We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section summarizes the principal PRC laws, rules and regulations that we believe are relevant to our business and operations.

LAWS AND REGULATIONS RELATING TO FOOD OPERATION

Food Safety

According to *the Food Safety Law of the People's Republic of China* (中華人民共和國食品安全法) ("the Food Safety Law"), which was promulgated by the Standing Committee of the National People's Congress (the "SCNPC") on February 28, 2009, and latest amended on April 29, 2021, and *the Regulation on the Implementation of the Food Safety Law of the People's Republic of China* (中華人民共和國食品安全法實施條例) promulgated by the State Council on July 20, 2009 and most recently amended on October 11, 2019 and effective from December 1, 2019, food producers and business operators shall take and conform to the measures specified in the Food Safety Law and its Implementation Regulations to ensure food safety, violation of these required measures may subject food producers and business operators to the legal consequences including warnings, orders to rectify, confiscations of illegal gains, fines, recalls and destructions of food in violation of laws and regulations, orders to suspend production and/or operation, revocations of production and/or operation license, and even criminal punishment.

Food Production

According to *the Food Safety Law* and *the Implementing Regulations of the Food Safety Law*, anyone who engages in food production shall obtain the license according to the Food Safety Law. According to *the Administrative Measures of Food Production Licensing* (食品生產許可管理辦法) promulgated by the State Administration for Market Regulation (the "SAMR") on January 2, 2020 and took effect on March 1, 2020, entities involved in food production in China shall obtain the food production license. The food production license is valid for five years and is subject to the "one entity, one license" principle.

According to *the Trail Rules for Reviewing Non-Ready-to-eat Bird's Nest Production License in Fujian Province* (福建省非即食燕窩生產許可審查細則(試行)) promulgated by Fujian Provincial Administration for Market Regulation on August 13, 2021, entities engaged in Non-ready-to-eat bird's nest production that involved sorting, softening, impurity removal (hair picking) or not, shaping or not shaping, drying or not drying and packaging procedures shall acquire food production license.

Food Sale

According to *the Food Safety Law* and *the Implementing Regulations of the Food Safety Law*, the State implements a licensing system for food sales. However, no license is required for the sale of edible agricultural product and pre-packaged food. Food operators that only sell pre-packaged food are not required to obtain the food operation license, and it shall report to the food safety regulatory department of the local people's government at or above the county level for the record.

According to *the Administrative Measures for Food Operation License* (食品經營許可管理辦法) promulgated by the State Food and Drug Administration on August 31, 2015, and latest amended on November 17, 2017 and became effective from the same day, the food operation license any entities involved in food operation and catering service are required to acquire in China has a duration of 5 years and is subjected to renew. Applications of food operation license shall be filed according to food operators' types of operation and classification of operation projects.

Food Recall System

According to *the Administrative Measures for Food Recall* (食品召回管理辦法) promulgated by the State Administration of Food and Drug (now merged into the SAMR) on March 11, 2015 and most recently amended and effective from October 23, 2020, food producers and operators shall, according to law, assume primary responsibilities for food safety, by establishing a sound management system, collecting and analyzing food safety information and performing legal duties of the cease of production and operation as well as recall and disposal of unsafe food. Where food producers or operators find the food under selling unsafe, they must immediately suspend the operations, inform relevant food producers and business operators, notify customers, and take necessary measures to mitigate food safety risks. Where any food operator violates *the Administrative Measures for Food Recall* and does not suspend the operation or proactively recall unsafe food in a timely manner, the competent authorities shall issue warnings to it and impose fines between RMB10,000 and RMB30,000.

Import Bird Nest Product Traceability Management System

According to *the Notice on Inspection and Quarantine Requirements for Imported Bird's Nest Products from Malaysia*, *the Notice on Inspection and Quarantine Requirements for Imported Bird's Nest Products from Indonesia*, and *the Notice on Inspection and Quarantine Requirements for Imported Bird's Nest Products from Thailand* which are separately promulgated and implemented on December 25, 2013, November 20, 2014, and August 25, 2017 by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (now merged into the SAMR), the processing enterprises of bird's nest products exported to China should establish a bird's nest traceability system from the bird's nest (cave) to export to ensure the traceability of the products and be able to recall the relevant products in time in case of product quality issue. According to *the Notice on Inspection and Quarantine Requirements for Imported Bird's Nest Products from Vietnam* promulgated and implemented by the General Administration of Customs on November 14, 2022, the Vietnamese side shall establish a bird's nest traceability system from the bird's nest house to export to ensure traceability and recall the relevant products and trace back to the registered bird's nest house in case of problems.

Food Labeling Management

According to *the Food Safety Law*, pre-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 number of food production license; and (9) other items that are required by laws, regulations and food safety standards. Food operators shall sell food in accordance with the warning marks, warning specifications or cautions stated on the labels thereof. Accordingly, the health administrative department under the State Council issued on April 20, 2011, and implemented on April 20, 2012, *the General Principles of Pre-packaged Food Labeling of National Food Safety Standard (GB 7718-2011)* (食品安全國家標準預包裝食品標籤通則(GB 7718-2011)).

