
REGULATORY OVERVIEW

This section sets forth a summary of the laws and regulations applicable to our Group's business and operations in the PRC, the jurisdiction which our Group operates. As this is a summary, it does not contain detailed analysis of laws in this jurisdiction which is relevant to our Group's business.

OVERVIEW

PRC gold enterprises are subject to extensive PRC laws and regulations and government supervision. Such laws and regulations encompass the areas of investment, exploration, mining, processing, smelting, sales, trade as well as environmental protection and labour with respect to gold mines and gold products.

We are mainly supervised and regulated by the following PRC government bodies:

The State Council, as the highest administrative body, is responsible for formulating and reforming the Chinese government's investment system, approval system and investment project catalog for governmental approval.

NDRC is responsible for (i) formulating and implementing main policies on China's economic and social development; (ii) planning the major construction projects and distribution of productive forces; and (iii) examining and approving investment projects with expenditure exceeding certain amount or in special industrial sectors. The competent investment departments of all levels of local governments are responsible for (i) implementing the specific policies formulated by NDRC; (ii) examining and approving investment projects that are not examined and approved by NDRC; and (iii) the filing of other enterprise investment projects that do not require examination and approval.

MIIT is responsible for (i) formulating the planning, industrial policies and standards of industry and information and other sectors (including the gold industry); (ii) setting the access conditions of industry and information and other sectors (including the gold industry); and (iii) organising and implementing the access conditions of such industries (including the gold industry). The competent departments of industry and information of all levels of local governments are responsible for the production and supervision of the enterprises of industry and information (including the gold industry) within their administrative divisions.

MNR has the authority (i) to grant the land use right certificate and the mining right licence; (ii) to approve the transfer and lease of mining rights; and (iii) to review the mining fees and reserves assessment. The competent departments of natural resources of all levels of local governments are responsible for the land and mining administration within their administrative divisions.

MEE is responsible for (i) formulating guidelines, policies and regulations of national environmental protection; and (ii) conducting environmental impact assessment of the major economic and technological policies, development plans and major economic development plans. The competent ecology and environment departments of all levels of local governments are responsible for the supervision and inspection of the "Three Simultaneities" of the construction projects within their administrative divisions, as well as the permit and supervision of the sewage of the industrial and mining enterprises.

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MEM is responsible for the national supervision and administration of work safety to ensure the implementation of relevant national laws and regulations on work safety. The competent emergency management departments of all levels of local governments are responsible for the supervision and administration of work safety of industrial and mining enterprises within their administrative divisions, and the supervision and inspection of work safety of the construction projects in terms of the “Three Simultaneities”.

SAMR is responsible for leading national product quality administration, product technology supervision, standardisation and other items. The competent administration for market regulation departments of all levels of local governments are responsible for the supervision and administration of product quality of the industrial and mining enterprises within their administrative divisions.

LAWS AND REGULATIONS RELATING TO MINERAL RESOURCES

According to the PRC Mineral Resources Law, which was promulgated by the Standing Committee of the National People’s Congress on 19 March 1986, became effective on 1 October 1986, and was amended on 29 August 1996 and 27 August 2009 respectively, all mineral resources of the PRC are owned by the State. The geology and mineral resources department of the State Council, which is now the MNR, is responsible for the supervision and administration of the exploration and mining of mineral resources nationwide. The geology and mineral resources departments of the people’s governments in the respective provinces, autonomous regions and municipalities directly under the central government are responsible for the supervision and administration of the exploration and mining of mineral resources within their own jurisdictions.

According to the Interim Measures for the Supervision and Administration of Mineral Resources (礦產資源監督管理暫行辦法), promulgated by the State Council and implemented on 29 April 1987, calculation and mining of mineral reserves by the mining enterprises shall be based on the approved industrial indicators regarding mineral reserves calculation, which could not be arbitrarily altered.

According to the Regulation for Registering to Explore for Mineral Resources Using the Block System (礦產資源勘查區塊登記管理辦法), effective as of 12 February 1998 and amended on 29 July 2014, and the Procedures for Administration of Registration of Mining of Mineral Resources (礦產資源開採登記管理辦法), effective as of 12 February 1998 and amended on 29 July 2014, exploration or mining of mineral resources must file registration and obtain exploration or mining licences, as the case may be.

Rights and obligations of the holder of exploration licences

According to the Implementation Rules for the PRC Mineral Resources Law (中華人民共和國礦產資源法實施細則) which became effective on 26 March 1994, the rights exercisable by the holder of an exploration licence include, among other things, the following: (i) carrying out exploration in the designated area and within the prescribed time as specified in the exploration licence; (ii) having access to the exploration area and its adjacent areas; (iii) temporarily using the land in accordance with the needs of the exploration project; (iv) having the priority in obtaining the mining right of the mineral resources as specified on the exploration licence and the exploration right of other newly discovered

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type of minerals within the designated exploration area; and (v) selling the mineral products recovered during the exploration operation in accordance with the project design which has been approved, except for those mineral products which shall be sold to designated units as required by the State Council.

