REGULATIONS ON FOREIGN INVESTMENT

The establishment, operation and management of companies in the PRC shall be subject to the PRC Company Law, which was promulgated by the SCNPC on 29 December 1993, implemented on 1 July 1994, and subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023. The PRC Company Law applies to all companies established in the PRC, including foreign-invested companies, except otherwise provided by relevant laws or regulations on foreign investment.

According to the Foreign Investment Law of the PRC* (《中華人民共和國外商投資法》, the "**Foreign Investment Law**") adopted by the NPC on 15 March 2019 and came into force on 1 January 2020, the State shall implement the management systems of pre-establishment national treatment and negative list for foreign investment. The pre-establishment national treatment refers to the treatment given to foreign investors and their investments during the investment access stage, which is not lower than that given to their domestic counterparts. The negative list refers to special administrative measures for the access of foreign investment in specific fields as stipulated by the State. The State shall give national treatment to foreign investment beyond the negative list. The organisation form, institutional framework and standard of conduct of a foreign-funded enterprise shall be subject to the provisions of the PRC Company Law and the Partnership Enterprise Law of the PRC* (《中華人民共和國合夥企業法》), and other laws. Foreign investors shall not invest in any field forbidden by the negative list for access of foreign investment. For any field restricted by the negative list, foreign investors shall conform to the investment conditions as required in the negative list, and fields not included in the negative list shall be managed under the principle that domestic investment and foreign investment shall be treated uniformly.

Along with the Foreign Investment Law's coming into effect on 1 January 2020, the Law on Sino-Foreign Equity Joint Ventures of the PRC* (《中華人民共和國中外合資經營企業法》), the Law on Wholly Foreign-owned Enterprises of the PRC* (《中華人民共和國外資企業法》) and the Law on Sino-Foreign Cooperative Joint Ventures of the PRC* (《中華人民共和國中外合作經營企業法》) were repealed simultaneously, and foreign-funded enterprises which were established in accordance with such laws before the implementation of the Foreign Investment Law may retain their original organisation forms and other aspects for five years upon the implementation hereof.

On 26 December 2019, the Implementing Regulations of the Foreign Investment Law* (《中華人民共和國外商投資法實施條例》, the "**Implementing Regulations**") was promulgated by the State Council and came into effect on 1 January 2020, which further replaced the Implementing Regulations of the Law of the PRC on Sino-foreign Equity Joint Ventures* (《中華人民共和國中外合資經營企業法實施條例》), the Interim Provisions on the Joint Operation Period of Sino-foreign Equity Joint Ventures* (《中外合資經營企業合營期限暫行規定》), the Rules for the Implementation of the Law of the PRC on Wholly Foreign-owned Enterprises* (《中華人民共和國外資企業法實施細則》) and the Rules for the Implementation of the Law of the PRC on Sino-foreign Cooperative Joint Ventures* (《中華人民共和國中外合作經營企業法實施細則》). According to the Implementing Regulations, the registration of a foreign-invested enterprise shall be processed pursuant to the law by the market regulation department of the State Council

or its authorised local counterparts. A foreign investor or a foreign-invested enterprise shall submit investment information to the competent commerce department via the enterprise registration system and the enterprise credit information publicity system. The Foreign Investment Law and the Implementing Regulations also apply to the investment made by a foreign-invested enterprise in the PRC.

On 30 December 2019, the MOFCOM and the SAMR jointly promulgated the Measures for the Reporting of Foreign Investment Information* (《外商投資信息報告辦法》, the "**Reporting Measures**"), which came into effect on 1 January 2020 and replaced the Provisional Measures on Record-filing Administration over the Establishment 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》) simultaneously. Pursuant to the Reporting Measures, a foreign investor or a foreign-invested enterprise shall report investment information by submitting initial report, changing report, deregistration report, annual report and etc.

Investment activities in the PRC conducted by foreign investors shall comply with the Provisions on Guiding Foreign Investment Direction* (《指導外商投資方向規定》), which was promulgated by the State Council on 11 February 2002 and came into effect on 1 April 2002. The Foreign Investment Catalogue (2017 Revision)* (《外商投資產業指導目錄(2017年版)》) was jointly promulgated by the NDRC and the MOFCOM on 28 June 2017 and came into force on 28 July 2017. On 28 June 2018, the Special Administrative Measures for Foreign Investment Access (Negative List) (2018 Edition)* (《外商投資准入特別管理措施(負面清單)(2018年版)》) (the "**Negative List (2018 Edition)**") was promulgated by the NDRC and the MOFCOM and came into force on 28 July 2018, pursuant to which the special administrative measures for the market entry of foreign investment (negative list for the market entry of foreign investment) in the Foreign Investment Catalogue (2017 Revision) were simultaneously repealed. On 30 June 2019, the Special Administrative Measures for Foreign Investment Access (Negative List) (2019 Edition)* (《外商投資准入特別管理措施(負面清單)(2019年版)》) (the "**Negative List (2019 Edition)**") and the Catalogue of Industries for Encouraging Foreign Investment (2019 Version)* (《鼓勵外商投資產業目錄(2019年版)》) were promulgated by the NDRC and the MOFCOM and came into force on 30 July 2019, whereby the Negative List (2018 Edition) and the Foreign Investment Catalogue (2017 Revision) were simultaneously repealed. On 23 June 2020, the Special Administrative Measures for Foreign Investment Access (Negative List) (2020 Edition)* (《外商投資准入特別管理措施(負面清單)(2020年版)》) (the "**Negative List (2020 Edition)**") was promulgated by the NDRC and the MOFCOM and came into force on 23 July 2020, whereby the Negative List (2019 Edition) was simultaneously repealed. On 27 December 2020, the Catalogue of Industries for Encouraging Foreign Investment (2020 Version)* (《鼓勵外商投資產業目錄(2020年版)》) was promulgated by the NDRC and the MOFCOM and came into force on 27 January 2021, whereby the Catalogue of Industries for Encouraging Foreign Investment (2019 Version) was simultaneously repealed. On 27 December 2021, the Special Administrative Measures for Foreign Investment Access (Negative List) (2021 Edition)* (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the "**Negative list (2021 Edition)**") was promulgated by the NDRC and the MOFCOM and came into force on 1 January 2022, whereby the Negative List (2020 Edition) was simultaneously repealed. On 26 October 2022, the Catalogue of Industries for Encouraging Foreign Investment (2022 Version)* (《鼓勵外商投資產業目錄(2022年版)》) was promulgated by the NDRC and the MOFCOM and came into force on 1 January 2023, whereby the Catalogue of Industries for Encouraging Foreign Investment (2020

Version) was simultaneously repealed. On 6 September 2024, the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition)* (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List (2024 Edition)**") was promulgated by the NDRC and the MOFCOM and came into force on 1 November 2024, whereby the Negative List (2021 Edition) was simultaneously repealed.