LAWS AND REGULATIONS RELATING TO E-COMMERCE

E-Commerce

According to *the E-Commerce Law of the PRC* (中華人民共和國電子商務法) which was promulgated by the 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 e-commerce platform operators, intra-platform business operators and other e-commerce operators that sell commodities or offer services through a self-built website or other network services. An e-commerce operator shall, in business operation, abide by the principles of voluntariness, equality, fairness and good faith, observe the law and business ethics, fairly participate in market competition, perform obligations in aspects including protection of consumer rights and interests, environment, intellectual property rights, cybersecurity 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 (including without limitation): (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.

Online Live-Streaming Marketing

On April 23, 2021, the CAC and other six PRC regulatory authorities jointly issued *the Administrative Measures for Online Live-Streaming Marketing (Trial Implementation)* (網絡直播營銷管理辦法(試行)), which effective on May 25, 2021. According to these measures, live-streaming studio operators refer to individuals, legal persons, and other organizations that establish live-streaming studios to engage in online marketing activities by registering accounts on a live-streaming marketing platform or through self-built websites or other network services. Live-streaming marketing personnel refer to individuals that directly engage in marketing to the public in online live-streaming marketing. Operators of live studios and live-streaming marketing personnel engaging in online live-streaming marketing activities shall comply with laws and regulations, follow public order and good customs, and truthfully, accurately and comprehensively release information on goods or services, and shall not commit acts such as publicizing false or misleading information, marketing counterfeit or shoddy goods and fabricating or tampering with data traffic including transactions, attention, number of views, number of comments.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

According to *the Product Quality Law of the PRC* (中華人民共和國產品質量法) promulgated by the SCNPC on February 22, 1993 and most recently amended on December 29, 2018 and effective from the same date, producers shall be responsible for the quality of their products and sellers shall adopt measures to maintain the quality of products for sale. Where a defective product causes physical injury or damage to a third-party's property, the victim may claim compensation from the manufacturer or the seller of the product. If the seller pays compensation and it is the manufacturer that should bear the liability, the seller has a right of recourse against the manufacturer, and vice versa, if the manufacturer pays compensation and it is the seller that is liable, the manufacturer has a right of recourse.

LAWS AND REGULATIONS RELATING TO CONSUMER PROTECTION

According to *the Consumers Rights and Interests 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 in 1993 by the SCNPC and latest amended on October 25, 2013 and effective from March 15, 2014, it imposes stringent requirements and obligations on business operators including, among others, (1) guarantee that the products and services they provide satisfy the requirements for personal safety or property security, (2) provide consumers with authentic and complete information about the quality, function, usage and term of validity of the products or services, (3) ensure the actual quality and functionality of products or services are consistent with advertising materials, product descriptions or samples, failure of which may subject business operators to civil liabilities such as repairing, remaking, exchanging or returning of commodities, making up shortage, refunding purchase prices and service fees, and compensation, and even subject the business operators to criminal penalties if business operators commit crimes by infringing the legitimate rights and interests of consumers.

LAWS AND REGULATIONS RELATING TO FOREIGN TRADE

The Foreign Trade Law of the People's Republic of China (中華人民共和國對外貿易法) (the "Foreign Trade Law") governs the order of foreign trade. The Foreign Trade Law was promulgated by SCNPC on May 12, 1994, and amended on April 6, 2004, November 7, 2016, and December 30, 2022, respectively. In the latest 2022 amendments, the SCNPC deleted the requirements of Filling Records for foreign trade operators.

According to the *Customs Law of the People's Republic of China* (中華人民共和國海關法) (the "Customs Law") which was promulgated by SCNPC and became effective on July 1,1987, and amended on July 8, 2000, June 29, 2013, December 28, 2013, November 7, 2016, November 4, 2017, and April 29, 2021, respectively, where a consignee or consignor of import or export goods or a Customs clearing enterprise go through Customs declaration procedures, they shall file for record with the Customs in accordance with law.

According to the *Announcement of General Administration of Customs on Matters Related to the Merger of Enterprise Customs Declaration and Inspection Qualification* (海關總署關於企業報關報檢資質合併有關事項的公告), the enterprise filed for record with the Customs could acquire the import and export inspection and quarantine record and consignee or consignor record at the same time.

LAWS AND REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION

Competition among business operators is generally governed by *the Anti-unfair Competition Law of the PRC* (中華人民共和國反不正當競爭法) (the "Anti-unfair Competition Law"), which was promulgated by SCNPC on September 2, 1993, and amended on November 4, 2017, and April 23, 2019, respectively. According to the Anti-unfair Competition Law, when trading on the market, operators must abide by the

principles of voluntariness, equality, fairness, and honesty and observe laws and business ethics. Acts of operators constitute unfair competition where they contravene the provisions of the Anti-unfair Competition Law and disturb market competition with a result of damaging the lawful rights and interests of other operators or consumers. According to the Anti-Unfair Competition Law, improper market activities including infringing the business secrets of others, conducting false or misleading publicity through advertising or other means are in violation of the law and may result in imposition of fines, confiscation of gains derived from such violation, and in severe circumstances, revocation of business licenses.