The obligations of the holder of an exploration licence include, among other things, the following: (i) commencing and completing the exploration operation within the term prescribed in the exploration licence; (ii) conducting the exploration in accordance with the exploration construction design and refraining from any unauthorised mining activities; (iii) conducting comprehensive exploration and assessment over the intergrown minerals or associated minerals while ascertaining the major minerals; and (iv) compiling mineral exploration reports to be submitted to relevant government authorities for examination and approval.

Pursuant to the Regulation for Registering to Explore for Mineral Resources Using the Block System (礦產資源勘查區塊登記管理辦法) which became effective on 12 February 1998 and was amended on 29 July 2014, the holder of an exploration licence shall meet the following minimum exploration investment requirement from the date of obtaining the exploration licence: (i) RMB 2,000 per square kilometre for the first exploration year; (ii) RMB 5,000 per square kilometre for the second exploration year; and (iii) RMB 10,000 per square kilometre for each exploration year from the third exploration year.

Rights and obligations of holders of mining licences

According to the Implementation Rules for the PRC Mineral Resources Law (中華人民共和國礦產資源法實施細則), the rights exercisable by the holder of a mining licence include, among other things, the following: (i) engaging in mining activities in the designated mining area and within the term prescribed under the mining licence; (ii) selling the mineral products, except for those minerals which shall be sold to designated units as required by the State Council; (iii) constructing production facilities and amenities within the mining area; and (iv) acquiring the land use right attaching to the mine construction in accordance with law.

The obligations of a holder of a mining licence include, among other things, the following: (i) conducting mine construction or mining within the term prescribed in the mining licence; (ii) effectively protecting, rationally mining and comprehensively utilising the mineral resources; (iii) paying resource tax and resources compensation fee pursuant to law; (iv) complying with the PRC laws and regulations regarding work safety, water and soil conservancy, land recovery and environmental protection; and (v) accepting the supervision and administration from both the competent authorities in charge of geology and mineral resources and the other relevant competent authorities and submitting reports relating to mineral resources utilisation.

Usage fees and renewal of exploration and mining licences

The holder of an exploration licence and the holder of an mining licence are subject to exploration right usage fees and mining right usage fees, respectively. In accordance with the Regulation for Registering to Explore For Mineral Resources Using the Block System (礦產資源勘查區塊登記管理辦法), the exploration right usage fee shall be calculated and paid on an annual basis. The rate of

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exploration right usage fee applicable for the first year to the third year of exploration shall be RMB 100 per square kilometre per year. Starting from the fourth year of exploration, RMB 100 per square kilometre shall be added per year. However, the annual maximum amount of the exploration right usage fee shall not exceed RMB500 per square kilometre. In accordance with the Procedures for Administration of Registration of Mining of Mineral Resources (礦產資源開採登記管理辦法), the mining right usage fee shall be paid on an annual basis. The rate of mining right usage fee shall be RMB1,000 per square kilometre of mining area per year.

According to the Regulation for Registering to Explore for Mineral Resources Using the Block System (礦產資源勘查區塊登記管理辦法), the maximum validity period of a exploration licence shall be 3 years. The exploration right could be reserved, and the exploration licence could be extended within 30 days prior to its expiration, upon approval of the competent authority. The exploration licence could be extended for twice, and each extension shall not exceed 2 years.

Pursuant to the Procedures for Administration of Registration of Mining of Mineral Resources (礦產資源開採登記管理辦法), the validity period of a mining licence shall be determined according to the scale of the mine. The maximum validity period of the initial term of a mining licence for a big-scale mine, medium-scale mine and small-scale mine shall be 30 years, 20 years and 10 years, respectively. The mining licence can be renewed within 30 days prior to its expiration, upon compliance with the prescribed extension procedure. If the holder of a mining licence fails to renew its licence in time, such mining licence shall be automatically annulled upon expiration.

Related resource tax and resource compensation fee

Pursuant to the Provisional Regulations on Resource Tax of the PRC (中華人民共和國資源稅暫行條例) which became effective on 1 January 1994 and was amended on 30 September 2011, the mineral resource tax rate for raw ore of non-ferrous metal minerals other than rare earth ore is RMB 0.4-30/tonne, and the amount of resources tax payable shall be the amount of sales or private usage of mineral products multiplied by the applicable tax rate. The above regulations was abolished and replaced by Resource Tax Law of the PRC (中華人民共和國資源稅法) which became effective on 1 September 2020.

Pursuant to the Detailed Rules for the Implementation of the Provisional Regulation on Resource Tax of the PRC (中華人民共和國資源稅暫行條例實施細則), which was promulgated by MOF and the SAT on 28 October 2011 and became effective as of 1 November 2011, the specific rate of resource tax applicable to taxable products shall be governed by the list of taxable items attached to the above Detailed Rules for the Implementation of the Provisional Regulation on Resource Tax of the PRC, the sales amount refers to the full price and other fees collected by the taxpayer from the purchaser upon the taxable products, excluding output value-added tax.