The Negative List (2024 Edition) sets out the special administrative measures for access of foreign investment such as the requirements in relation to shareholding and senior management. Fields that are not included in the Negative List (2024 Edition) shall be regulated according to the principle of equal treatment of domestic and foreign investments. Marketing, selling and distributing nutritional products do not fall into the Negative List (2024 Edition).

REGULATIONS ON FOREIGN EXCHANGE CONTROL

In accordance with the Administrative Regulations of the PRC on Foreign Exchange* (《中華人民共和國外匯管理條例》) which was promulgated by the State Council on 29 January 1996, amended on 14 January 1997 and 1 August 2008, and became effective on 5 August 2008, RMB is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but is not freely convertible for capital account items, such as direct investment or engaging in the issuance or trading of negotiable securities or derivatives unless the prior approval by the SAFE or other relevant authorities for the administration of foreign exchange is obtained.

Pursuant to the Circular of State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles* (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》, the "**SAFE Circular No. 37**"), which was promulgated by SAFE and became effective on 4 July 2014, (1) a resident of the PRC ("**PRC Resident**") shall register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle ("**Overseas SPV**"), that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing; and (2) following the initial registration, the PRC Resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of the Overseas SPV's PRC Resident shareholder(s), name of the Overseas SPV, term of operation, or any increase or reduction of the Overseas SPV's registered capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties.

The Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies* (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》, the "**SAFE Circular No. 13**") was promulgated on 13 February 2015, implemented and became effective on 1 June 2015. According to the SAFE Circular No. 13, foreign exchange registration under domestic direct investment and foreign exchange registration approval under overseas direct investment can be

conducted with a qualified bank, instead of the local foreign exchange administrative bureau, and the SAFE shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

The Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange 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 "**Circular 19**") was promulgated on 30 March 2015 and came into effect from 1 June 2015. According to Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretional Foreign Exchange Settlement (the "**Discretional Foreign Exchange Settlement**"). The Discretional Foreign Exchange Settlement refers to the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or for which the monetary contribution has been registered for account entry by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital of a foreign-invested enterprise is temporarily determined as 100%. The RMB converted from the foreign exchange capital will be kept in a designated account and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and go through the review process with the banks.

Furthermore, Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of a foreign-invested enterprise and capital in RMB obtained by the foreign-invested enterprise from foreign exchange settlement shall not be used for the following purposes: (1) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (2) directly or indirectly used for investment in securities unless otherwise provided by relevant laws and regulations; (3) directly or indirectly used for granting the entrust loans in RMB (unless permitted by the scope of business), repaying the inter-enterprise borrowings (including advances by the third party) or repaying the bank loans in RMB that have been sub-lent to the third party; and (4) paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

The Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts* (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》, the "**Circular 16**") was published on 9 June 2016 and became effective simultaneously. Pursuant to Circular 16, enterprises registered in the PRC may convert their foreign debts from foreign currency to RMB on self-discretionary basis. Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on self-discretionary basis which applies to all enterprises registered in the PRC. Circular 16 reiterates the principle that RMB converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, while such

converted RMB shall not be provided as loans to its non-affiliated entities unless such granting is expressly permitted in the business scope. If the content of Circular 19 is not consistent with the Circular 16, the Circular 16 shall prevail.

On 23 October 2019, the SAFE issued the Circular of the State Administration of Foreign Exchange on 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》, the "**Circular 28**"), which, among other things, expanded the use of foreign exchange capital to domestic equity investment area. On the basis that investment foreign-funded enterprises (including foreign investment companies, foreign-funded venture capital enterprises and foreign-funded equity investment enterprises) may make domestic equity investments by using capital according to laws and regulations, non-investment foreign-funded enterprises are allowed to lawfully make domestic equity investments by using their capital on the premise of no violation of prevailing special administrative measures for foreign investments access (negative list) and the authenticity and compliance with the regulations of domestic investment projects. Where any previous provisions run counter to the Circular 28, the Circular 28 shall prevail.

REGULATIONS ON 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 31 August 2018 and came into effect on 1 January 2019, E-Commerce refers to business activities of sales of goods or provision of services through Internet and other information network while E-commerce business operators refer to natural persons, legal persons and other non-legal-person organisations that engage in business activities of sales of goods or provision of services through Internet and other information network. 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 licences for conducting those operational activities which are required by law to obtain administrative licences.

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 platform operators who know or should have known that the goods sold or services provided by the operators within the platform do not meet the requirements for ensuring personal and property safety, or if there are other acts that infringe upon the legitimate rights and interests of consumers, and have not taken necessary measures, shall bear joint and several liabilities with those operators. The authorities may order these e-commerce platform operators to rectify within a specified period or to suspend business operations, and may impose a fine of up to RMB2,000,000.

E-commerce operators shall (including without limitation): (i) continuously display its business licence information and administrative licence, 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. When e-commerce operators do not publicly display their business licence information, administrative permit information, or information indicating that they are exempt from market entity registration in a prominent location on their homepage, or who do not continuously display links to the aforementioned information or information regarding the termination of e-commerce operations in a prominent location on their homepage, the e-commerce platform operators shall be ordered by the relevant supervisory authorities to make corrections within a specified period. If the corrections are not made within the deadline, the e-commerce platform operators will be subject to a fine ranging from RMB20,000 to RMB100,000. In cases of serious violations, the operators will be ordered to suspend business for rectification and will be subject to a fine ranging from RMB100,000 to RMB500,000.

REGULATIONS ON IMPORT OF GOODS

Pursuant to the Customs Law of the PRC* (《中華人民共和國海關法》) promulgated by the SCNPC on 22 January 1987 and amended on 8 July 2000, 29 June 2013, 28 December 2013, 7 November 2016, 4 November 2017 and 29 April 2021, unless otherwise stipulated, the declaration of imported goods may be made by the consignors and consignees themselves, and such formalities may also be completed by their entrusted customs brokers. The consignees for import of goods and the customs brokers engaged in customs declaration shall undergo recordation formalities at the relevant administration department of customs in accordance with the laws. Where Customs declaration business is engaged in without being filed with the Customs, the Customs shall impose a fine against the party concerned.

Pursuant to the Administrative Provisions of the Customs of the PRC on the Record-filing of Customs Declaration Entities* (《中華人民共和國海關報關單位備案管理規定》), promulgated by the General Administration of Customs on 19 November 2021 and became effective from 1 January 2022, customs declaration entities refer to the consignors and consignees of imported goods and customs declaration enterprises recorded with the customs. If the consignors and consignees of imported goods and customs declaration enterprises apply for record-filing, they shall obtain the qualification of market entities; among them, if the consignors and consignees of imported goods apply for record-filing, they shall also obtain the record-filing of the foreign trade operators. The record-filing of the customs declaration entities is valid for a long period of time, while the temporary record-filing is valid for one year, after which re-application of record-filing can be made. Where there is a change to the basic information of the customs declaration entity, and the customs declaration entity fails to go through the formalities for change with the Customs in accordance with the relevant provisions, the Customs shall order it to make corrections, and if it refuses to do so, the Customs may impose a fine of not more than RMB10,000 on it.