LAWS AND REGULATIONS RELATING TO COMMERCIAL ADVERTISEMENT

According to *the Advertisement Law of the PRC* (中華人民共和國廣告法) (the "Advertisement Law"), which was promulgated by the SCNPC on October 27, 1994, latest amended on April 29, 2021, commercial advertisements should not contain false statements or deceive or mislead consumers. An advertisement shall be prohibited from using "national," "highest," "best," or other similar words. The data, statistics, investigation results, excerpts, quotations and other citations used in an advertisement shall be true and accurate, with the sources indicated. If any citation has a scope of application or a term of validity, the scope of application or term of validity shall be clearly indicated.

Regarding internet advertising activities, according to the Advertising Law, the use of internet to publish or distribute advertisements shall not affect the normal use of the internet by users. Advertisements published on internet pages such as pop-up advertisements shall be indicated with conspicuous mark for close to ensure the close of such advertisements by one click.

Regarding outdoor advertising activities, according to the Advertising Law, the exhibition and display of outdoor advertisements may not: (1) utilize traffic safety facilities and traffic signs; (2) impede the use of public facilities, traffic safety facilities, traffic signs, fire extinguishing facilities or fire control signs; (3) obstruct production or people's living, or damage city appearance; and (4) be placed in restricted areas near government offices, cultural landmarks or historical or scenic sites, or be placed in areas prohibited by local governments at the county level or above from having outdoor advertisements. Administrative measures for outdoor advertisements shall be prescribed by local regulations and rules of local governments.

LAWS AND REGULATIONS RELATING TO SINGLE-PURPOSE COMMERCIAL PREPAID CARDS

Pursuant to *the Administrative Measures on Single-Purpose Commercial Prepaid Cards (Trial Implementation)* (單用途商業預付卡管理辦法(試行)) (the "Administrative Measures on Single Purpose Prepaid Cards"), which was promulgated by MOFCOM in 2012 and was amended in 2016, single-purpose commercial prepaid cards are prepaid certificates issued by an enterprise engaging in retail industry, accommodation and catering industry and residential services industry which are limited to be used as payment for goods or services by the enterprise or within the group to which the enterprise belongs or within the franchise system of the same brand, including physical cards in various forms such as magnetic stripe cards, chip cards, and paper coupons as well as virtual cards. Card-issuers shall complete filing formalities within 30 days from the date of carrying out single purpose card businesses. Violation of the aforementioned regulations may result in an order of rectification. Where the card issuer fails to rectify within a stipulated period, a fine ranging from RMB10,000 to RMB30,000 may be imposed.

LAWS AND REGULATIONS RELATING TO INFORMATION SECURITY AND PRIVACY PROTECTION

Privacy Protection

Pursuant to *the PRC Civil Code* (中華人民共和國民法典), personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide, or make public personal information of others.

Further, *the Ninth Amendment to the Criminal Law of the PRC* (中華人民共和國刑法修正案(九)), which issued by the SCNPC on August 29, 2015, and became effective on November 1, 2015, stipulates that any network service provider that fails to fulfill the obligations related to information network security management as required by applicable laws and administrative regulations and refuses to take corrective measures, will be subject to criminal liability for causing (1) any large-scale dissemination of illegal information; (2) any severe effect due to the leakage of users' information; (3) any serious loss of evidence of criminal activities; or (4) other severe situations, and any individual or entity that (i) sells or provides personal information to others unlawfully or (ii) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

On 20 August 2021, the SCNPC promulgated *the Law of Personal Information Protection of PRC* (中華人民共和國個人信息保護法) (the "Personal Information Protection Law"), which became effective on November 1, 2021. Pursuant to the Personal Information Protection Law, the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information, and before processing personal information, personal information processors should truthfully, accurately and completely inform individuals of the following matters in a conspicuous manner and in clear and easy-to-understand language: (1) the name and contact information of the personal information processor; (2) purpose of processing personal information, processing method, type of personal information processed, and retention period; (3) methods and procedures for individuals to exercise their rights under the Personal Information Protection Law; and (4) other matters that should be notified as required by laws and administrative regulations. Personal information processors should also take the following measures to ensure that personal information processing activities comply with laws and administrative regulations based on the processing purpose, processing methods, types of personal information, impact on personal rights and interests, and possible security risks, etc., and to prevent unauthorized access and personal information leakage, tampering, and loss: (i) formulating internal management systems and operating procedures; (ii) implementing classified management of personal information; (iii) adopting corresponding security technical measures such as encryption and de-identification; (iv) reasonably determining the operating authority for personal information processing, and regularly conduct safety education and training for practitioners; (v) formulating and organizing the implementation of emergency plans for personal information security incidents; and (vi) other measures stipulated by laws and administrative regulations.

Where personal information is processed in violation of the provisions of the Personal Information Protection Law, or the processing of personal information fails to fulfill the personal information protection obligations hereunder, the department performing personal information protection duties shall order corrections, give warnings, confiscate illegal gains, and order to suspend or terminate the provision of services by the applications that illegally process personal information; if the personal information processor refuses to make corrections, a fine of not more than RMB1 million shall be imposed; the directly responsible person in charge and other directly responsible personnel shall be fined not less than RMB10,000 but not more than RMB100,000. For any aforesaid illegal act with serious circumstances, the department performing personal information protection duties at or above the provincial level shall order the personal information processor to make corrections, confiscate the illegal gains, and impose a fine of less than 50 million RMB or less than 5% of the previous year's turnover. It can also order the suspension of relevant business or suspend business for rectification, notify the relevant competent authority to revoke the relevant permits or the business licence; impose a fine of RMB100,000 up to RMB1 million on the directly responsible person in charge and other directly responsible personnel, and may decide to prohibit them from serving as a director, supervisor, senior manager and person in charge of personal information protection of related companies within a certain period of time.