Pursuant to the Notice on Comprehensively Promoting Reform of Resource Tax (關於全面推進資源稅改革的通知) and the Notice on Issues on Specific Policies on the Reform of Resource Tax (關於資源稅改革具體政策問題的通知) issued by the MOF and the SAT, both of which became effective on 1 July 2016, the basis of calculation for resource tax of 21 categories of resources (including gold ore) shall be changed from sales quantity of raw ore to sales amount of raw ore, concentrates (or raw ore

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processed products), sodium chloride junior products or gold ingots, in which the basis of tax calculation for gold ore shall be the sales amount of gold ingots at the tax rate of 1%-4%. Resource tax shall be calculated and collected upon the sale or self-use of taxable products. The Announcement of the MOF and the SAT on the Implementation Criteria of Issues Related to Resource Tax (財政部、稅務總局關於資源稅有關問題執行口徑的公告), which came into effect on 1 September 2020, has abolished the above two documents and set out criteria for the determination of “taxable product” and “sales amount” of such taxable products in respect of resource tax.

According to the Resource Tax Law of the PRC, which was promulgated by the Standing Committee of the National People’s Congress on 26 August 2019 and became effective on 1 September 2020, the specific rate of resource tax applicable to taxable products shall be governed by the List of Taxable Items attached to the above Resource Tax Law of the PRC, and the resource tax rate for gold ores (including raw ores and processed ores) shall be 2%-6%.

Pursuant to the Rules for the Administration of Collection of Mineral Resource Compensation Fees (礦產資源補償費徵收管理規定), promulgated by the State Council on 27 February 1994 and amended on 3 July 1997, the holder of a mining licence shall pay the mineral resource compensation fees from sale proceeds of mineral products on a pro rata basis.

LAWS AND REGULATIONS RELATING TO THE ADMINISTRATION OF GOLD

Pursuant to the Administrative Regulations on Gold and Silver of the PRC (中華人民共和國金銀管理條例), which was promulgated and implemented on 15 June 1983 and was amended on 8 January 2011, purchases of gold and silver shall be made centrally by the PBOC. No entity or individual shall purchase gold and silver without the consent of the PBOC. All gold and silver produced by mining enterprises, rural communes, brigades, armed forces or individuals engaged in the production of gold and silver (including those with ore exploration, production and smelting as their supplementary business) shall be sold to the PBOC, and shall not be retained individually for sale, exchange or use. Entities requiring gold and silver for use shall file an application with the PBOC on the proposed use of gold and silver for examination and approval.

On 30 October 2002, the Shanghai Gold Exchange commenced operation under the supervision of the State Council. Since then, the PBOC has ceased its operation in gold allocation and purchase. Nowadays, all gold enterprises in the PRC are required to sell their standard gold bullion through the Shanghai Gold Exchange, and price of gold on the Shanghai Gold Exchange are determined by market demand and supply, which essentially converges with the price of gold in the international market. On 27 February 2003, the State Council promulgated the Decision in relation to Termination of the Second Batch of Administrative Approval Items and Alteration of the Management Method of Certain Administrative Approval Items (國務院關於取消第二批行政審批項目和改變一批行政審批項目管理方式的決定) and cancelled the approval requirements for the production, supply, purchase and sale of gold. As a result, the policy of “centralised purchase and allocation of gold” as stipulated under the Administrative Regulations on Gold and Silver of the PRC (中華人民共和國金銀管理條例) has been terminated in practice.

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According to the Decision of the State Council on the Establishing Administrative Permission for Certain Administrative Approval Item Necessary to Be Retained (國務院對確需保留的行政審批項目設定行政許可的決定), which became effective on 1 July 2004 and was amended on 29 January 2009 and 25 August 2016 respectively, and the Decision and Measures for the Import and Export of Gold and Gold Products (黃金及黃金製品進出口管理辦法) which became effective as of 1 April 2015 and was amended on 16 April 2020, the import and export of gold and gold products shall be subject to administrative examination and approval of the PBOC.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

The PRC laws and regulations relating to environmental protection mainly include: Environmental Protection Law of the PRC (中華人民共和國環境保護法) (revised on 24 April 2014 and implemented on 1 January 2015), Water Pollution Prevention and Control Law of the PRC (中華人民共和國水污染防治法) (revised on 27 June 2017 and implemented on 1 January 2018), Atmospheric Pollution Prevention and Control Law of the PRC (中華人民共和國大氣污染防治法) (revised and implemented on 26 October 2018), Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法) (revised on 29 April 2020 and implemented on 1 September 2020), Environmental Protection Tax Law of the PRC (中華人民共和國環境保護稅法) (revised and implemented on 26 October 2018), Implementation Regulation on the Environmental Protection Tax Law of the PRC (中華人民共和國環境保護稅法實施條例) (revised on 25 December 2017 and implemented on 1 January 2018), Measures for Pollutant Discharge Permitting Administration (For Trial Implementation) (排污許可管理辦法(試行)) (revised and implemented on 22 August 2019), Law of the PRC on Prevention and Control of Pollution from Environmental Noise (中華人民共和國環境噪聲污染防治法) (revised and implemented on 29 December 2018, and was abolished and replaced by Law of the PRC on Noise Pollution Prevention and Control (中華人民共和國噪聲污染防治法) which became effective on 5 June 2022), and Provisions for the Protection of Geological Environment in Mines (礦山地質環境保護規定) (revised and implemented on 24 July 2019).