According to the Law on Import and Export Commodity Inspection of the PRC* (《中華人民共和國進出口商品檢驗法》) promulgated by the SCNPC on 21 February 1989 and amended on 28 April 2002, 29 June 2013, 27 April 2018, 29 December 2018 and 29 April 2021 and its implementation ordinance, consignees of imported goods may complete the application formalities of customs inspection by themselves or authorise an agent to complete this procedure. The government maintains a documentary record and registration system for application formalities of customs inspection completed by the recipient of imported goods by themselves. The consignees of imported goods completing quarantine formalities must submit documentary records to the relevant entry quarantine inspection body in accordance with the laws. Where import commodities that must be inspected by commodity inspection agencies are sold or used without having been inspected, any illegal gains shall be confiscated by the relevant commodity inspection agency, and a fine of between five and twenty percent of the value of such commodities will be imposed. Where such a violation constitutes a crime, prosecution for criminal liability shall be carried out in accordance with the law.

REGULATIONS ON MANUFACTURING AND SALES OF FOODS

Food Safety Law

Pursuant to the Food Safety Law of the People's Republic of China* (《中華人民共和國食品安全法》, the "**Food Safety Law**") promulgated by the SCNPC on 28 February 2009 and revised on 24 April 2015, 29 December 2018 and 29 April 2021, and the Regulation on the Implementation of the Food Safety Law of the PRC* (《中華人民共和國食品安全法實施條例》) promulgated by the State Council on 20 July 2009 and amended on 6 February 2016, 11 October 2019 and came into effect on 1 December 2019, the State adopts a licensing system for food production and trade, and an enterprise engaging in production, sales of food or catering services shall legally obtain the licence. However, for those who engage in the sales of edible agricultural products or only sell pre-packaged food products, obtaining a licence is not required. Food operators that only sell pre-packaged food shall report to the food safety regulatory department of the local people's government at or above the county level for the recordation. In accordance with the Administrative Measures for Food Operation Licensing and Filing* (《食品經營許可和備案管理辦法》), where any record-filing party fails to submit the record-filing information as required or fails to update the record-filing information in case of any change thereto, the local market regulatory authority at or above the county level shall order it to make corrections within a specified time limit; if it fails to do so, a fine of not less than RMB2,000 but not more than RMB10,000 shall be imposed thereon.

Under the food recall system established by the State pursuant to the Food Safety Law and its implementation rules, where a food producer or trader finds that the foods it has produced or sold does not comply with relevant food safety standards, or if there is any evidence proving that the foods produced or sold may harm human health, the food producer or trader shall immediately cease the production or trading thereof, and notify the relevant producers, traders and consumers, and keep records of the recall and notification status. Food manufacturers and business operators who refuse to recall foodstuffs or cease operation after being ordered by the food safety supervision and administration department to do so, and when it does not constitute a crime, the authority shall confiscate the illegal income and foodstuffs from the illegal manufacturing or business activities, and may at the same time confiscate the tools, equipment,

ingredients used in the illegal manufacturing or business activities; where the value of the foodstuffs from the illegal manufacturing or business activities is less than RMB10,000, a fine ranging from RMB50,000 to RMB100,000 shall be imposed at the same time; where the value of the foodstuffs is RMB10,000 or more, a fine ranging from ten to twenty times the value of the foodstuffs or food additives shall be imposed at the same time; in serious cases, the permit shall be revoked.

Health supplement products

Pursuant to the Food Safety Law, the State implements strict supervision and administration over health supplement products. The alleged health supplement products shall have scientific basis and shall not cause acute, sub-acute or chronic harm to human health. The List of Raw Materials for Health Supplement Products (I)* (《保健食品原料目錄(一)》) and the Health Function Directory Alleged by Health Supplement Products as Allowed (I)* (《允許保健食品聲稱的保健功能目錄(一)》) promulgated on 27 December 2016, shall be formulated, adjusted and published by the CFDA, in concert with the health administrative department under the State Council and the National Administration of Traditional Chinese Medicine (國家中醫藥管理局). The raw materials included in the List of Raw Materials for Health Supplement Products can only be used in the production of health supplement products other than other food products. On 2 August 2019, the Administrative Measures for the List of Raw Materials and the List of Healthcare Functions for Health Supplement Products* (《保健食品原料目錄與保健功能目錄管理辦法》) was promulgated by the SAMR and came into force on 1 October 2019, pursuant to which the SAMR in conjunction with the National Health Commission of the People's Republic of China* (中華人民共和國國家衛生健康委員會) and the National Administration of Traditional Chinese Medicine shall formulate, adjust and release the List of Raw Materials for Health Supplement Products and the Health Function Directory Alleged by Health Supplement Products as Allowed. The formulation, adjustment and release of the List of Raw Materials for Health Supplement Products and the Health Function Directory Alleged by Health Supplement Products as Allowed shall serve the tenet of safeguarding food safety and promoting public health, and follow the principles of legality, scientificity, openness and impartiality.

Pursuant to the Administrative Measures for the Registration and Record-filings of Health Supplement Products* (《保健食品註冊與備案管理辦法》) which was promulgated by the CFDA on 26 February 2016, amended by the SAMR on 23 October 2020 and came into effect on the same date, the health supplement products that are made from the raw materials outside the List of Raw Materials for Health Supplement Products, or that are imported for the first time (apart from nutrients such as supplement vitamins and minerals) shall be registered with the market regulation administration under the State Council. However, where the health supplement products that are made from the raw materials on the List of Raw Materials for Health Supplement Products, or that are imported for the first time being categorised as nutrients such as supplement vitamins and minerals, such health supplement products shall be submitted to the market regulation administration under the State Council for record-filing. Other health supplement products shall be submitted to the market regulation administration of the people's governments at provincial level for record-filing. Registration and filing of health supplement products violations governed by the Food Safety Law and other laws and regulations shall be subject to such laws and regulations.

On 2 June 2023, the List of Raw Materials for Health Supplement Products — Nutrient Supplements (2023 Edition)* (《保健食品原料目錄營養素補充劑(2023年版)》) and the Health Function Directory Alleged by Health Supplement Products as Allowed — Nutrient Supplements (2023 Edition)* (《允許保健食品聲稱的保健功能目錄營養素補充劑(2023年版)》) were released by the SAMR, the National Health Commission of the People's Republic of China and the National Administration of Traditional Chinese Medicine and came into effect on 1 October 2023, which adds the raw material — docosahexaenoic acid (DHA), and its daily dosage, efficacy and technical requirements for the ingredient.