Internet Information Security

The Decisions on Protection of Internet Security enacted by the SCNPC (全國人民代表大會常務委員會關於維護互聯網安全的決定) in 2000, as amended on August 27, 2009, provides that, among other things, the following activities conducted through the internet, if constituted a crime according to PRC laws, are subject to criminal punishment: (1) intrusion into a strategically significant computer or system; (2) intentionally inventing and disseminating destructive programs, such as computer viruses, to attack the computer system and the communications network, thereby damaging the computer system and the communications networks; (3) violating national regulations, suspending the computer networks or the communication services without authorization, causing the computer network or communication system to fail to operate normally; (4) leaking state secrets; (5) spreading false commercial information; or (6) infringing intellectual property rights through internet.

On November 7, 2016, the SCNPC promulgated *the Cybersecurity Law of the PRC* (中華人民共和國網絡安全法) (the "Cybersecurity Law"), effective as of June 1, 2017, which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators are broadly defined as owners and administrators of networks and network service provider and subject to various security protection-related obligations, including but not limited to (1) complying with security protection obligations under graded system for cybersecurity protection requirements, which include formulating internal security management rules and operating instructions, appointing cybersecurity responsible personnel and their duties, adopting technical measures to prevent computer viruses, cyber-attack, cyber-intrusion and other activities endangering cybersecurity, adopting technical measures to monitor and record network operation status and cybersecurity incidents; (2) formulating a emergency plan and promptly responding to and handling security risks, initiating the emergency plans, taking appropriate remedial measures and reporting to regulatory authorities in the event comprising cybersecurity threats; and (3) providing technical assistance and support to public security and national security authorities for protection of national security and criminal investigations in accordance with the law.

On June 10, 2021, the SCNPC promulgated *the Data Security Law* of PRC (中華人民共和國數據安全法) (the "Data Security Law"), which became effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility.

On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated *the Measures for Cybersecurity Review* (網絡安全審查辦法) (the "Cybersecurity Review Measures"), which became effective on February 15, 2022. The Cybersecurity Review Measures provides that, among others, (1) critical information infrastructure operators that the purchase of cyber products and services or network platform operators that engage in data processing activities that affects or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; and (2) network platform operators with personal information data of more than one million users that seek for [**REDACTED**] in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office.

On July 7, 2022, the CAC has promulgated *the Measures for the Security Assessment of Cross-border Data Transfer* (數據出境安全評估辦法), which takes effect on September 1, 2022, and requires that any data processor providing important data collected and generated during operations within the territory of the PRC or personal information that should be subject to security assessment according to the relevant

law to an overseas recipient shall conduct security assessment. The Measures for the Security Assessment of Cross-border Data Transfer provides four circumstances, under any of which data processors shall, through the local cyberspace administration at the provincial level, apply to the national cyberspace administration for security assessment of cross-border data transfer. These circumstances include: (1) where the important data are transferred to an overseas recipient; (2) where the personal information is transferred to an overseas recipient by an operator of critical information infrastructure or a data processor that has processed personal information of more than one million people; (3) where a data processor provides personal information to an overseas recipient if such data processor has already provided overseas the personal information of 100,000 people or sensitive personal information of 10,000 people since January 1 of the preceding year; or (4) other circumstances under which security assessment of outbound data transfer is required as prescribed by the national cyberspace administration.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Environmental Protection

The Environmental Protection Law of the PRC (中華人民共和國環境保護法) (the "Environmental Protection Law") was promulgated on December 26, 1989 by SCNPC, and most recently amended on April 24, 2014, and took effect on January 1, 2015. The Environmental Protection Law has been formulated for the purpose of environmental protection and improvement, prevention and treatment of pollution and other hazards, protection of public health, promoting development of ecological civilization, promoting sustainable economic and social development. According to the provisions of the Environmental Protection Law, in addition to other relevant laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts are responsible for administering and supervising environmental protection matters. Pursuant to the Environmental Protection Law, enterprises, institutions and other manufacturing operators shall prevent and reduce environmental pollution and ecological damage, and shall be liable for damages caused by them pursuant to the law.

