment Enterprises (外商投資企業設立及備案管理暫行辦法). 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 relevant commerce administrative authorities in accordance with the Measures on Reporting of Foreign Investment Information.

In December 2020, the NDRC and MOFCOM promulgated the Measures on the Security Review of Foreign Investment (外商投資安全審查辦法), which came into effect in January 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, the scopes of review and procedures to review, among others.

**Regulations on Import and Export of Goods**

According 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 last amended with effect from December 30, 2022, foreign trade operators engaged in the import and export of goods or technologies are no longer required to make a record-filing with the administrative authority of the foreign trade of the PRC State Council or its authorized agency from December 30, 2022.

According to the Regulations on the Administration over Import and Export of Goods of the PRC (中華人民共和國貨物進出口管理條例) promulgated by the PRC State Council on December 10, 2001 with effect from January 1, 2002, the import and export of goods are generally allowed by the PRC government, but the prohibitions or restrictions explicitly stipulated in the laws or administrative regulations shall still be complied with during the conduct of import and export of goods by individuals or entities. The PRC government adopts an automatic import and export licensing administration system for some freely imported and exported goods and technologies, and has a catalog of such goods and technologies. From time to time, the PRC government promulgates and updates the catalogue of restricted and prohibited goods and technologies. For goods and technologies subject to import or export restrictions, the PRC government maintains separate quota managing and licensing systems. Restricted goods or technologies may only be imported or exported with the approval of the relevant foreign trade administrative authority. Prohibited goods or technologies may not be imported or exported at all. In addition, according to the Provisions on the Administration of the Health and Quarantine of Entry/Exit Special Articles (出入境特殊物品衛生檢疫管理規定), promulgated by the General Administration of Customs of the PRC and last amended with effect from November 23, 2018, import and export of special articles such as microorganisms, human tissues, biological products, blood and blood products shall be subject to sanitation and quarantine administration. The owner of special articles or its customs broker shall apply for an approval of sanitation and quarantine of special articles with local customs before handing over the special articles for shipment.

According to the Customs Law of the PRC (中華人民共和國海關法), which was last amended with effect from April 29, 2021, the General Administration of Customs of the PRC is the State's entry and exit customs supervision and administration authority. The General Administration of Customs is responsible for supervising the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collecting customs duties and other taxes and fees, and preventing and countering smuggling. The consignees and consignors for imported or exported goods and the customs brokers engaged in customs declaration shall file with the competent customs authorities for record in accordance with law. The customs brokers or individuals engaged in customs declaration shall not illegally make customs declaration on behalf of others.

According to the Administrative Provisions on the Record-Filing of Customs Declaration Entities of the PRC (中華人民共和國海關報關單位備案管理規定), which were promulgated by the General Administration of Customs of the PRC on November 19, 2021 and came into effect on January 1, 2022, consignors or consignees of imported or exported goods or customs declaration enterprises that apply for record-filing shall obtain market entity qualifications.

## Regulations on Enterprise Investment Projects

According to Regulations on the Administration of Approval and Record-Filing of Enterprise Investment Projects (企業投資項目核准和備案管理條例) which were promulgated by the PRC State Council on November 30, 2016 and became effective from February 1, 2017, pre-approval is required for projects that have national security concern or relate to major productivity distribution, strategic resource development and major public interests, and projects other than the aforesaid ones are subject to administration by way of filing. The Notice of the PRC State Council on Issuing the Catalogue of Investment Projects Approved by the Government (2016 Version) (國務院關於發佈政府核准的投資項目目錄(2016年本)的通知) issued by the PRC State Council and taking effect from December 12, 2016 set out projects required for pre-approval.

## Regulations on Construction

### *Construction Work Planning Permit*

In accordance with the Urban and Rural Planning Law of the PRC (中華人民共和國城鄉規劃法) promulgated by the SCNPC on October 28, 2007 and last amended with effect from April 23, 2019, where construction work is conducted in a city or town planning area, the relevant construction entity shall apply for a construction work planning permit (建設工程規劃許可證) from the competent administrative authority in charge of urban and rural planning.

### *Construction Work Commencement Permit*

According to the Construction Law of the PRC (中華人民共和國建築法) promulgated by the SCNPC on November 1, 1997 and last amended with effect from April 23, 2019, a construction entity shall, prior to the commencement of a construction work, apply for a construction permit (施工許可證) from the competent construction administrative authority, except that certain small-scale projects that meet the requirements and conditions set by the competent construction administrative authority are exempted from obtaining a construction permit.

According to the Administrative Measures for Construction Permits of Building Projects (建築工程施工許可管理辦法) promulgated by the Ministry of Housing and Urban-Rural Development of the PRC ("**MOHURD**") on October 15, 1999 and last amended with effect from March 30, 2021, any entity in China that carries out construction, fitting-out or decoration of a building and its ancillary facilities, installation of supporting lines, pipelines or equipment, as well as the construction of municipal infrastructure projects shall, prior to the commencement of the construction, apply for a construction permit. Construction works with a construction investment amount of less than RMB300,000 or a construction area of less than 300 square meters are not required for construction permits.

### *Acceptance on Completion of Construction*

According to the Administrative Measures for the Administration of Completion Acceptance and Filing of Housing Construction and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by the MOHURD and taking effect from October 19, 2009, any entity in China that carries out construction works to build, expand or re-build real properties or municipal infrastructure projects shall, within 15 days after the acceptance and of the relevant construction work, make a record-filing with the competent construction administration authority.