Pursuant to the aforesaid laws and regulations, enterprises that discharge and dispose of toxic and dangerous substances such as wastewater, waste gas and solid wastes shall comply with the national and local standards of usage and shall declare to and register with the relevant environmental protection administration authorities and pay pollution discharge fees according to law where applicable.

Pursuant to the Law on Environmental Impact Assessment of the PRC (中華人民共和國環境影響評價法), which came into effect on 1 September 2003 and was amended on 2 July 2016 and 29 December 2018 respectively, construction entities should prepare or fill in the environment impact reports, reporting forms or registration forms of the environment impact according to the degree of environmental impact caused by the construction projects as follows: (i) if the environmental impact may be significant, an environmental impact report shall be required, which shall thoroughly appraise the potential environmental impact; (ii) if the environmental impact may be gentle, an environmental impact report form of analysing or appraising the specific potential environmental impact shall be required; and (iii) if the environmental impact may be so slight that it is unnecessary to conduct an appraisal of the environmental impacts, an environmental impact registration form shall be filled in and submitted.

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Pursuant to the Interim Measures for Environmental Protection Acceptance of Completed Construction Projects (建設項目竣工環境保護驗收暫行辦法) effective as of 20 November 2017 and the Regulations on the Administration Construction Project Environmental Protection (建設項目環境保護管理條例), which was revised on 16 July 2017 and implemented on 1 October 2017, after the completion of a construction project for which an environmental impact report or an environmental impact report form is required, the construction entity shall, according to standards and procedures prescribed by the environmental protection administrative authorities, conduct environmental protection completion acceptance check and compile an acceptance check report. A construction project for which an environmental impact report or an environmental impact report form is required shall not be put into production or use until the environmental protection completion acceptance check has been passed.

LAWS AND REGULATIONS RELATING TO PRODUCTION SAFETY

The PRC government has formulated a relatively comprehensive set of laws and regulations on production safety, including the Work Safety Law of the PRC (中華人民共和國安全生產法) (effective as of 1 November 2002 and revised on 27 August 2009, 31 August 2014 and 10 June 2021, respectively), the Mine Safety Law of the PRC (中華人民共和國礦山安全法) (effective as of 1 May 1993 and revised on 27 August 2009) as well as the Regulations for the Implementation of the Mine Safety Law of the PRC (中華人民共和國礦山安全法實施條例) (effective as of 30 October 1996) promulgated by the State Council, covering mineral resources exploration, mining and mine construction. The PRC government applies a work safety licensing system for production safety to mining enterprises under the Regulations on Work Safety Permits (安全生產許可證條例) (effective as of 13 January 2004 and revised on 18 July 2013 and 29 July 2014, respectively). No mining enterprise may engage in production activities without holding a valid work safety licence. Any mining enterprise which fails to satisfy the production safety conditions set out in the Regulations on Work Safety Permits may not obtain a work safe licence and carry out any production activity. Mining enterprises which have obtained the work safety licences shall not lower their production safety standards, and shall be subject to the supervision and inspection by the licensing authorities from time to time. If the licensing authority is of the opinion that any of such enterprises no longer satisfy the production safety requirements, the work safety licence may be withheld or revoked. The valid period for a work safety licence shall be 3 years. The enterprise may apply for extension of the licence within 3 months prior to expiration of the licence, and if the licenced enterprise has been strictly complied with the relevant laws and regulations in relation to work safety and free of any fatal accident during the term of the licence, with the consent of the licensing authority, the licence could be renewed without examination procedure. The primary person in charge and the work safety management personnel of a mining enterprise shall pass the assessment on their work safety knowledge and management capabilities conducted by the competent work safety authority.

The PRC government has also formulated a set of national standards on production safety for the mining industry. For example, the mine design shall comply with production safety requirements and industry practice; mining enterprises must establish and improve the safe production responsibility system. Managers of mines shall be responsible for the safe production in their respective enterprises. Mining enterprises must give safety education and training to their workers and staff; those without receiving safety education and training may not take up a post of duty.