Pursuant to the Interpretation of the Issues Concerning the Supervision and Administration of the Use of Ordinary Food Raw Materials Included in the List of Raw Materials for Health Supplement Products* (《普通食品原料納入保健原料目錄的使用監管問題的解讀》) promulgated by the SAMR on 1 March 2021, there is a one-to-one correspondence relationship between the raw materials, dosage and efficacy in the List of Raw Materials for Health Supplement Products. Although certain raw materials for ordinary food are on the List of Raw Materials for Health Supplement Products, the List of Raw Materials for Health Supplement Products stipulates, apart from the name of the raw materials, the dosage and corresponding efficacy of the raw materials. Therefore only products being made from raw materials on the List of Raw Materials for Health Supplement Products and satisfying the stipulations of dosage and efficacy are considered as health supplement products.

As such, as confirmed by our PRC Legal Advisers, if we do not claim or imply any healthcare function in the labels or promotional materials of our nutritional products, and our nutritional products do not simultaneously satisfy the stipulations of the raw materials, dosage and efficacy of the List of Raw Materials for Health Supplement Products, our nutritional products shall not be subject to registration or record-filing after the implementation of the List of Raw Materials for Health Supplement Products — Nutrient Supplements (2023 Edition) and the Health Function Directory Alleged by Health Supplement Products as Allowed — Nutrient Supplements (2023 Edition).

Import of foods

According to the Food Safety Law, imported foods shall conform to the national food safety standards of the PRC in accordance with relevant laws and regulations. Imported foods shall pass the inspection conducted by the entry-exit export inspection and quarantine institutions in accordance with relevant provisions of the laws and administrative regulations. The imported food shall be accompanied by qualified certification materials in accordance with the requirements of the entry-exit export inspection and quarantine institutions. According to the Law on Import and Export Commodity Inspection of the PRC, where import commodities that must be inspected by commodity inspection agencies are sold or used without having been inspected, any illegal gains shall be confiscated by the relevant commodity inspection agency, and a fine of between five and twenty percent of the value of such commodities will be imposed. Where such a violation constitutes a crime, prosecution for criminal liability shall be carried out in accordance with the law.

Imported packaged food and food additives shall have labels in Chinese; if they shall have instruments in accordance with the law, they also shall have descriptions in Chinese. Food manufacturers and food business operators of foodstuffs with labels and instructions that do not comply with the provisions of the Food Safety Law, shall have their illegal income or foodstuffs from the illegal manufacturing or business activities, tools, equipment, ingredients used in the illegal manufacturing and business activities confiscated by the authority. Where the value of the foodstuffs from the illegal manufacturing or business activities is less than RMB10,000, a fine ranging from RMB5,000 to RMB50,000 shall be imposed. Where the value of the foodstuffs is RMB10,000 or more, a fine ranging from five to ten times the value of the foodstuffs or food additives shall be imposed.

LICENCE FOR FOOD PRODUCT

Pursuant to the Administrative Measures for Food Production Licensing* (《食品生產許可管理辦法》) which was promulgated on 2 January 2020 by the SAMR and came into force on 1 March 2020, a food production licence shall be obtained in accordance with the laws to engage in food production activities within the territory of the PRC. Food producers who have engaged in the food production activities without the food production licensing shall be punished by the local market regulatory authority at or above the county level according to the Article 122 of the Food Safety Law.

For the production of health supplement products and infant formula foods, (i) applications for food production licences shall be filed according to the food categories of health supplement products and infant formula foods; (ii) the food production licence shall specify the product registration document number or the product record-filing registration number; (iii) for the production of health supplement products on an entrusted basis, the name, place of business and other related information of the enterprise which entrusts the production shall also be specified.

LICENCE AND FILING FOR FOOD TRADING

In accordance with the Administrative Measures for Food Operation Licensing and Filing* (《食品經營許可和備案管理辦法》) which was promulgated by the SAMR on 15 June 2023 and came into force on 1 December 2023, a food operation licence shall be obtained to engage in food selling and dining services in the PRC. However, the licence is not required for the sales of only packaged food is sold. In the event that only packaged food is sold, record-filing shall be completed at the food safety administrations of the people's governments at the county level at the places where the food seller is located. A food operator which has obtained a food operation licence is not required to file for additional business of selling prepackaged food separately. The Administrative Measures for Food Operation Licensing and Filing shall apply to the application, acceptance, review, and decision-making in regard to food operation licensing, the filing for selling only prepackaged food (including health supplement products, food for special medical purposes, infant formula milk powder and other infant formula food, as well as other special food), and the relevant supervision and inspection. Where any record-filing party fails to submit the record-filing information as required or fails to update the record-filing

information in case of any change thereto, the local market regulatory authority at or above the county level shall order it to make corrections within a specified time limit; if it fails to do so, a fine of not less than RMB2,000 but not more than RMB10,000 shall be imposed thereon.

According to the Notice on the Filing of Food Trading (Sale of Prepackaged Food Only) in the City* (《關於做好本市食品經營(僅銷售預包裝食品)備案工作的通知》) which was promulgated by the Shanghai Administration for Market Regulation and came into effective on 31 December 2021, since 1 January 2022, the citywide record-filing management of operators engaged in the sales of prepackaged food only (including special food such as health supplement products, food for special medical purposes, infant formula milk powder and other infant formula foods, etc.) will be implemented in Shanghai.

FOOD LABELLING

Pursuant to the Administrative Provisions on Food Labelling* (《食品標識管理規定》), promulgated by the General Administration of Quality Supervision, Inspection and Quarantine ("**AQSIQ**") (revoked) on 27 August 2007 and latest amended on 22 October 2009, food or its packages shall be attached with labels, unless otherwise provided by applicable laws or administrative regulations.

A food label shall indicate the name, origin and date of production, expiry date, net quantity, list of ingredients of the product, name and addresses and contact information of producers, and relevant standard product codes implemented by the enterprise. For the foods subject to food production licence administration, food labels shall indicate the food production licence number and a QS (Quality Standard) logo. Where the label does not include the information that is required in the Administrative Provisions on Food Labelling, the authority shall order rectification within a specified period. Should the rectification not be made by the deadline, a fine of more than RMB500 but less than RMB10,000 shall be imposed.