## Regulations on Environmental Protection, Health and Safety

### *Environmental Protection*

The Environmental Protection Law of the PRC (中華人民共和國環境保護法), promulgated by the SCNPC on December 26, 1989 and last amended with effect from January 1, 2015, summarizes the rights and responsibilities of environmental protection regulatory authorities. The former Ministry of Environmental Protection (now the Ministry of Ecology and Environment, the "**MEE**") is authorized to promulgate national standards for environmental quality and discharge. At the same time, local environmental protection authorities may formulate local standards that are stricter than the national standards, in which case, the companies concerned shall comply with the national and local standards.

### *Environmental Impact Assessment*

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

According to the Environmental Impact Assessment Law of the PRC (中華人民共和國環境影響評價法), promulgated by the SCNPC on October 28, 2002 and last amended with effect from December 29, 2018, for construction projects that have an impact on the environment, entities shall prepare an environmental impact report, environmental impact statement or registration form in accordance with the severity of the impact that the project may have on the environment.

### *Completion and Acceptance*

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

### *Pollutant Discharge*

According to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (2020 Revision) (中華人民共和國固體廢物污染環境防治法(2020修訂)), promulgated on October 30, 1995 and last amended with effect from September 1, 2020, the construction of projects which discharge solid waste and the construction of projects for storage, use and treatment of solid waste shall be carried out upon the assessment regarding their effects on the environment and in compliance with the

relevant regulations concerning the administration of environmental protection in respect of construction projects. The necessary supporting facilities for the prevention and control of environmental pollution caused by solid wastes as specified in the environmental impact assessment documents of the construction project must be designed, constructed and put into operation simultaneously with the major construction works of the construction project.

According to the Catalog of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Edition) (固定污染源排污許可分類管理名錄(2019年版)), promulgated by the MEE on December 20, 2019 and effective as of the same date, key management, simplified management and registration management of pollutant discharge permits are implemented based on factors such as the volume of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. The pollutant discharging entity subject to registration management does not need to apply for the pollutant discharge permit, but shall fill in the pollutant discharge registration form on the national pollutant discharge permit administration information platform.

According to the Guidelines for the Registration of Pollutant Discharge for Stationary Pollution Sources (Trial Implementation) (固定污染源排污登記工作指南(試行)), issued by the MEE on January 6, 2020 and effective as of the same date, registration of pollutant discharge refers to the situation where enterprises that do not need to apply for a pollutant discharge permit in accordance with the law because the volume of pollutants they generate, discharge is small and the impact on the environment is limited, such enterprises shall carry out pollutant discharge registration in accordance with the relevant provisions.

According to the Regulations on Urban Drainage and Sewage Treatment (城鎮排水與污水處理條例), promulgated by the PRC State Council on October 2, 2013 with effect from January 1, 2014, urban entities and individuals shall dispose of sewage through urban drainage facilities covering their geographical area in accordance with the law. Companies or other entities engaging in medical activities shall apply for a sewage disposal drainage license (污水排入排水管網許可證) before disposing sewage into urban drainage facilities. Sewage-disposing entities and individuals shall pay sewage treatment fees in accordance with the law.

According to the Measures for the Bio-safety Environmental Management of Pathogenic Microbe Laboratories (病原微生物實驗室生物安全環境管理辦法), promulgated by the former State Environmental Protection Administration (now the MEE) on March 8, 2006 with effect from May 1, 2006, where a laboratory intends to discharge waste water or waste gas, it shall comply with the relevant provisions issued by the former Ministry of Environmental Protection (now the MEE) and implement an internal system for reporting and conduct the pollutant discharge registrations.

The Law of the PRC on Prevention and Treatment of Water Pollution (中華人民共和國水污染防治法), promulgated by the SCNPC on May 11, 1984, last amended with effect from January 1, 2018, requires that the environmental impact assessment shall be conducted in accordance with the law in case of any new construction, reconstruction, and expansion of those projects which directly or indirectly discharge pollutants into the water or other facilities on water. The water pollution prevention and treatment facilities of a construction project must be designed, constructed and put into operation simultaneously with the major construction works of the said construction project. The water pollution prevention and treatment facilities shall comply with the requirements set out in the environmental impact assessment documents approved by or filed with the competent administrative authority.

According to the Law of the PRC on Prevention and Treatment of Atmospheric Pollution (中華人民共和國大氣污染防治法), promulgated by the SCNPC on September 5, 1987 and last amended with effect from October 26, 2018, entities undertaking construction projects which have an impact on the atmospheric environment shall conduct an environmental impact assessment and make the environmental impact assessment documents available to public. The pollutants discharged into the air shall meet relevant discharge standards formulated by the MEE or the provincial level people's governments and comply with the requirements for the control of the discharge volume of key atmospheric pollutants.

***Production Safety***

According to the Safety Production Law of the PRC (中華人民共和國安全生產法), promulgated by the SCNPC on June 29, 2002 and last amended with effect from September 1, 2021, any enterprise that carries out production and business operation activities shall (1) abide by the Safety Production Law of the PRC and other laws and regulations related to production safety, strengthen production safety management, and establish a sound production safety responsibility system and formulate a set of production safety rules and regulations for all employees; (2) increase the efforts to guarantee the input of funds, supplies, technology and personnel to production safety, improve production safety conditions, and strengthen standardization and informatization of production safety; (3) construct a "dual-prevention" mechanism consisting of graded management and control of safety risks and examination and control of potential risks, improve the risk prevention and resolution mechanism, enhance production safety levels and ensure production safety. Enterprises that do not have the conditions for safe production shall not engage in production and business activities.