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Pursuant to the relevant requirements of the Mine Safety Law of the PRC (中華人民共和國礦山安全法), the Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents (生產安全事故報告和調查處理條例), the Notice on Regulating the Inspection for Acceptance upon Completion of Safety Facilities in Metal and Non-metal Mine Construction Projects (關於規範金屬非金屬礦山建設項目安全設施竣工驗收工作的通知), the authorities in charge of mining enterprises under the people's governments at or above the county level shall exercise the following functions and responsibilities with respect to the control of safety work in mines: (i) to inspect the implementation of laws and regulations on safety in mines by mining enterprises; (ii) to examine and approve designs of safety facilities in mine construction projects; (iii) to supervise the inspection for acceptance upon completion of safety facilities in mine construction projects; (iv) to manage the training of managers of mines and personnel in charge of safety work in mining enterprises; (v) to investigate and handle work safety accidents at mines; and (vi) other controlling functions and responsibilities provided for in laws and administrative rules and regulations. Upon occurrence of accidents, mining enterprises shall immediately take measures to rescue their workers and report any casualty to the relevant authority. In the event of a general mine accident, the mining enterprise shall be responsible for investigating and handling the case. In the event of a fatal accident, the government, the relevant authority, the labour union and the mining enterprise shall conduct investigation and handle the case together. In addition, mining enterprise shall pay compensation to any staff who was injured or died in the accident in accordance with the national requirements. Such mining enterprise may only resume production after the relevant danger at the scene has been eliminated.

Pursuant to Measures on the Implementation of Work Safety Permit for Non-Coal Mining Enterprises (非煤礦礦山企業安全生產許可證實施辦法) (which came into effect on 17 May 2004 and revised on 8 June 2009 and 26 May 2015), non-coal mining enterprises must obtain the production safety permit and are prohibited from engaging in any production activities without obtaining the permit.

LAWS AND REGULATIONS RELATING TO LAND

Pursuant to the Land Administration Law of the PRC (中華人民共和國土地管理法), which was promulgated on 25 June 1986 and was revised on 29 December 1988, 29 August 1998, 28 August 2004 and 26 August 2019 respectively, and the Regulations on the Implementation of the Land Administration Law of the PRC (中華人民共和國土地管理法實施條例), which was promulgated on 27 December 1998 and was revised on 8 January 2011, 29 July 2014 and 2 July 2021, land in the PRC is either state-owned or collectively-owned. Land owned by the state and collectively-owned by villagers may be allocated to units or individuals for use according to law. Lawfully registered land ownership and land use rights are protected by law. In the case of temporary use of state-owned land or land collectively-owned by farmers for construction projects or by geological survey teams, approval shall be obtained from the land administrative department of the government at or above the county level. Land users shall sign contracts with relevant land administrative department or rural economic collective organisations or village committees for the temporary use of land, depending on the ownership of land and shall pay land compensation fees as stipulated in the contracts for the temporary use of land. The term for the temporary use of land shall generally not exceed two years. The state shall establish a territorial spatial planning system, and territorial spatial plans approved in accordance with the law shall be the primary basis for various activities of land development, protection, and construction. Where a territorial spatial

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plan has been worked out, the comprehensive plan for land utilisation and the urban-rural plan shall no longer be effective. Before a territorial spatial plan is determined, the existing overall plan for land utilisation and urban-rural plan legally approved shall continue to be effective. The results of land surveys are of great importance in the preparation of territorial spatial plans, as well as the management, protection and utilisation of natural resources.

Pursuant to the PRC Mineral Resources Law and the Measures for the Administration of the Examination and Approval of the Use of Woodlands by Construction Projects (建設項目使用林地審核審批管理辦法), which was promulgated on 31 March 2015 and was amended on 22 September 2016, in mining mineral resources, a mining enterprise or individual must observe the legal provisions on environmental protection to prevent pollution of the environment. In mining mineral resources, a mining enterprise or individual must economise on the use of land. In construction projects occupying forest land, the forest land shall be used in a reasonable, economical, and intensive manner in accordance with the protection and use plan. In case cultivated land, grassland or forest land is damaged due to mining, the mining enterprise concerned shall take measures to utilise the land affected, such as by reclamation, tree and grass planting, as appropriate to the local conditions. Anyone who, in mining mineral resources, causes losses to the production and well-being of other persons shall be liable for compensation and shall adopt necessary remedial measures.

Pursuant to the Regulation on Land Reclamation (土地復墾條例) which was promulgated and came into effect on 5 March 2011 and the Measures for the Implementation of the Regulation on Land Reclamation (土地復墾條例實施辦法), which came into effect on 1 March 2013 and was amended on 24 July 2019, the production and construction entities or individuals shall be responsible for the reclamation of the land destroyed by their production and construction activities. A land user shall, when handling the application for a piece of construction land or handling the application for the mining right, submit the plan for land reclamation for approval. Where the plan for land reclamation does not meet the relevant requirements, the construction land use right or the mining licence cannot be obtained. If a land user implements land reclamation in accordance with the land reclamation plan, he shall report to the competent land and resources authorities of the local people's governments at or above the county level for examination and acceptance.