Pursuant to the Food Safety Law, pre-packaged food shall be labelled. The label attached to pre-packaged food shall indicate the following matters: (1) name, specifications, net content and date of production; (2) list of ingredients or components; (3) name, address, and contact information of the producer; (4) shelf life; (5) product standard code; (6) storage conditions; (7) generic names of food additives used under the national standards; (8) food production licence number; (9) other items that must be indicated according to laws, regulations or food safety standards. Food manufacturers and food business operators of pre-packaged foodstuffs without labels, or foodstuffs with labels and instructions that do not comply with the provisions of this Law, shall have their illegal income or foodstuffs from the illegal manufacturing or business activities, tools, equipment, ingredients used in the illegal manufacturing and business activities confiscated by the authority. Where the value of the foodstuffs from the illegal manufacturing or business activities is less than RMB10,000, a fine ranging from RMB5,000 to RMB50,000 shall be imposed. Where the value of the foodstuffs is RMB10,000 or more, a fine ranging from five to ten times the value of the foodstuffs shall be imposed.

REGULATORY OVERVIEW

ONLINE FOOD SAFETY

According to the Administrative Measures for Online Trading* (《網絡交易監督管理辦法》) which was promulgated by the SAMR on 15 March 2021 and became effective on 1 May 2021, online transaction operators shall disclose product or service information comprehensively, truthfully, accurately, and in a timely manner to protect consumers' right to know and to choose. Online trading operators who carry out online trading activities through online social networking, webcasting, and other online services shall display goods or services, their actual business entities, after-sales service, and other information in a conspicuous manner, or the link identification of the above-mentioned information. Where an online transaction operator violates Article 12 of the Administrative Measures for Online Trading by failing to perform its statutory information disclosure obligation, it shall be punished in accordance with Article 76 of the E-commerce Law of the PRC.

According to the Measures on the Punishments and Disciplinary Actions for Online Food Safety* (《網絡食品安全違法行為查處辦法》) promulgated by the CFDA on 13 July 2016 and last amended on 2 April 2021 and with effect from 1 June 2021, the SAMR takes charge of the supervision and guidance of the investigation and punishment on illegal conducts concerning online food safety nationwide, and the local market regulatory authorities at and above the county level take charge of the investigation and punishment on illegal conducts concerning online food safety within their administrative regions.

REGISTRATIONS AND RECORD-FILINGS OF HEALTH SUPPLEMENT PRODUCTS

According to the Measures on the Administration of Health Supplement Products* (《保健食品管理辦法》, the "**Health Supplement Products Law**"), which was promulgated by the MOH on 15 March 1996 and became effective as of 1 June 1996, the "health supplement" refers to the food with specific healthcare functions, that is, the food is suitable for specific groups due to its body regulating functions and not for the purpose to disease treatment. The health authorities under the State Council adopt approval system for health supplement products and the product manuals. The MOH shall issue the Certificate of Approval for Health Supplement Products* (《保健食品批准證書》) with the approval number for qualified and approved health supplement products. Any production or operation conducted under the guise of health supplement products without the review and approval by the MOH in accordance with Health Supplement Products Law shall be penalised by the health administrative departments of the people's governments at or above the county level, in accordance with Article 45 of Food Hygiene Law.

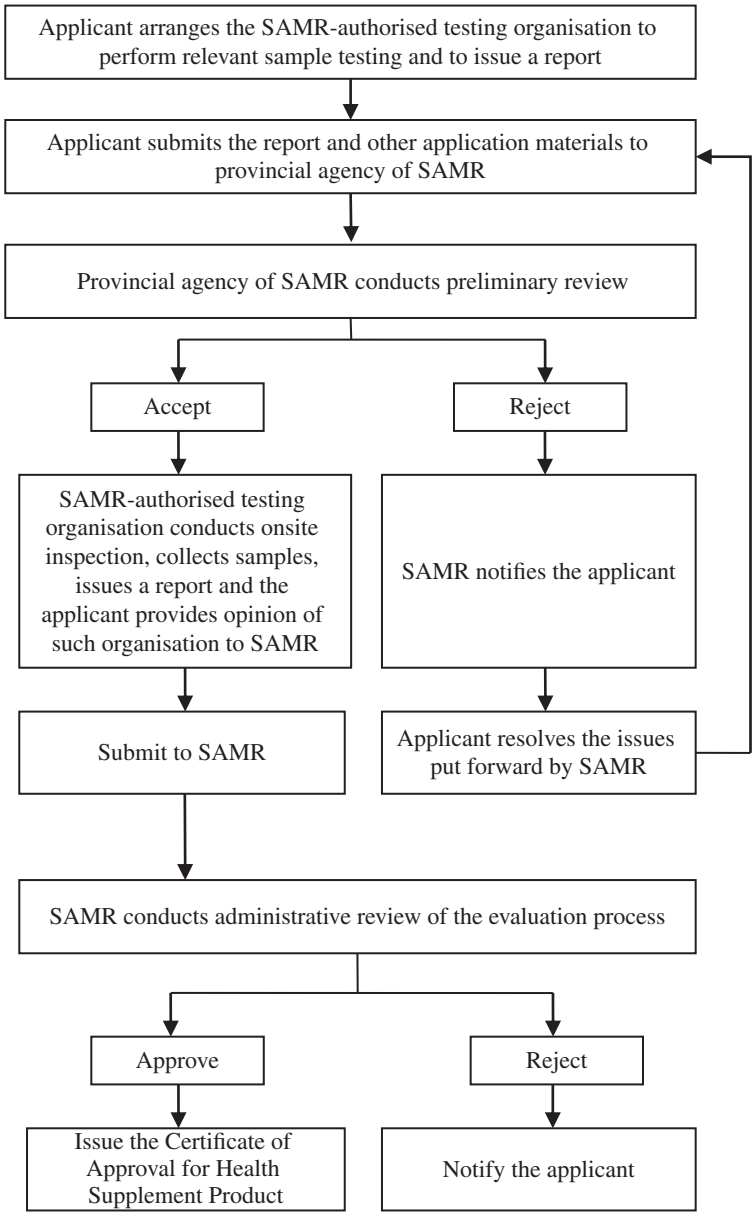
According to the Circular of the CFDA on Issuing the General Rules on the Examination of Health Supplement Production Licensing* (《國家食品藥品監督管理總局關於印發保健食品生產許可審查細則的通知》) which was promulgated on 28 November 2016 and became effective on 1 January 2017 by the CFDA, where the producing of health supplement products is entrusted to another party, (1) the entrusting party shall be the holder of the Certificate of Approval for Health Supplement Product; (2) the entrusted producer shall be able and capable to complete all production process of the entrusted production of health supplement products; and (3) the food label of such health supplement products shall indicate the name and addresses of both the entrusting party and the entrusted producer, and the number of the Certificate of Approval for Health Supplement Products.