Environmental Impact Assessment and Completion Acceptance

According to *the Environmental Impact Assessment Law of the People's Republic of China* (中華人民共和國環境影響評價法) promulgated by the SCNPC on October 28, 2002, and latest amended on December 29, 2018, and *the Regulations on the Administration of Construction Project Environmental Protection* (建設項目環境保護管理條例) promulgated by the State Council on November 29, 1998 and amended on July 16, 2017 and effective on October 1, 2017, and *the Interim Measures for the Acceptance Examination of Environmental Protection Facilities of Construction Projects* (建設項目竣工環境保護驗收暫行辦法) promulgated by the Ministry of Environmental Protection (currently known as the Ministry of Ecology and Environment) on November 20, 2017, the State implements classified management on the environmental impact assessment of construction projects in accordance with the degree of impact of construction projects on the environment. Construction entities shall organize the preparation of environmental impact report, environmental impact statement, or filling in environmental impact registration form in accordance with the degree of impact of construction projects on the environment. According to the Environmental Impact Assessment Law, where a construction entity put the construction project into production or use while the complementary environmental protection facilities of a construction project are not constructed or have not undergone acceptance inspection or do not pass acceptance inspection, the ecological environment authorities at the county level or above shall order it to make correction within a stipulated period and impose a fine ranging from RMB200,000 to RMB1 million; where correction is not made within the stipulated period, a fine ranging from RMB1 million to RMB2 million shall be imposed; for the person-in-charge and other responsible personnel, a fine ranging from RMB50,000 to RMB200,000 shall be imposed; where the construction project causes significant environmental pollution or ecological damage, the production or use shall be suspended, or the project shall be closed down upon approval by the competent government.

Pollutant Discharge Permit

According to *the Law on Prevention and Control of Water Pollution of the PRC* (中華人民共和國水污染防治法) promulgated on May 11, 1984 and most recently amended on June 27, 2017, and *the Environmental Protection Law*, and *the Administrative Measures for Pollutant Discharge Permit (Trial Implementation)* (排污許可管理辦法(試行)) promulgated by the Ministry of Environmental Protection (currently known as the Ministry of Ecology and Environment) and latest amended on August 22, 2019, the Ministry of Environmental Protection and its local counterparts at or above county level shall take charge of the administration and supervision on the matters of prevention and control of water pollution. The State implements a pollutant discharge permit management system and enterprises and other production operators that are included in the classification management catalog of pollutant discharge permits for stationary pollution sources shall apply for and obtain a pollutant discharge permit, and the pollutant discharge entities that are not included in the scope are not required to apply for a pollutant discharge permit for the time being.

Pursuant to *the Law on the Prevention and Control of Environmental Pollution Caused by Solid Waste of the PRC* (中華人民共和國固體廢物污染環境防治法), which was promulgated by the SCNPC in 1995 and was latest amended on April 29, 2020, all enterprises and individuals generating or engaging in the collection, storage, transport, utilization or disposal of solid wastes shall adopt measures to prevent or reduce environmental pollution by solid wastes and shall bear liability for any resulting environmental pollution in accordance with the law. In accordance with *the Catalog of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Version)* (固定污染源排污許可分類管理名錄(2019年版)) promulgated by the Ministry of Ecology and Environment on December 20, 2019, the State implements key management, simplified management and registration management of pollutant discharge permits based on factors such as the amount of pollutants generated and discharged, the degree of impact on the environment. The pollutant discharge entity that generates or discharges very small amount of pollutants and has small impact on the environment shall be implemented registration management, and is not required to apply for a pollutant discharge license, but shall fill in the pollutant discharge registration form on the national pollutant discharge license management information platform.

LAWS AND REGULATIONS RELATING TO FIRE PREVENTION

According to *the Fire Prevention Law of the People's Republic of China* (中華人民共和國消防法) promulgated by the SCNPC on April 29, 1998 and most recently amended on April 29, 2021, and *the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects* (建設工程消防設計審查驗收管理暫行規定) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and effective on June 1, 2020, fire acceptance should be done for special construction projects which meet certain conditions, fire filing should be done for other types of construction projects. On August 12, 2015, the Ministry of Public Security promulgated *Eight Measures to Deepen Reform and Serve Economic and Social Development* (公安消防部門深化改革服務經濟社會發展八項措施), or the Eight Measures. According to the Eight Measures, construction projects with an investment of less than RMB300,000 or a construction area of less than 300 sq.m. is not required to obtain the as-built acceptance check on fire prevention or fire safety filing, and competent authorities of housing and urban-rural development at the provincial level may formulate detailed rules of implementation pursuant to these measures.

LAWS AND REGULATIONS RELATING TO REAL ESTATE LEASING

According to *the PRC Civil Code* which took effect on January 1, 2021, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated *the Administrative Measures on 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, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademarks

Trademarks are protected by *the Trademark Law of the PRC* (中華人民共和國商標法) (the "PRC Trademark Law") which was promulgated by SCNPC on August 23, 1982 and subsequently amended on February 22, 1993, October 27, 2001, and August 30, 2013, respectively, and was last amended on April 23, 2019, and came into force on November 1, 2019, as well as *the Implementation Regulation of the Trademark Law of the PRC* (中華人民共和國商標法實施條例) adopted by the State Council on August 3, 2002, subsequently amended on April 29, 2014, and became effective on May 1, 2014. In China, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks.

The Trademark Office (商標局) under the National Intellectual Property Administration (國家知識產權局) handles trademark registrations and grants a term of ten-year from the date of registration to registered trademarks. Trademarks are renewable every ten years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within twelve months prior to the expiration of the term. A trademark registrant may license its registered trademark to another party by entering into a trademark license contract. Trademark license agreements must be filed with the Trademark Office for record. 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 licensee shall display the name of the licensor and the place of origin on the commodities that bear the licensed registered trademark. As to trademarks, the PRC Trademark Law has adopted a "first come, first file" principle with respect to trademark registration. Where trademark for which a registration application 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.