LAWS AND REGULATIONS RELATED TO THE ENTERPRISE INCOME TAX

Pursuant to the EIT Law which became effective on 1 January 2008 and was amended on 24 February 2017 and on 29 December 2018 respectively, and the EIT Regulation which became effective on 1 January 2008 and amended on 23 April 2019, enterprises lawfully incorporated in the PRC or enterprises incorporated according to the laws of foreign countries (regions) but with de facto management organisation located in the PRC are resident enterprises. Resident enterprises shall pay enterprise income tax on all income sourced within and outside the PRC at the tax rate of 25%. For industries and projects which receive key support and encouragement for development from the State, preferential treatment on enterprise income tax will be available; qualified small enterprises with thin profit will be levied enterprise income tax at a reduced tax rate of 20%; high-tech enterprises receiving key support from the State will be levied enterprise income tax at a reduced tax rate of 15%.

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LAWS AND REGULATIONS RELATED TO LABOUR AND PERSONNEL

In accordance with the revised Labour Law of the PRC (中華人民共和國勞動法) which became effective on 1 January 1995 and was amended on 27 August 2009 and on 29 December 2018 respectively, labour contract shall be entered between the employer and all of its employees, and the policy that the wages shall be paid according to performance, equal pay for equal work, lowest wage protection and special labour protection for female worker and juvenile workers shall be implemented. The Labour Contract Law of the PRC (中華人民共和國勞動合同法) which became effective on 1 January 2008 and was amended on 28 December 2012, and the Implementing Regulations of the Labour Contract Law of the PRC (中華人民共和國勞動合同法實施條例) which became effective on 18 September 2008, regulate the relationship between the employer and the employee as well as the entering, execution, performance, modification, withdrawal or termination of labour contracts, improve the labour contractual system, clarify the respective rights and obligations of both parties to labour contracts, and protect the legal rights of the employer and the employee.

In accordance with the Social Insurance Law of the PRC (中華人民共和國社會保險法) which came into effect on 1 July 2011 and was amended on 29 December 2018, and the Several Provisions on Implementing the Social Insurance Law of the PRC (實施中華人民共和國社會保險法若干規定) implemented on 1 July 2011, the State establishes social insurance systems such as basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance so as to protect the rights of citizens in receiving material assistance from the State and the society in accordance with the law when getting old, sick, injured at work, unemployed and giving birth. Employers and individuals within the territory of the PRC shall pay their social insurance premiums in accordance with relevant PRC laws and regulations.

In accordance with the Regulation on the Management of Housing Provident Fund (住房公積金管理條例) which came into effect on 3 April 1999 and was amended on 24 March 2002 and 24 March 2019 respectively, the employer shall make deposit registration with the local management centre of housing provident fund and establish housing provident fund account in an entrusted bank for each of its employees. For any new employee, the deposit registration shall be undertaken by the employer within 30 days from the date of the employment, and establishment or transfer of housing provident fund account of the new employee shall be handled.

LAWS AND REGULATIONS RELATED TO FOREIGN INVESTMENT

The PRC Company Law, which became effective on 1 July 1994 and was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013 and 26 October 2018 respectively, governs two types of companies: limited liability companies or joint stock limited companies incorporated within the territory of PRC. Both types of companies have the status of legal persons. Shareholders' liabilities of both limited liability company and joint stock limited company are limited to the registered capital contributed by the Shareholder. The PRC Company Law may also apply to foreign-invested companies unless laws on foreign investment have other stipulations.

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The Special Management Measures for Market Entry of Foreign Investment (Negative List) (2019 version) (外商投資准入特別管理措施(負面清單)(2019年版)), promulgated and implemented on 30 June 2019 regulates the market entry of foreign investment in different industries by setting out a negative list for the market entry of foreign investment. Among others, the negative list for the market entry of foreign investment is further divided into “Catalog for Restricted Foreign Investment Industries” and “Catalog for Prohibited Foreign Investment Industries”. Foreign investment is permitted to invest in industries not included in the negative list for the market entry of foreign investment. The Special Management Measures for Market Entry of Foreign Investment (Negative List) has been revised on 23 June 2020 and 27 December 2021 respectively. Businesses of the Company and its PRC subsidiary have never been included in above 2019, 2020 and 2021 version of “Special Management Measures for Market Entry of Foreign Investment (Negative List)”.

The Provisional Measures for the Filing Administration of Establishment and Changes of Foreign-Invested Enterprises (2018 Revision) (外商投資企業設立及變更備案管理暫行辦法(2018修訂)), which was promulgated by the MOFCOM on 29 June 2018 and became effective on 30 June 2018, sets out the prescribed procedures for the establishment and changes of foreign-invested enterprises which are not subject to the special management measures on admission as stipulated by the State.

The Measures for the Reporting of Foreign Investment Information (外商投資信息報告辦法), which was promulgated on 30 December 2019 and became effective on 1 January 2020, abolishes the above Provisional Measures for the Filing Administration of Establishment and Changes of Foreign-Invested Enterprises (2018 Revision), and regulates that foreign investors or foreign-invested enterprises shall report the investment information to the relevant commerce departments through enterprise registration system and the National Enterprise Credit Information Publicity System on in a timely manner without false or misleading information or material omissions.