According to the Administrative Measures for the Registration and Record-filings of Health Supplement Products* (《保健食品註冊與備案管理辦法》) promulgated by the CFDA on 26 February 2016, and amended by the SAMR on 23 October 2020 and effective from the same date, manufacturing or importation of the following health supplement products shall be subject to registration: (i) health supplement products being made from raw materials not included in the List of Raw Materials for Health Supplement Products, or (ii) health supplement products imported for the first time, excluding those that were categorised as supplement vitamins, minerals and other nutrients. The health functions of the products claimed shall have been included in the Health Function Directory Alleged by Health Supplement Products as Allowed. The validity period of a Health Supplement Products registration certificate shall be five years.

Manufacturing or importation of the following health supplement products shall be subject to record-filing with relevant governmental authority in accordance with the law: (i) health supplement products being made from raw materials that are included in the List of Raw Materials for Health Supplement Products; or (ii) health supplement products categorised as supplement vitamins, minerals and other nutrients imported for the first time. The formula, name and dosage of raw and auxiliary materials, functions and manufacturing process of a recorded product shall comply with applicable laws, regulations, rules, compulsory standards as well as the technical requirements specified in the List of Raw Materials for Health Supplement Products. Registration and filing of health supplement products violations governed by the Food Safety Law and other laws and regulations shall be subject to such laws and regulations.

REGULATORY OVERVIEW

The following chart illustrates the application procedures for approval and registration of health supplement products based on applicable PRC laws and regulations:



Advertisements for health supplement products

According to Advertisement Law of the PRC* (《中華人民共和國廣告法》) promulgated by the SCNPC on 27 October 1994 and subsequently amended on 24 April 2015, 26 October 2018 and 29 April 2021, advertisements shall not contain fake or misleading content, nor should they deceive or mislead consumers. Advertisers shall be liable for the authenticity of advertisement contents. Advertisers, advertising agents and advertisement publishers shall abide by laws and regulations and the principles of good faith and fair competition in carrying out advertising activities. With regard to any false advertisement published in violation of the provisions hereof, the administration for market regulation shall order the cessation of the publishing of the advertisement, order the advertiser to eliminate the effects within the corresponding scope, and impose a fine of not less than three times and not more than five times the advertising fees, and where the advertising fees cannot be calculated or are significantly low, a fine of not less than RMB200,000 and not more than RMB1,000,000 shall be imposed; where the illegal activities have been committed more than three times within two years or there are other serious circumstances, a fine of not less than five times and not more than ten times the advertising fees shall be imposed, and where the advertising fees cannot be calculated or are significantly low, a fine of not less than RMB1,000,000 and not more than RMB2,000,000 shall be imposed; the business licences may be revoked, and the advertisement review authorities shall revoke the approval documents for advertisement review and shall not accept the relevant party's application for advertisement review for one year. If the advertiser's aforementioned actions constitute a crime, criminal liability will be pursued in accordance with the law.

Where an advertisement makes indications regarding the properties, functions, places of origin, purposes, quality, ingredients, price, manufacturer, validity period or promises in respect of goods or the contents, providers, forms, quality, price or promises in respect of services offered, such indications shall be accurate and clear. Whereas a gift is attached to certain goods or services supplied, the advertisement concerned should clearly define the kind, specification, quantity, period and mode of the attached gift or service. Contents that shall be explicitly indicated in advertisements as stipulated in laws and administrative regulations shall be expressed in an obvious and clear manner. Otherwise, the market supervision and management department shall order the cessation of the advertisement's dissemination and impose a fine of no more than RMB100,000 on the advertiser.

Advertisements for health supplement products shall be reviewed by the relevant authorities before publishing, and no such advertisement shall be published without being reviewed. For the publication of advertisements without prior review, the market supervision and management department shall order the cessation of the advertisement's dissemination and instruct the advertiser to eliminate the impact within the corresponding scope. A fine between one and three times the cost of the advertisement will be imposed. If the advertising cost cannot be calculated or is significantly low, a fine between RMB100,000 and RMB200,000 will be imposed. In severe cases, a fine between three and five times the cost of the advertisement will be imposed. If the advertising cost cannot be calculated or is significantly low, a fine between RMB200,000 and RMB1,000,000 will be imposed. The business licence may be revoked, and the advertising review authority may rescind the approval documents for the advertisement and may not accept any advertising review applications from the advertiser for a period of one year.

Advertisements for health supplement products shall be indicated with the words that "this product cannot substitute medicines" conspicuously.

Advertisements for health supplement products shall not contain any of the following items:

(a) any assertion or guarantee for efficacy and safety;

(b) any involvement of functions of disease prevention or treatment;

(c) any claim or hint that the product advertised is necessary to safeguard health;

(d) comparison with pharmaceuticals or other health supplement products;

(e) use of the advertisement endorsers to make any endorsements; or

(f) other items as prohibited by laws and regulations.

Pursuant to the Interim Administrative Measures for Censorship of Advertisements for Drugs, Medical Devices, Health Supplement Products and Formula Foods for Special Medical Purpose* (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》), which was promulgated by the SAMR on 24 December 2019 and became effective on 1 March 2020, the SAMR is responsible for organising and guiding the censorship of advertisements for the health supplement products and no advertisements for the health supplement products may be published without censorship. If advertisements for health supplement product give publicity only to the product name, the contents thereof shall not be subject to censorship.

The contents of the health supplement product advertisements shall be subject to those of the registration certificate or record-filing certificate approved by, or the product instructions registered by or filed with the competent department for market regulation, and shall not involve disease prevention or treatment functions. If the health supplement product advertisements involve healthcare functions, functional or major ingredients and their contents, applicable groups of people, dosage, and other contents, it shall not go beyond the scope of the registration certificate or record-filing certificate, or the registered or filed product instructions.

Advertisements for health supplement product shall prominently indicate the words "HEALTH SUPPLEMENT PRODUCT IS NOT DRUG AND CANNOT TREAT DISEASE IN REPLACEMENT OF DRUG"* ("保健食品不是藥物，不能代替藥物治療疾病"), stating that the product cannot replace any drug, and shall prominently mark the logo of health supplement product, the applicable groups of people and inapplicable ones.

Health supplement product advertisements that violate Article 18 of Advertisement Law of the PRC, or do not prominently state that this product is not a substitute for medicine, will be penalised under the Advertisement Law. The administration for market regulation shall order the offender to cease the publication of the advertisement and to eliminate its impact within the corresponding scope. A fine will be imposed, ranging from one to three times the amount of the advertising fee. However, if it is impossible to compute the advertising fee or the fee is evidently

low, a fine ranging from RMB100,000 to RMB200,000 shall be imposed. In serious cases, the fine may range from three to five times the advertising fee. If the advertising fee cannot be computed or is evidently low, the fine shall range from RMB200,000 to RMB1,000,000. Additionally, the business licence may be revoked, and the advertisement review authorities may also rescind the approval document for the advertisement review and refuse to accept future applications for advertisement review from the offender for a period of one year.