Patents

According to *the Patent Law of the PRC* (中華人民共和國專利法) (the "Patent Law"), promulgated by the SCNPC on March 12, 1984, and latest revised on October 17, 2020 and came into effect on June 1, 2021, and *the Rules for the Implementation of the Patent Law of the PRC* (中華人民共和國專利法實施細則) promulgated by the State Council on June 15, 2001, last amended on January 9, 2010 and became effective on February 1, 2010, the patent administrative department under the State Council is responsible for administration of patent-related work nationwide. The patent administration departments of province or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The PRC Patent Law and its implementation rules divide patents into three types, "invention," "utility model" and "design." Invention patents are valid for twenty years, while design patents are valid for fifteen years and utility model patents are valid for ten years, from the date of application. The patentee shall pay an annual fee commencing from the year in which the patent right is

granted. The PRC 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. A third-party player 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

China is a signatory to some major international conventions on protection of copyright and became a member of *the Berne Convention for the Protection of Literary and Artistic Works* in October, 1992, *the Universal Copyright Convention* in October, 1992, and the Agreement on Trade-Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organization in December 2001. *The Copyright Law of the PRC* (中華人民共和國著作權法) which was promulgated by the SCNPC on September 7, 1990, as amended on October 27, 2001 and latest amended on November 11, 2020, and came into effective on June 1, 2021, provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. The purpose of the PRC Copyright Law is to encourage the creation and dissemination of works which is beneficial to the construction of socialist spiritual civilization and material civilization and promote the development and prosperity of Chinese culture. Unless otherwise stipulated in the PRC Copyright Law, anyone that wishes to use another's work shall conclude a licensing contract with the copyright owner of the work. A licensing contract shall include: the type(s) of right(s) being licensed; whether the license is exclusive or non-exclusive; the geographic scope and term of the license; the amount and method of remuneration; liability for breach of contract; and other details which the parties consider necessary. Where the right licensed is an exclusive licensing right, the contracts shall be made in writing, except in cases where works are to be published by newspapers and periodicals according to *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), which was promulgated by State Council on August 2, 2002, last amended on January 30, 2013 and became effective on March 1, 2013. Any person, who concludes an exclusive licensing contract or assignment contract with a copyright owner, may submit, for filing, the contractual documents to the copyright administrative department.

According to *the Regulation on Computer Software Protection* (計算機軟件保護條例), which took effect on October 1, 1991 and was last amended on January 30, 2013 and subsequently enforced on March 1, 2013, the software copyright shall exist from the date on which its development has been completed, and software copyright owner may register with the software registration institution recognized by the copyright administration department of the State Council. On February 20, 2002, the National Copyright Administration of the PRC promulgated *the Measures on Computer Software Copyright Registration* (計算機軟件著作權登記辦法), which outlines the operational procedures for registration of software copyright, as well as registration of the license for the software copyright and software copyright transfer contracts. The Copyright Protection Center of the PRC (中國版權保護中心) is mandated as the software registration agency under the regulations.

Domain Name

The Measures on Administration of Internet Domain Names (互聯網域名管理辦法) was promulgated by the Ministry of Industry and Information Technology of the PRC (the "MIIT") in 2017, which adopts "first to file" rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicize the PRC domain name system. After completion of the registration procedures, the applicant will become the holder of the relevant domain name.

LAWS AND REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

Employment

The major PRC laws and regulations that govern employment relationship are *the PRC Labor Law* (中華人民共和國勞動法), *the PRC Labor Contract Law* (中華人民共和國勞動合同法) (the "Labor Contract Law") and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

The Labor Contract Law, which became effective on January 1, 2008, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

In December 2012, the Labor Contract Law was amended to impose more stringent requirements on the use of employees of temp agencies, who are known in China as "dispatched workers". Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. According to the Interim Provisions on Labor Dispatch (勞務派遣暫行規定) promulgated by the Ministry of Human Resources and Social Security and came into effect on March 1, 2014, the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees. Where rectification is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

Social Insurance

The PRC Social Insurance Law (中華人民共和國社會保險法) (the "Social Insurance Law") issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to *the Social Insurance Law* and *the Provisional Regulations on Collection and Payment of Social Insurance Premiums* (社會保險費徵繳暫行條例) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Apart from the general provisions about social insurance, specific provisions on various types of insurance are set out in *the Regulation on Work-Related Injury Insurance* (工傷保險條例) which was issued by the State Council on April 27, 2003, came into effect on January 1, 2004 and revised on December 20, 2010, *the Regulations on Unemployment Insurance* (失業保險條例) which was issued by the State Council on January 22, 1999 and came into effect on the same day, *the Trial Measures on Employee Maternity Insurance of Enterprises* (企業職工生育保險試行辦法), which was issued by the Ministry of Labor on December 14, 1994 and came into effect on January 1, 1995. Enterprises subject to these regulations shall provide their employees with the corresponding insurance.