The person in charge of an enterprise shall be fully responsible for the work safety of the enterprise. An enterprise with more than one hundred employees shall set up an institution for the management of work safety or designate full-time staff for the management of work safety. The management personnel of the enterprise in charge of work safety shall conduct regular inspections of the work safety status according to the production and operation characteristics of the enterprise; the safety risks identified during the inspection shall be dealt with immediately; if they cannot be dealt with, they shall be reported to the relevant person in charge in a timely manner, who shall then promptly take measures to eliminate the safety risks. The inspection and measures taken for elimination of the safety risks must be truthfully recorded. Enterprises shall educate their employees on work safety, and truthfully inform them of the dangerous factors that exist in the workplaces and positions, preventive measures and emergency response measures. In addition, enterprises must provide employees with personal protective equipment that meets national or industry standards, and supervise and train employees to use the equipment.

According to the Measures for the Supervision and Administration of "Three Simultaneities" Requirements for the Safety Facilities of Construction Projects (建設項目安全設施「三同時」監督管理辦法), which were promulgated by the former State Administration of Work Safety (now the Ministry of Emergency Management (the "**MEM**")) on April 2, 2015 and became effective on May 1, 2015, the safety facilities of a construction project must be designed, constructed and put into operation simultaneously with the major construction works of the construction project.

According to the Regulation on the Administration of Precursor Chemicals (易製毒化學品管理條例), promulgated by the PRC State Council on August 26, 2005 and last amended and with effect from September 18, 2018, a classified administration and licensing system are applied to the production, distribution, purchase, transportation, and import and export of precursor chemicals. An enterprise shall report the variety and quantity in demand to the competent public security bureau for filing before purchasing any precursor chemicals in Category II and III.

***Fire Prevention***

According to the Fire Prevention Law of the PRC (中華人民共和國消防法) or the Fire Prevention Law, promulgated by the SCNPC on April 29, 1998 and last amended with effect from April 29, 2021, design and construction of the fire control facilities for a construction work shall comply with the national fire control technical standards. The developer, designer, constructors and project supervisor of a construction project shall be responsible for the quality of the design and construction of the fire control facilities for the construction work according to the relevant laws.

According to the Fire Prevention Law and the Interim Provisions on Design Inspection and Acceptance of Fire Protection of Construction Works (建設工程消防設計審查驗收管理暫行規定) or the Interim Provisions on Fire Protection, promulgated by the MOHURD on April 1, 2020 and effective as of June 1, 2020, a special construction work as stipulated in the Interim Provisions on Fire Protection shall be subject to fire protection design review before the construction of such work is commenced and shall be subject to fire protection inspection before such work is put into use. Construction works other than a special construction work shall be subject to fire protection inspection filing, and the competent administrative authority in charge of the examination and acceptance of fire protection design shall conduct spot inspections. If a construction work fails to pass the spot inspection, the use of such construction shall cease, and rectification actions must be taken with a view to applying for a re-inspection.

***Prevention and Control of Occupational Diseases***

According to the Law of the PRC on the Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法), which was promulgated by the SCNPC on October 27, 2001 and last amended with effect from December 29, 2018, the Measures for the Supervision and Administration of "Three Simultaneities" Requirements for the Prevention and Control of Occupational Diseases Facilities of Construction Projects (建設項目職業病防護設施「三同時」監督管理辦法), which were promulgated by the MEM on March 9, 2017 and became effective on May 1, 2017, and the Measures for the Declaration of Projects with Occupational Hazards (職業病危害項目申報辦法), which were promulgated by the MEM on April 27, 2012 and became effective on June 1, 2012, the facilities for the prevention and control of occupational diseases of a construction project must be designed, constructed and put into operation simultaneously with the major construction works of the construction project.

**Regulations on Self-Owned Real Properties**

According to the Civil Code of the PRC (中華人民共和國民法典) or the PRC Civil Code, which was promulgated by the NPC on May 28, 2020 and became effective from January 1, 2021, properties referred to in this law include real property and personal property. The creation, alteration, alienation, or extinguishment of the property right of a real property shall become effective upon registration in accordance with law.

The certificate of ownership of real property shall be an evidence of the right holder's entitlement in the real property. The right to use a land parcel for construction purposes may be created by way of grant, allocation or by other means. A person who has the right to use a land parcel for construction purposes shall make reasonable use of the land parcel and may not change its planned purpose of use.

According to the Land Administration Law of the PRC (中華人民共和國土地管理法), promulgated by the SCNPC on June 25, 1986 and last amended with effect from January 1, 2020, China implements "socialist public ownership of land", that is, ownership by the whole people or collective ownership by the working masses. The State formulates an overall land utilization plan to stipulate land use, classifying land into agricultural land, construction land, or unused land. Entities or individuals using land must use the land strictly in accordance with the purposes of land use determined in the overall land utilization plan.