Pursuant to The Administrative Measures on Credibility of Enterprises Publishing Advertisements of Pharmaceutical Products, Medical Apparatus and Health Supplement Products* (《藥品、醫療器械、保健食品廣告發布企業信用管理辦法》) which was promulgated by the CFDA on 16 October 2007 and became effective on 1 January 2008, an enterprise engaging in publishing advertisement of health supplement products will be rated as "trustworthy", "untrustworthy" or "seriously untrustworthy" upon annual review by competent authority. An enterprise shall be rated as "trustworthy" if none of its advertisements in a given year has violated any relevant laws and regulations by the supervision of the CFDA. An enterprise shall be rated as "untrustworthy" if its advertisements in a given year have been in non-material violations of such laws and regulations. An enterprise shall be rated as "seriously untrustworthy" if its advertisements in a given year have been in material violations of such laws and regulations such as false statement of suitability, assertions or assurance of any health benefit. The enterprise rated as "untrustworthy" or "seriously untrustworthy" shall be ordered by the competent authority to effect rectification within a time limit and such violation shall be recorded into the credit files, and failing to make rectification within the specified time limit will subject the enterprise to publishing of its trustworthiness rating and focused inspection by the competent authority in the future.

Regulations on new food raw materials

Pursuant to the Administrative Measures for the Review of the Safety of New Food Raw Materials* (《新食品原料安全性審查管理辦法》) promulgated by the National Health and Family Planning Commission (the "**NHFPC**", which had been dissolved and relevant functions and powers are changed to SAMR) on 31 May 2013, revised on 26 December 2017 and effective from the same date, new food raw materials refer to the following materials that are not traditional eating habits in the PRC: (1) animals, plants and microorganisms; (2) components separated from animals, plants and microorganisms; (3) food ingredients whose original structures change; and (4) other newly developed food raw materials. New food raw materials shall have the characteristics of food raw materials, conform to proper nutrition requirements, be avirulent and harmless, and cause no acute, subacute, chronic or other potential hazards to human health. Anyone who manufactures or uses new food raw materials that have not undergone the safety assessment shall be subject to confiscation, fines or revocation of licences by relevant administrative authorities in accordance with the Food Safety Law.

Regulations on imported food

The Measures for the Supervision and Administration of Inspection and Quarantine of Imported and Exported Dairy Products* (《進出口乳品檢驗檢疫監督管理辦法》) was promulgated by the AQSIQ (which has been dissolved and relevant functions and powers are changed to General Administration of Customs) on 24 January 2013, took effect on 1 May 2013 and was amended by the General Administration of Customs on 23 November 2018.

On 12 April 2021, the Administrative Measures of the People's Republic of China for the Safety of Imported and Exported Food Products* (《中華人民共和國進出口食品安全管理辦法》, the "**Safety Administrative Measures**") was promulgated by the General Administration of Customs and came into force on 1 January 2022, pursuant to which the Measures for Supervision and Administration of Inspection and Quarantine of Imported and Exported Dairy Products* (《進出口乳品檢驗檢疫監督管理辦法》) was simultaneously repealed. Pursuant to the Safety Administrative Measures, importers of imported food products shall file a record with the Customs at the place of its domicile. Food importers who have undergone a change in their record-filing information and have not followed the regulations to process the change with customs, may, in serious cases, receive a warning from the Customs authorities. Food importers who provide false record-filing information during the record-filing process may be fined up to RMB10,000 by the Customs authorities.

Imported food products shall comply with Chinese laws and regulations, and meet the national standards for food safety. Whoever imports any food products for which there are not yet national standards regarding the safety thereof shall meet the requirements of the relevant standards published by the health administration under the State Council for interim application. Pursuant to the Food Safety Law, apart from the circumstances stipulated in Article 123, first paragraph of Article 124, and Article 125 of the Food Safety Law, those who manufacture and operate food or additives that do not comply with laws, regulations, or food safety standards, and whose actions do not constitute a crime, shall have their illegal gains and the food, food additives produced or operated illegally confiscated by the food safety supervision and management department of the people's government at or above the county level. Additionally, tools, equipment, raw materials, and other items used for illegal production and operation may also be confiscated. If the value of the food, food additives produced or operated illegally is less than RMB10,000, a fine ranging from RMB50,000 to RMB100,000 will be imposed. If the value exceeds RMB10,000, a fine ranging from ten to twenty times the value of the goods will be imposed. In severe cases, the licence may be revoked.

The Chinese labels of imported health supplement products and food products for special dietary use must be printed on rather than attached to the minimum packaging unit for the sales of the food products. Where Customs authorities finds during its supervision over import pre-packaged food that no labels in Chinese are affixed on such food or the labels in Chinese fail to comply with the laws, regulations and the national standards for food safety, and the food importer refuses to destroy, return or conduct technical treatment as required by Customs authorities, Customs authorities will give a warning or impose a fine of no more than RMB10,000 on the food importer.

The Regulations on Administration of Registration of Overseas Producers of Imported Food* (《進口食品境外生產企業註冊管理規定》) was promulgated on 22 March 2012, took effect on 1 May 2012 and amended by the General Administration of Customs on 23 November 2018. On 12 April 2021, the Administrative Provisions of the People's Republic of China on Registration of Overseas Manufacturers of Imported Food* (《中華人民共和國進口食品境外生產企業註冊管理規定》) was promulgated by the General Administration of Customs and came into effect on 1 January 2022, pursuant to which the Regulations on Administration of Registration of Overseas Producers of Imported Food* (《進口食品境外生產企業註冊管理規定》) shall be simultaneously repealed. Pursuant to the Administrative Provisions of the People's Republic of China on Registration of Overseas Manufacturers of Imported Food, the overseas manufacturers of imported food shall obtain registration from the General Administration of Customs, and the valid term for the registration of an overseas manufacturer of imported food shall be five years.

REGULATIONS ON PRODUCT QUALITY AND CONSUMER PROTECTION

According to the Product Quality Law of the PRC* (《中華人民共和國產品質量法》, the "**Product Quality Law**") promulgated by the SCNPC on 22 February 1993 with effect from 1 September 1993 and subsequently amended on 8 July 2000, 27 August 2009 and 29 December 2018, the manufacturers shall be held responsible for the quality of their products and the sellers shall take measures to maintain the quality of the products they sell. Any manufacturer or seller who violates the Product Quality Law may be subject to (i) administrative penalties including suspension of production or sale, ordered correction of illegal activities, confiscation of products subject to illegal production or sale, imposition of fines, confiscation of illegal gains and, in severe cases, revocation of business licence, and (ii) criminal liabilities if the illegal activity constitutes crime.