Housing Provident Fund

According to *the Regulation on the Administration of Housing Provident Fund* (住房公積金管理條例), which was implemented on April 3, 1999 and latest amended on March 24, 2019, any newly established entity shall make deposit registration at the housing accumulation fund management center within 30 days as of its establishment. After that, the entity shall open a housing accumulation fund account for its employees in an entrusted bank. Within 30 days as of the date an employee is recruited, the entity shall make deposit registration at the housing accumulation fund management center and seal up the employee's housing accumulation fund account in the bank mentioned above within 30 days from termination of the employment relationship. Any entity that fails to make deposit registration of the housing accumulation fund or fails to open a housing accumulation fund account for its employees shall be ordered to complete the relevant procedures within a prescribed time limit. Any entity failing to complete the relevant procedure within the time limit will be fined RMB10,000 to RMB50,000. Any entity that fails to make payment of housing provident fund within the time limit or has a shortfall in payment of housing provident fund will be ordered to make the payment or make up the shortfall within the prescribed time limit, otherwise, the housing provident management center is entitled to apply for compulsory enforcement with the People's Court.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

Pursuant to *the Regulations on Foreign Exchange Control of the PRC* (中華人民共和國外匯管理條例) promulgated by the State Council on January 29, 1996 and became effective from April 1, 1996, and latest amended on August 5, 2008 and became effective from the same date, and relevant regulations, there is no restriction on the recurring international payment and transfer, and the foreign exchange income and expenses of recurring items (such as goods trade, income and expenses of service trade and payments of interest and dividends) should be on true and legal transactions basis, and can be directly undertaken at the bank with true and valid transaction documents. Foreign exchange income and expenses of capital items (such as direct equity investment and loans) shall comply with the provisions of relevant laws and regulations, and where required for approval or registration by relevant regulation from foreign exchange administration authorities, such approval or registration shall be filed. Foreign exchange and settlement funds of capital items shall be used for purposes as stipulated in relevant competent departments and foreign exchange administration authorities.

According to *the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing* (關於境外上市外匯管理有關問題的通知) issued by the State Administration of Foreign Exchange ("SAFE") on December 26, 2014 and as amended by the SAFE Circular 16 (defined below), the domestic companies shall register the overseas [**REDACTED**] with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas [**REDACTED**] and issuance. The funds raised by the domestic companies through overseas [**REDACTED**] may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

The SAFE issued *the Circular on Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises* (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the "SAFE Circular 19"), on March 30, 2015, and it became effective on June 1, 2015, which was partially repealed on December 30, 2019, and latest amended on March 23, 2023. The SAFE Circular 19 expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. In June 2016, SAFE further promulgated *the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account* (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) (the "SAFE Circular 16"), which, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

In October 2019, SAFE issued *the Circular of Further Facilitating Cross-border Trade and Investment* (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知) ("SAFE Circular 28"), which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in China, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. According to *the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business* (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知) ("SAFE Circular 8"), issued by SAFE in April 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas [**REDACTED**], without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements. The interpretation and implementation in practice of SAFE Circular 28 and SAFE Circular 8 are still subject to several uncertainties given they are newly issued regulations.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

According to *the Enterprise Income Tax Law of the PRC* (中華人民共和國企業所得稅法), which was promulgated by the SCNPC and was latest amended on December 29, 2018, and *the Implementation Regulations for the Enterprise Income Tax Law of the PRC* (中華人民共和國企業所得稅法實施條例), which was promulgated by the State Council and was latest amended in April 2019, collectively referred to as the Enterprise Income Tax Law, a uniform 25% enterprise income tax rate ("EIT") is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a 15% tax rate reduction for Enterprise Income Tax.

According to *the Notice on Issues Concerning Relevant Tax Policies in Deepening the Implementation of the Western Development Strategy* (關於深入實施西部大開發戰略有關稅收政策問題的通知) which was promulgated by the Ministry of Finance, General Administration of Customs, and State Administration of Taxation, from January 1, 2011 to December 31, 2020, the EIT imposed upon any enterprise established in western regions and included among the encouraged industries shall be collected at the reduced rate of 15%. Furthermore, according to the Announcement on Continuation of EIT Policies for Large-scale Development in the Western Region (關於延續西部大開發企業所得稅政策的公告) which was promulgated by the Ministry of Finance, State Administration of Taxation, and National Development and Reform Commission, During the period from January 1, 2021 to December 31, 2030, CIT shall be levied at a reduced tax rate of 15% on enterprises established in the western region in encouraged industries.

Value-added Tax

Pursuant to *the Provisional Regulations of the PRC on Value-added Tax* (中華人民共和國增值稅暫行條例), which was promulgated by the State Council and was latest amended on November 19, 2017, and *the Implementation Rules for the Provisional Regulations the PRC on Value-added Tax* (中華人民共和國增值稅暫行條例實施細則), which was promulgated by the Ministry of Finance and was latest amended on October 28, 2011 and effective from November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax.