**Regulations on Lease of Real Property**

According to the PRC Civil Code, a lease contract generally shall contain clauses specifying the name, quantity and purpose of use of the leased object, the term of the lease, rent, the schedule and method of its payment, the maintenance and repair of the leased object, etc. The lessee of a lease may, with the consent of the lessor, sublease the leased object to a third party.

On December 1, 2010, the MOHURD promulgated the Administrative Measures for Leasing of Commodity Housing (商品房屋租賃管理辦法), which became effective on February 1, 2011. According to such measures, a commodity housing lease contract should be registered with the competent municipal or county level housing and construction authority within 30 days after the execution of the lease contract. Failure to comply with the above filing requirements may subject the relevant lessor and lessee to administrative penalties including rectification order and fine.

**Regulations on Product Liability**

The Product Quality Law of the PRC (中華人民共和國產品質量法) or the PRC Product Quality Law promulgated by the SCNPC on February 22, 1993 and last amended on December 29, 2018, is the principal law relating to the supervision and administration of product quality. The PRC Product Quality Law clarified liabilities of the manufactures and sellers. Manufactures shall be responsible for the quality of the products manufactured by them and sellers shall take measures to ensure the quality of the products sold by them.

If a defect in a product causes physical injury or damage to property other than the defective product, the manufacturer of the product shall be liable for compensation, unless the manufacturer is able to prove that: (1) the product has not been put into circulation; (2) the defects causing the physical injury or property damage did not exist at the time when the product was put in circulation; 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 be liable for compensation if the physical injury or property damage of others is caused by defects due to the fault on the part of seller. A seller shall also be liable for compensation if it cannot identify neither the manufacturer nor the supplier of the defective products. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the producer or the seller.

According to the PRC Civil Code and the PRC Product Quality Law, where a defective product causes any harm to another person, the manufacturer shall assume the tort liability. Where any harm is caused to another person by a defective product, the victim may require compensation to be made by the manufacturer of the product or the seller of the product. If the defect of the product is caused by the manufacturer and the seller has made the compensation for the defect, the seller shall be entitled to be reimbursed by the manufacturer. If the defect of the product is caused by the fault of the seller and the manufacturer has made the compensation for the defect, the manufacturer shall be entitled to be

reimbursed by the seller. The PRC Civil Code also stipulates that where the defect of a product endangers the personal or property safety of another person, the victim shall be entitled to require the manufacturer or seller to assume the tort liability by ceasing infringement, removing the obstruction, or eliminating the danger.

**Regulations on Information Security and Data Protection**

***Personal Data***

According to the PRC Civil Code, the personal information of an individual 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 publish personal information of others. In addition, the processing of personal information shall follow the principles of lawfulness, appropriateness and necessity.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法), or the Personal Information Protection Law, which became effective on November 1, 2021. The Personal Information Protection Law requires, among others, that the processing of personal information should have a clear and reasonable purpose and should be limited to the minimum scope necessary to achieve the processing purpose, adopt a method that has the least impact on personal rights and interests, and shall not process personal information that is not related to the processing purpose.

The Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋), or the Interpretations were promulgated on May 8, 2017 and became effective on June 1, 2017. The Interpretations clarify several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the PRC (中華人民共和國刑法), including "citizens' personal information", "violation of relevant national provisions", "provision of citizens' personal information" and "illegally obtaining any citizen's personal information by other methods". In addition, the Interpretations specify the standards for determining "serious circumstances" and "extraordinary serious circumstances" of this crime.

***Information security and censorship***

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (中華人民共和國數據安全法), or the Data Security Law, which came into effects on September 1, 2021. The Data Security Law sets forth the regulatory framework and the responsibilities of the relevant administrative authorities in regulating data security. It provides that the central government shall establish a central data security work liaison system, which shall coordinate the relevant authorities covering different industries to formulate the catalogues of key data, and the special measures that shall be taken to protect the security of the key data.

On November 7, 2016, the SCNPC promulgated the Cyber Security Law of the PRC (中華人民共和國網絡安全法), which became effective on June 1, 2017, according to which, network operators shall fulfill their obligations to safeguard the security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures according to laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. The network operator shall not collect personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements concluded with its users, and network operators of key information infrastructure shall store within the PRC all the personal information and important data collected and produced within the PRC. The purchase of network products and services that may affect national security shall be subject to national cyber security review.

On July 30, 2021, the PRC State Council promulgated the Regulations on the Protection of the Security of Critical Information Infrastructure (關鍵信息基礎設施安全保護條例), which became effective on September 1, 2021. According to the Regulations on the Protection of the Security of Critical Information Infrastructure, a "critical information infrastructure" refers to an important network facility and information system in important industries such as, among others, public communications and information services, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people's livelihood, or the public interests in the event of damage, loss of function, or data leakage. These regulations supplement and specify the provisions on the security of critical information infrastructure as stated in the Cyber Security Law of the PRC, and provide that the competent administrative authorities and supervision and management authorities of the aforementioned important industries will be responsible for (1) organizing the identification of critical information infrastructures in their respective industries in accordance with certain identification rules, and (2) promptly notifying the identified operators and the Ministry of Public Security of the identification results. These regulations require that the relevant operator shall submit a report to the competent PRC administrative authority in accordance with relevant provisions upon the occurrence of any major cybersecurity incident or the discovery of any major cybersecurity threat to the critical information infrastructures, and the operators of critical information infrastructures shall purchase the safe and trusted network products and services in the first place. If the purchase of network products and services may affect national security, such operators shall pass the cybersecurity review accordingly.