The Foreign Investment Law of the PRC (中華人民共和國外商投資法) promulgated on 15 March 2019 and became effective on 1 January 2020 regulates Foreign investment in the territory of the PRC and confirms that the business forms, structures, and rules of activities of foreign-invested companies shall be governed by the Company Law of the PRC, the Partnership Law of the PRC (中華人民共和國合夥企業法), and other laws. Foreign-invested companies formed under the Law of the PRC on Chinese-foreign Cooperative Joint Ventures (中華人民共和國中外合作經營企業法) before the Foreign Investment Law comes into force may maintain their original business forms, among others, for five years after this law comes into force.

Pursuant to the Implementation Rules of the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例), which was promulgated on 26 December 2019 and became effective on 1 January 2020, all levels of governments shall treat foreign-invested enterprises and domestic enterprises equally in material aspects, including government funding arrangements, land supply, tax and fee reduction and exemption, qualification licencing, project applications, and human resource policies.

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LAWS AND REGULATIONS RELATING TO OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC COMPANIES

On 17 February 2023, the CSRC promulgated the Trial Administrative Measures of the 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》) (the “**Overseas Listing Trial Measures**”) and five supporting guidelines, which has come into effect on 31 March 2023, pursuant to which a PRC domestic company seeking offering and listing securities in overseas market, either directly or indirectly as defined in the Overseas Listing Measures, shall file with the CSRC and report relevant information.

Pursuant to the Overseas Listing Trial Measures, if the issuer meets both of the following criteria, the overseas securities offering and listing conducted by such issuer shall be deemed as “indirect overseas offering and listing by PRC domestic companies”: (i) 50% or more of any of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by PRC domestic companies; and (ii) the main part of the issuer’s business activities are conducted, or premises of its business are located in the territory of mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their habitual residence located in the territory of mainland China. The Overseas Listing Trial Measures also provide that where an issuer submits an application for initial public offering or listing to the competent overseas authorities, the issuer shall also file with the CSRC in accordance with the Overseas Listing Trial Measures within 3 business days upon submission of the overseas initial offering and listing application.

On the same day, the CSRC issued the Notice on Administration for Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which, among others, clarifies that (1) on or before the effective date of the Overseas Listing Trial Measures (i.e. 31 March 2023), domestic companies that have already submitted valid applications for overseas securities offering and listing but have not obtained approval from the competent overseas authorities or stock exchanges may reasonably arrange timing for submission of the filing applications with the CSRC and the filing shall be completed before the overseas securities offering and listing; (2) prior to the effective date of the Overseas Listing Trial Measures, domestic companies that meet the following requirements shall be deemed as Existing Applicants (存量企業) which are not required to file with CSRC with respect to overseas listing until their refinance in future: (i) domestic companies that have already been listed overseas, or (ii) domestic companies that have already obtained approval from the competent overseas authorities or stock exchanges for their indirect overseas securities offering and listing (such as pass of hearing for listing in Hong Kong or effectiveness of registration statement for listing in the United States) without being required by overseas competent authorities or stock exchanges to reapply for any procedures of offering and listing (such as a new hearing for listing in Hong Kong) and completion of their overseas offering and listing take place by 30 September 2023.

Reforms of investment system by the State Council

Pursuant to the Decision of the State Council on the Reform of Investment System (國務院關於投資體制改革的決定), which came into effect on 16 July 2004, significant changes have been made to the government approval regime for major investment projects in the PRC. Projects without utilising

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governmental funds no longer require examination and approval of the government, but require approval and filing. With respect to non-government funded projects, approval would only be required for major or restricted project, while other projects, regardless of the scale, will only be subject to a filing requirement.

According to the Catalogue of Investment Projects Subject to Approval of the Government (2004 Version) (政府核准的投資項目目錄(2004年本)), gold mining and processing projects with an ore mining and processing capacity of 500 tonnes per day or above shall be subject to approval of the department in charge of investments under the State Council, while other gold mining and processing projects shall be subject to approval of the departments in charge of investments of provincial-level governments.

According to the Catalogue of Investment Projects Subject to Approval of the Government (2013 Version) (政府核准的投資項目目錄(2013年本)), gold mining and processing projects shall be subject to approval of provincial-level governments. Such requirement has been followed by the Catalogue of Investment Projects Subject to Approval of the Government (2014 Version) (政府核准的投資項目目錄(2014年本)) and the Catalog of Investment Projects Subject to Approval of the Government (2016 Version) (政府核准的投資項目目錄(2016年本)).