According to *the Notice of the Ministry of Finance and the State Taxation Administration on the Adjusting Value-added Tax Rates* (財政部、稅務總局關於調整增值稅稅率的通知) effective in May 2018, the value-added tax rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

According to *the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform* (財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告) promulgated on March 20, 2019 and effective from April 1, 2019, the value-added tax rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

Dividend Distribution and Tax

The principal laws, rules and regulations governing dividend distributions by foreign-invested enterprises in the PRC are *the PRC Company Law* (中華人民共和國公司法), which was promulgated on December 29, 1993 by the SCNPC and latest amended in 2018, and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is required to allocate at least 10% of their respective accumulated after-tax profits each year, if any, to fund certain capital reserve funds until the aggregate amount of these reserve funds have reached 50% of the registered capital of the enterprises. 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.

The Enterprise Income Tax Law provides that since January 1, 2008, an enterprise income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC, unless any such non-PRC resident investors' jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT IN THE PRC

Foreign Investment

Investment activities in the PRC by foreign investors were principally governed by *the Special Administrative Measures (Negative List) for Access of Foreign Investment (2021 version)* (外商投資准入特別管理措施(負面清單)(2021年版)) (the "Negative List"), and *the Catalogue of Industries for Encouraging Foreign Investment (2022 version)* (鼓勵外商投資產業目錄(2022年版)) (the "Encouraging List"). The Negative List, which came into effect on January 1, 2022, sets out special administrative measures (restricted or prohibited) in respect of the access of foreign investments in a centralized manner, and the Encouraging List which came into effect on January 1, 2023, sets out the encouraged industries for foreign investment.

Foreign-Invested Enterprises

The Company Law regulates the establishment, operation and management of corporate entities in China and classifies companies into limited liability companies and limited companies by shares. According to *the Foreign Investment Law of the PRC* (中華人民共和國外商投資法) promulgated by the NPC on March 15, 2019, and came into effect on January 1, 2020, the state shall implement the management systems of pre-establishment national treatment and negative list for foreign investment, and shall give national treatment to foreign investment beyond the negative list. Simultaneously, *the Law of the People's Republic of China on Sino-foreign Equity Joint Ventures* (中華人民共和國中外合資經營企業法), *the Wholly Foreign-owned Enterprises Law of the PRC* (中華人民共和國外資企業法) and *the Law of the People's Republic of China on Sino-foreign Contractual Joint Ventures* (中華人民共和國中外合作經營企業法) have been repealed since January 1, 2020.

On December 26, 2019, the 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 on January 1, 2020. Simultaneously, *the Regulations on Implementing the Sino-Foreign Equity Joint Venture of the PRC* (中華人民共和國中外合資經營企業法實施條例), *the Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture* (中外合資經營企業合營期限暫行規定), *the Regulations on Implementing the Wholly Foreign-owned 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 of the PRC* (中華人民共和國中外合作經營企業法實施細則) have been repealed since January 1, 2020.

According to *the Measures for the Reporting of Foreign Investment Information* (外商投資信息報告辦法), which was promulgated by the Ministry of Commerce of the PRC ("MOFCOM") and the SAMR on December 30, 2019 and came into effect on January 1, 2020 and simultaneously replaced *the Interim Measures for the Recordation Administration of the Incorporation and Change of Foreign-Invested Enterprises* (外商投資企業設立及變更備案管理暫行辦法), for carrying out investment activities directly or indirectly in PRC, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures.

LAWS AND REGULATIONS RELATING TO OVERSEAS LISTINGS

Overseas Listings

On February 17, 2023, the China Securities Regulatory Commission, or the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including *the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies* (境內企業境外發行證券和上市管理試行辦法) ("Trial Measures") together with 5 supporting guidelines (together with the Trial Measures, collectively referred to as the "New Regulations on Filing"). Under New Regulations on Filing, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to [**REDACTED**].

The New Regulations on Filing provides that no overseas offering and listing shall be made under any of the following circumstances: (1) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (2) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (3) the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (4) the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law and no conclusion has yet been made thereof; or (5) there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security.

Confidentiality and Archives Administration

On February 24, 2023, the CSRC and other three relevant government authorities jointly 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"). Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

Beneficial Owners

According to *the Notice of the People's Bank of China on Further Improving the Identification of Beneficial Owners* (中國人民銀行關於進一步做好受益所有人身份識別工作有關問題的通知) which was promulgated by the People's Bank of China on June 27, 2018 and became effective on the same day, for identification purpose, each non-natural-person shall have at least one beneficial owner. To be identified as a beneficial owner of a company one should have ultimate control over a company is not limited to directly or indirectly owning more than 25% of the company's equity or voting rights, and it includes any other form that can effectively control or actually affect the company's decision-making, operation and management.

LAWS AND REGULATIONS RELATING TO THE H SHARE "FULL CIRCULATION"

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

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

In order to fully promote the reform of H-shares "Full Circulation" and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, CSDC has promulgated *the Circular on Issuing the Guide to the Program for Full Circulation of H-shares* (關於發佈<H股"全流通"業務指南>的通知) on February 7, 2020, which specifies the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc.

According to *the Notes on the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies* (關於<境內企業境外發行證券和上市管理試行辦法>的說明), the New Regulations Filing aims to strengthening institutional inclusiveness and deepening opening-up, and lays out "full circulation" arrangements. For the overseas offering and listing by a domestic company, holders of its domestically-based domestic unlisted shares are allowed after filing to convert the shares into overseas listed shares to be circulated on overseas trading venues.