On December 28, 2021, the Cyberspace Administration of China, or the CAC, jointly with 12 other administrative authorities, promulgated the Measures for Cybersecurity Review (網絡安全審查辦法), or the MCR, which became effective on February 15, 2022. According to the MCR, 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 MCR. In addition, network platform operators with personal information of over one million users shall be subject to cybersecurity review before [**REDACTED**] abroad (國外上市). The competent administrative authorities may also initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security. As of the Latest Practicable Date: (1) we had not been designated as a critical information infrastructure operator by any administrative authorities; (2) we believe that we had not engaged in any data processing activities that affect or may affect national security; and (3) we had not been involved in any investigations on cybersecurity review made by CAC, and had not received any inquiry, notice, warning or sanctions in this regard.

On July 7, 2022, the CAC promulgated the Cross-border Data Transfer Security Assessment Measures (數據出境安全評估辦法), or the Security Assessment Measures, which became effective on September 1, 2022. The Security Assessment Measures provide that, among others, data processors shall apply to competent authorities for security assessment when (1) the data processors transferring important data abroad; (2) a critical information infrastructure operator or a personal information processor that has processed personal information of more than one million people, transferring personal information abroad; (3) a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals abroad, in each case as calculated cumulatively, since January 1 of the last year, transferring personal information abroad, and (4) other circumstances where the security assessment of data cross-border transfer is required as prescribed by the CAC. In addition, on February 24, 2023, the Provisions on the Prescribed Agreement on Cross-border Data Transfer of Personal Information (個人信息出境標準合同辦法), or the Provisions on Prescribed Agreement were promulgated by the CAC, which took effect on June 1, 2023. The Provisions on Prescribed Agreement attach the prescribed template for cross-border data transfer agreement that could be used as an available option to satisfy the condition for cross-border transfer of personal information under Article 38 of the Personal Information Protection Law.

**Regulations on Intellectual Property Rights**

***Trademark***

Trademarks are protected by the Trademark Law of the PRC (中華人民共和國商標法), which was promulgated by the SCNPC on August 23, 1982 and last amended with effect from November 1, 2019, and the Implementation Regulation of the PRC Trademark Law (中華人民共和國商標法實施條例), which was promulgated by the PRC State Council on August 3, 2002 and came into effect on September 15, 2002, and last amended with effect from May 1, 2014. The Trademark Office of the China National Intellectual Property Administration is in charge of trademark registration and grants registered trademarks a validity term of 10 years which may be renewed for consecutive 10-year periods upon application by the owner of the registered trademark.

***Patent***

According to the Patent Law of the PRC (中華人民共和國專利法), promulgated by the SCNPC on March 12, 1984 and last amended with effect from June 1, 2021, and the Implementing Regulations of the Patent Law of the PRC (中華人民共和國專利法實施細則), promulgated by the PRC State Council on December 21, 1992 and last amended with effect from February 1, 2010, the Patent Office of the China National Intellectual Property Administration is responsible for the patent work nationwide, and its counterparts at provincial level are responsible for the administration of patents within their respective administrative regions. An invention or utility model for which a patent is granted shall be novel, inventive and practically applicable. The protection period is 20 years for an invention patent, 10 years for a utility model patent, and 15 years for design patent, commencing from their respective application dates. Any entity or individual that intends to use a patent of another party must enter into a licensing agreement with the patent owner and pay patent royalties to the patent owner. Any use of a patent without the permission of the patent owner constitutes an infringement of the patent right.

***Domain Name***

In accordance with the Administrative Measures for Internet Domain Names (互聯網域名管理辦法) promulgated by the Ministry of Industry and Information Technology (the "**MIIT**") on August 24, 2017 with effect from November 1, 2017, to establish domain name root servers and domain name root server operating organizations, domain name registration management organizations and domain registration service organizations within the territory of China, licenses from the MIIT or the telecommunications administration authority at the provincial level shall be obtained in accordance with the relevant regulations. The domain name registration service shall be conducted following the principle of "apply first, register first". The Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (工業和信息化部關於規範互聯網信息服務使用域名的通知) issued by the MIIT on November 27, 2017 with effect from January 1, 2018 provides for the obligations of internet information service providers and other entities to fight against terrorism and maintain the network security of China.

**Regulations on Taxation**

***PRC Enterprise Income Tax***

The PRC enterprise income tax, or EIT, is calculated based on the taxable income determined under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法) or the PRC EIT Law, and its implementation rules, both of which became effective on January 1, 2008 and were last amended with effect from December 29, 2018 and April 23, 2019, respectively. The PRC EIT Law generally imposes a uniform enterprise income tax rate of 25% on all resident enterprises in China, including foreign-invested enterprises. The PRC EIT Law and its implementation rules permit the enterprises qualified as "High and New Technologies Enterprises", or HNTEs, to enjoy a reduced 15% enterprise income tax rate.

***PRC Value Added Tax***

On March 23, 2016, MOF and the SAT jointly issued the Circular on the Pilot Program for Overall Implementation of the Collection of Value Added Tax Instead of Business Tax (關於全面推開營業税改徵增值税試點的通知) (the "**Circular 36**"), which took effect on May 1, 2016 and was last amended with effect from April 1, 2019 following the enactment of the Announcement 39 (as defined below). According to the Circular 36, all of the companies operating in construction, real estate, finance, modern service or other sectors which were required to pay business tax are required to pay value-added tax, or VAT, in lieu of business tax. A VAT rate of 6% applies to revenue generated from the provision of certain services. Unlike business tax, a taxpayer is allowed to offset the qualified input VAT paid on taxable purchases against the output VAT chargeable on the revenue from services provided.