Laws related to the 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 on 27 October 2001 and was revised on 31 December 2011, 2 July 2016, 4 November 2017 and 29 December 2018 respectively, a construction entity shall conduct the pre-assessment of occupational hazards at the feasibility study stage if a construction project may cause any occupational hazards. The protective facilities against occupational diseases of the construction project shall be designed, constructed, and put to use in production and other operations at the same time as the main body of the project. And before the acceptance check of a construction project, the construction entity shall evaluate the effects of occupational hazard control.

Laws Related to Intellectual Property

According to the Copyright Law of the PRC (2020 Amendment) (中華人民共和國著作權法(2020修正)), which was promulgated on 7 September 1990 and was revised on 27 October 2001, 26 February 2010 and 11 November 2020 respectively, and the Implementation Rules of the Copyright Law of the PRC (2013 Revision) (中華人民共和國著作權法實施條例(2013修訂)), which was promulgated on 2 August 2002 and was revised on 8 January 2011 and 30 January 2013 respectively, computer software shall be included in the forms of “Works” under protection of the Copyright Law of the PRC.

According to the Regulation on Computer Software Protection (2013 Revision) (計算機軟件保護條例(2013修訂)), which was promulgated on 20 December 2001 and was revised on 8 January 2011 and 30 January 2013 respectively, Chinese citizens, legal entities or other organizations enjoy copyright in the software which they have developed, whether published or not. A software copyright owner may

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register with the software registration institution recognized by the copyright administration department of the State Council. A registration certificate issued by the software registration institution is a preliminary proof of the registered items.

According to the Measures for the Administration of Internet Domain Names (互聯網域名管理辦法), which was promulgated on 24 August 2017 and became effective on 1 November 2017, domain name registration services shall, in principle, be subject to the principle of “apply first, register first”. In the process of providing domain name registration services, an applicant for the registration of a domain name shall provide authentic, accurate and complete identity information on the holder of the domain name and other domain name registration information.

Policies related to novel coronavirus epidemic

According to the Notice on Reduction of Enterprise Social Security Premium Contribution in Phases (關於階段性減免企業社會保險費的通知) jointly promulgated by MOHRSS, MOF and SAT on 20 February 2020, in order to relieve enterprise difficulties caused by the novel coronavirus epidemic, promote orderly resumption of work and production by enterprises and support stable and widened employment, based on the epidemic impact and the fund threshold, the relevant authorities may exempt medium, small and micro-enterprises premium contribution for the three social security items, the exemption period shall not exceed five months; and may reduce half of the premium contribution for the three social security items by other social security participating organisations (excluding state agencies and institutions) such as large enterprises, the reduction period shall not exceed three months.

Pursuant to the Notice on Extension of the Implementation Period of the Policies regarding Enterprise Social Security Premium Contribution Reduction and Other Issues (關於延長階段性減免企業社會保險費政策實施期限等問題的通知) promulgated by MOHRSS, MOF and SAT on 22 June 2020, policies of exempting micro, small and medium-sized enterprises from employer’s contribution for the three social security items shall be extended until the end of 2020; policies of reducing half of the premium contribution payable by large-sized enterprises and other participating employers (excluding state agencies and institutions) for the three social security items shall be extended until the end of June 2020.

According to the Notice on Implementing the Phased Support Policies Involving Housing Provident Fund to Properly Cope with the novel coronavirus epidemic (關於妥善應對新冠肺炎疫情實施住房公積金階段性支持政策的通知) jointly promulgated by MOHURD, MOF, and PBOC on 21 February 2020, enterprises affected by the novel coronavirus epidemic may apply for postponing contribution to the housing provident fund by 30 June 2020, and in regions with identified serious novel coronavirus epidemic, enterprises may voluntarily contribute to the housing provident fund by 30 June 2020 on the premise of full consultation with their employees.

According to the Notice on Further Streamlining the Examination and Approval, Optimising Services, Accurately and Steadily Promoting the Production Resumption and Work Resumption of Enterprises (關於進一步精簡審批優化服務精準穩妥推進企業復工復產的通知) promulgated by the General Office of the State Council on 3 March 2020, except for Hubei Province and Beijing, low risk areas shall not delay the commencement of production by means of examination and approval or filing.

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And the provincial governments in the middle and high risk areas shall, in accordance with the principle of minimum and necessity, formulate and announce the conditions for the resumption of work and production in the whole province. After the enterprise takes anti-epidemic measures according to the provisions, meets the conditions for the resumption of work and production and submits the record information or commitment letter, it can organise the resumption of work and production. In principle, non-epidemic prevention and control key areas shall not restrict the travel of returning workers. The input area is no longer required to carry out isolated observation for persons who hold a health certificate issued by the output area (not a key area for epidemic prevention and control) and arrive by a specific point-to-point means of transportation.

According to the Notice on Implementing the Temporary Support Policies Relating to Housing Provident Funds (關於實施住房公積金階段性支持政策的通知) jointly promulgated by MOHURD, MOF and PBOC on 20 May 2022, enterprises being affected by the novel coronavirus epidemic may apply for deferral contribution of housing provident funds, and the above support policies are valid until 31 December 2022.