On March 20, 2019, MOF, the SAT and the General Administration of Customs of the PRC issued the Announcement on Policies for Deepening the VAT Reform (關於深化增值税改革有關政策的公告) (the "**Announcement 39**"), which came into effect on April 1, 2019, to further slash VAT rates. According to Announcement 39, (1) the 16% or 10% VAT rate previously imposed on sales and imports by general VAT taxpayers is reduced to 13% or 9% respectively; (2) the 10% VAT deduction rate previously allowed for the procured agricultural products is reduced to 9%; (3) for the agricultural products procured for production or commissioned processing with a 13% VAT rate, the amount of input VAT shall be calculated at the 10% VAT deduction rate; and (4) the 16% or 10% export VAT refund rate previously granted to the exportation of goods or labor services is reduced to 13% or 9%, respectively.

## Regulations on Foreign Exchange and Dividend Distribution

### *Foreign Exchange Control*

The PRC Regulations for the Foreign Exchange Administration (中華人民共和國外匯管理條例), which were promulgated by the PRC State Council in January 1996 and amended in January 1997 and August 2008, established the regulatory framework of the administration on foreign currency exchange in China. Under the PRC Regulations for the Foreign Exchange Administration, payments of current account items, such as trade, services, benefits or current transfer-related transactions in foreign currencies, in foreign currency may be proceeded without prior approval from the State Administration of Foreign Exchange of the PRC ("**SAFE**") as long as certain procedural requirements are complied with. By contrast, approval from, or registration with, appropriate administrative authorities is required where RMB is to be converted into foreign currency and remitted out of China for items under the capital account such as repayment of foreign currency denominated loans or foreign currency is to be remitted into China under the capital account, such as a capital increase or foreign currency loans extended by an offshore entity to an entity in China.

The Provisions on the Administration of Foreign Exchange in Domestic Direct Investments by Foreign Investors (外國投資者境內直接投資外匯管理規定), which were promulgated by SAFE in May 2013 and amended in October 2018 and December 2019, regulate and clarify the administration over foreign exchange administration in foreign investors' direct investments, and provide that the administration by SAFE or its local branches over direct investment by foreign investors in China shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in China based on the information recorded with the SAFE and its branches.

According to the Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting the Foreign Exchange Policies on Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) and its appendix promulgated in November 2012 and amended in May 2015, October 2018 and December 2019 by the SAFE, the foreign exchange procedures are further simplified: (1) the opening of and payment into foreign exchange accounts under direct investment are no longer subject to approval by the SAFE; (2) reinvestment with legal income of foreign investors in China is no longer subject to approval by SAFE; (3) the procedures for capital verification and confirmation that foreign-invested enterprises need to go through are simplified; (4) purchase and external payment of foreign exchange under direct investment are no longer subject to approval by SAFE; (5) domestic transfer of foreign exchange under direct investment is no longer subject to approval by SAFE; and (6) the administration over the settlement of foreign exchange capital of foreign-invested enterprises is improved. Later, the SAFE issued the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) in February 2015 which became effective in June 2015 and was further amended in December 2019, prescribed that the banks instead of the SAFE can directly handle foreign exchange registrations under foreign direct investment and outbound investment while the SAFE and its branches indirectly supervise the foreign exchange registration under foreign direct investment through the bank.

According to the Circular on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知) issued by the SAFE in Mach 2015 and amended in December 2019 and March 2023, and the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (關於改革和規範資本項目結匯管理政策的通知) issued by the SAFE in June 2016, the settlement of foreign

exchange by foreign-invested enterprises shall be governed by the policy of foreign exchange settlement on a discretionary basis. However, the settlement of foreign exchange shall only be used for their own operational purposes relating to the business activities that fall within their respective business scope of the foreign-invested enterprises and follow the principles of authenticity.

On October 23, 2019, the SAFE issued the Circular on Further Facilitating the Convenience of Cross-border Trade and Investment (關於進一步促進跨境貿易投資便利化的通知), or the Circular 28, which took effect on the same day. The Circular 28 allows non-investment foreign-invested enterprises to use their capital funds to make equity investments in China, for so long as such investments do not violate the requirements set out in the Negative List and the target projects to be invested are genuine and in compliance with laws and regulations.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (關於優化外匯管理支持涉外業務發展的通知) issued by the SAFE in April 2020, eligible enterprises are allowed to make domestic payments by using their funds received by way of capital contribution, foreign debts and overseas [**REDACTED**], with no need to provide the evidentiary materials concerning authenticity of such payment to banks in advance, provided that their capital use shall be authentic and compliant, and conform with the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct ex post spot check and the local branches of the SAFE shall strengthen monitoring analysis and interim and ex post regulation in accordance with the relevant requirements.

***Dividend Distribution***

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

The SAFE issued the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Administration Reform (關於進一步推進外匯管理改革完善真實合規性審核的通知) in January 2017, which stipulates several capital control measures with respect to outbound remittance of profits from domestic entities to offshore entities, including the following: (1) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements for any remittance of profits of more than (not excluding) USD50,000; and (2) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, domestic entities shall make detailed explanations of sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration and outward remittance procedures in connection with an outbound investment.

***Foreign Exchange Registration of Offshore Investment by PRC Residents***

The SAFE issued the Circular on Relevant Issues Concerning the Foreign Exchange Administration of the Overseas Investment and Financing and the Round-Tripping Investment Made by Domestic Residents through Special-Purpose Companies (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the "**Circular 37**"), which became effective on July 4, 2014. The Circular 37 requires PRC residents (including PRC enterprise and individuals) to register with local branches of the SAFE in connection with their respective direct or indirect offshore investment in an overseas special purpose vehicle, or the SPV, directly established or indirectly controlled by PRC residents for offshore investment and financing with their legally owned assets or interests in domestic enterprises, or their legally owned offshore assets or interests. Such PRC residents are also required to amend and update their registrations with the SAFE when there is a change to the basic information of the SPV, such as changes of a PRC resident individual shareholder, the name or operating period of the SPV, or when there is a substantial change to the SPV, such as changes of the PRC individual resident's increase or decrease of its capital contribution in the SPV, or any share transfer or exchange, merger, [**REDACTED**] of the SPV.

Failure to comply with the registration procedures set forth in the Circular 37 may result in restrictions on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliate, the capital inflow from the offshore entities and settlement of foreign exchange capital, and may also subject relevant onshore company or PRC residents to penalties under PRC foreign exchange administration regulations for evasion of foreign exchange controls.

***Employee Stock Incentive Plan***

In February 2012, the SAFE issued the Circular on Relevant Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Company (關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知), or the Stock Option Rules, which replaced the earlier rules promulgated by the SAFE in March 2007. Under the Stock Option Rules, PRC residents who participate in stock incentive plans in an overseas publicly listed company are required, through a PRC agent or PRC subsidiary of such overseas publicly listed company, to complete the foreign exchange registration and certain other procedures. These participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend and update the registration with respect to the share scheme if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes.

**Regulations on Labor Protection and Social Insurance**

***General Labor Contract Rules***

According to the Labor Law of the PRC (中華人民共和國勞動法) which was promulgated by the SCNPC on July 5, 1994 and subsequently amended on August 27, 2009 and December 29, 2018, the Labor Contract Law of the PRC (中華人民共和國勞動合同法) which was promulgated by the SCNPC on June 29, 2007 and subsequently amended on December 28, 2012 and the Implementing Regulations of the Labor Contract Law of the PRC (中華人民共和國勞動合同法實施條例) which were promulgated by the PRC State Council on September 18, 2008, a labor contract in writing is required to establish a labor

relationship between an employee and his employer. Wages may not be lower than the local standards of minimum wages. Employer must establish their respective system of occupational safety and sanitation, implement the rules and standards issued or imposed by the State from time to time, provide education regarding occupational safety and sanitation to their employees, provide their employees with labor safety and sanitation conditions and necessary articles of labor protection conforming to the provisions of the State, and provide regular health examination for employees engaged in work involving occupational hazards.

***Social Security and Housing Provident Fund***

According to the Social Insurance Law of the PRC (中華人民共和國社會保險法) effective on July 1, 2011 and amended with effect from December 29, 2018, the Regulations on Occupational Injury Insurance (工傷保險條例) effective on January 1, 2004 and last amended with effect from January 1, 2011, the Interim Measures Concerning the Maternity Insurance for Enterprises Employees (企業職工生育保險試行辦法) effective on January 1, 1995, the Interim Regulations Concerning the Levy of Social Insurance (社會保險費徵繳暫行條例) effective on January 22, 1999 and amended with effect from March 24, 2019, the Unemployment Insurance Regulations (失業保險條例) effective on January 22, 1999, and the Regulations Concerning the Administration of Housing Fund (住房公積金管理條例) effective on April 3, 1999 and last amended with effect from March 24, 2019, employers in China are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance, as well as a housing provident fund and other welfare plans. These payments are made to local competent administrative authorities, and any employer who fails to contribute may be ordered to correct the deficit within a stipulated time limit and be fined if it still fails to contribute after such stipulated time limit has passed.

On July 20, 2018, the General Office of the Communist Party of China and the General Office of the PRC State Council jointly issued the Reform Plan of the State Tax and Local Tax Collection Administration System (國税地税徵管體制改革方案), under which, starting from January 1, 2019, tax authorities are responsible for the collection of social insurance contributions in China. According to the Notice on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (關於穩妥有序做好社會保險費徵管有關工作的通知) issued by the SAT in September 2018 and the Urgent Notice on Implementing the Spirit of the Executive Meeting of the PRC State Council in Stabilizing the Collection of Social Security Contributions (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) issued by the General Office of the Ministry of Human Resources and Social Security in September 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. The Notice on Implementing Measures to Further Support and Serve the Development of Private Economy (關於實施進一步支持和服務民營經濟發展若干措施的通知) issued by the SAT in November 2018, repeated that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises in the previous years. The Notice on Issuing the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (關於印發降低社會保險費率綜合方案的通知) promulgated by the General Office of the PRC State Council in April 2019, generally reduces the social insurance contribution burden of enterprises, underlines that the duties for collection of social insurances premium paid by the enterprises in any province shall not be transferred to tax authorities until the condition of the province is mature, and re-emphasizes that local authorities shall not conduct self-collection of historical unpaid social insurance contributions from enterprises.

## Regulations on Overseas [REDACTED]

### *CSRC Filing Requirements for Overseas* [REDACTED] *and* [REDACTED]

On February 17, 2023, the China Securities Regulatory Commission (the "**CSRC**") released the Trial Administrative Measures of Overseas [**REDACTED**] and [**REDACTED**] by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and five supporting guidelines (together, the "**Trial Filing Measures**"), which came into effect on March 31, 2023. The Trial Filing Measures shall apply to the following overseas issuance: (1) direct [**REDACTED**] and [**REDACTED**] of PRC domestic companies, and (2) indirect [**REDACTED**] and [**REDACTED**] of a foreign company with major business operations and/or assets located in the PRC. An issuer will be qualified for the scenario (2) above, if it satisfies both conditions below: (1) more than 50% of its audited financial indicators (operating revenue, profits, total assets or net assets) for the most recent accounting year is accounted for by the domestic companies of the issuer; and (2) major business activities or operations are conducted in PRC, or main places of business are located in PRC or the majority of senior management domicile in PRC or are Chinese citizens. Despite the foregoing, regulators have the discretion to determine whether or not an [**REDACTED**] and [**REDACTED**] is indirect on a substance over form basis. The securities subject to the Trial Filing Measures include equity shares, depository receipts, corporate bonds convertible to equity shares, and other equity securities.

According to the Trial Filing Measures, the issuer shall submit the required filing documents to the CSRC within three working days after the overseas [**REDACTED**] application is submitted to the relevant overseas regulator or [**REDACTED**] venue. Once the filing documents are complete and in compliance with the stipulated requirements, the CSRC will, within 20 working days, conclude the review procedure and publish the filing results on the CSRC website. To the extent the filing documents are incomplete or do not conform to stipulated requirements, the CSRC will, within five working days upon receipt of filing documents, request supplementation and amendment to the filing. Then the issuer has 30 days to prepare any requested supplemented/amended filing. In addition, following the [**REDACTED**] in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of the following events involving the issuer: (1) change of control; (2) investigations or sanctions imposed by overseas regulators; (3) change of [**REDACTED**] status or transfer of [**REDACTED**] market; and (4) voluntary or involuntary [**REDACTED**].

The Trial Filing Measures also stipulate that following cases may be rejected by the CSRC: (1) [**REDACTED**] and [**REDACTED**] are explicitly prohibited by laws and regulations; (2) [**REDACTED**] and [**REDACTED**] may endanger national security as reviewed and determined by competent authorities under the PRC State Council in accordance with law; (3) domestic companies of the [**REDACTED**] applicant or its controlling shareholder or actual controlling person are involved in criminal offenses in the last three years, such as corruption, bribery, embezzlement, misappropriation of property, or undermining the order of the socialist market economy; (4) domestic companies of the [**REDACTED**] applicant is under investigations for suspicion of criminal offenses or is involved in major violations of laws and regulations and no conclusion of the investigation has yet been made; or (5) there are material ownership disputes over equity interests held by controlling shareholders or by shareholders who are controlled by the controlling shareholder or actual controlling person.

Non-compliance with the Trial Filing Measures will result in regulatory action by the CSRC and fines for PRC issuers in an amount up to RMB10 million.

***CSRC Requirements on Confidentiality and Archives Administration for Overseas* [REDACTED] *and* [REDACTED]**

On February 24, 2023, the CSRC, MOF, the National Administration of State Secrets Protection and National Archives Administration of China jointly released the revised Provisions on Strengthening the Confidentiality and Archives Administration of Overseas [**REDACTED**] and [**REDACTED**] by Domestic Companies (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) or the Archives Administration Provisions, which came into effect on March 31, 2023. The Archives Administration Provisions shall apply to both (1) PRC domestic companies seeking a direct [**REDACTED**] on the overseas stock exchange and (2) the PRC domestic operating entities of a foreign company seeking [**REDACTED**] on the overseas stock exchange that qualifies as an "indirect [**REDACTED**]" (above (1) and (2) collectively, "**Domestic Companies**").

According to the Archives Administration Provisions, the Domestic Companies shall establish and implement a solid confidentiality and archives administration system. If a Domestic Company decides to disclose any documents or materials containing state secrets, work secrets of state authorities or any information that may be detrimental to national security or public interest once leaked, proper governmental approval procedures should be followed. After obtaining the governmental clearance, the Domestic Company disclosing such information, as one party, and the securities companies and securities services providers receiving such information, as the other party, shall also enter into non-disclosure agreements, setting forth the confidentiality obligations of the securities companies and securities services providers. When providing the above information to the securities companies and securities services providers retained by it, the Domestic Companies are also required to issue a written statement outlining its compliance with the relevant regulatory requirements and procedures.

In terms of providing accounting archives or copies thereof to any other entities or persons (such as securities companies, securities services providers and overseas regulators), the Archives Administration Provisions stipulate that relevant governmental procedures should be complied.

Any violation of the above regulations may subject the Domestic Companies to regulatory penalties under the Safeguarding State Secrets Law of the PRC (中華人民共和國保守國家秘密法) and the Archives Law of the PRC (中華人民共和國檔案法) and even criminal liabilities to the extent applicable.