In accordance with the Law of the PRC on the Protection of Consumers' Rights and Interests* (《中華人民共和國消費者權益保護法》, the "**Consumers Protection Law**") promulgated by the SCNPC on 31 October 1993 with effect from 1 January 1994 and subsequently amended on 27 August 2009 and 25 October 2013, business operators providing commodities or services for consumers shall follow the principles of voluntariness, equality, fairness, honesty and good faith, and safeguard the consumers' lawful rights and interests. Business operators are required to ensure that the products supplied meet the requirements for safeguarding personal or property safety, and failing to do so may be subject to various penalties, including but not limited to warnings, confiscation of illegal earnings, imposition of fines, suspension of business for rectification, revocation of business licences, and/or even criminal liabilities.

According to the Part VII tort liability of the Civil Code of the PRC* (《中華人民共和國民法典》) which was promulgated by the NPC on 28 May 2020 and became effective on 1 January 2021, in the event of an injury caused by a defective product, either the manufacturer or seller of such product, as a tortfeasor, may be subject to tortious liability and relevant remedies seeking by the consumers. If the product defect is caused by the manufacturer, the manufacturer shall be held responsible and the seller, if having made the compensation, shall be entitled to seek reimbursement from the manufacturer. If, on the other hand, the defects of the products are caused by the fault of the seller, the seller shall be held responsible and the manufacturer, if having made the compensation, shall be entitled to seek reimbursement from the seller.

REGULATIONS ON CROSS-BORDER E-COMMERCE

Pursuant to the Administrative Provisions on the Filing of Cross-Border E-Commerce Entities and Commodities* (《跨境電子商務經營主體和商品備案管理工作規範》) promulgated by the AQSIQ (revoked) on 24 November 2015 with effect from 1 January 2016, cross-border e-commerce entities shall file information with the inspection and quarantine institution through the information platform built and maintained by the AQSIQ.

The AQSIQ promulgated the Opinions on Further Maximising Functions of Inspections and Quarantine to Promote the Development of Cross-Border E-Commerce* (《關於進一步發揮檢驗檢疫職能作用促進跨境電子商務發展的意見》, the "**Opinions**") with immediate effect from 14 May 2015. Pursuant to the Opinions, the following commodities are prohibited from entering the PRC in the form of cross-border e-commerce: (i) Articles prohibited from entry by the Law of the PRC on the Entry and Exit Animal and Plant Quarantine* (《中華人民共和國進出境動植物檢疫法》); (ii) Food derived from animals and plants without inspection and quarantine access; (iii) Articles included in the Catalogue of Hazardous Chemicals* (「《危險化學品名錄》」), the Catalogue of Highly Toxic Chemicals* (「《劇毒化學品目錄》」), the Catalogue of Classification and Varieties of Precursor Chemicals* (「《易制毒化學品的分類和品種名錄》」) and the Catalogue of Toxic Chemicals Strictly Restricted by China from Import and Export* (「《中國嚴格限制進出口的有毒化學品目錄》」); (iv) Microorganisms other than biological products, human tissues, biological products, blood and blood products and other special articles; (v) Nuclear, biological and chemical products involving terrorism and radioactivity that may endanger public safety; (vi) Waste materials; (vii) The e-commerce goods that enter China by international express or mail shall also meet the requirements of the Catalogue of Animals and Plants and Their Products Prohibited from Being Carried or Mailed into the PRC* (「《中華人民共和國禁止攜帶、郵寄進境的動植物及其產品名錄》」); and (viii) Other products prohibited from entering China by laws and regulations and the products prohibited from entering by announcements of the AQSIQ.

Furthermore, to regulate cross-border e-commerce trading and introduce the concept of cross-border e-commerce good, the List of Cross-border E-commerce Retail Imports* (《跨境電子商務零售進口商品清單》) was issued and updated by the MOF, the NDRC, Ministry of Industry and Information Technology and other relevant authorities from time to time, and was latest updated on 28 January 2022 with effect from 1 March 2022.

REGULATORY OVERVIEW

According to the Circular on Improving the Regulation for Cross-border E-commerce Retail Imports* (《關於完善跨境電子商務零售進口監管有關工作的通知》) promulgated by the MOFCOM, the NDRC, the MOF, the General Administration of Customs, the STA, and the SAMR on 28 November 2018 with effect from 1 January 2019, cross-border e-commerce retail imports are defined as the consumer behaviour of domestic consumers in the PRC who purchase products from offshore through a cross-border e-commerce third-party platform operator and deliver the products into the PRC by way of "online shopping tax free imports" or "direct purchase imports". Cross-border e-commerce retail importation shall mainly include the following participating entities: (i) cross-border e-commerce retail importers (hereinafter referred to as the "**cross-border e-commerce enterprises**") refer to overseas registered enterprises who sell cross-border e-commerce retail imports from overseas to consumers in China should be deemed as the owner of the goods; (ii) cross-border e-commerce third party platform operators (hereinafter referred to as the "**cross-border e-commerce platform**") refer to the business operators who have completed industry and commerce registration in China, provide services to both transaction parties (consumers and cross-border e-commerce enterprises) such as website space, virtual business premises, transaction rules, transaction matching, information dissemination services etc., and establish the information network system for the transaction parties to conduct transaction activities independently; (iii) service providers in China refer to the entities which have completed industry and commerce registration in China, accept entrustment by a cross-border e-commerce enterprise to provide declaration, payment, logistics, warehousing services etc., possess the corresponding operational qualification, provide the relevant payment, logistics and warehousing information directly to the Customs, are subject to follow-up supervision by the Customs and market regulatory authorities, and bear the corresponding liability; (iv) consumers refer to buyers in China who purchase cross-border e-commerce retail imports.

Pursuant to the Announcement on Regulatory Matters Relating to Cross-border E-commerce Retail Imports and Exports* (《關於跨境電子商務零售進出口商品有關監管事宜的公告》) promulgated by the General Administration of Customs on 10 December 2018 with effect from 1 January 2019 and the Circular on Improving the Regulation for Cross-border E-commerce Retail Imports, the cross-border E-commerce retail imports shall be regulated as goods imported for personal use, which shall not be subject to the licence approval, registration or filing requirements for the first-time importation of the goods if the goods are listed in the Cross-Border E-commerce List. In addition, the Announcement on Regulatory Matters Relating to Cross-border E-commerce Retail Imports and Exports clarifies that overseas cross-border e-commerce enterprises shall entrust a domestic agent who should complete registration formalities with the local customs. Cross-border e-commerce platform enterprises carrying out cross-border e-commerce retail importation business and domestic agents of cross-border e-commerce enterprises shall verify the veracity of the transaction and the identity information of the consumer (purchaser), and bear the corresponding liability. Where the identity information has not been authenticated by the State authorities in charge or the agency authorised thereby, the purchaser and the payor shall be the same person.

REGULATIONS ON TAXATION OF CROSS-BORDER RETAIL E-COMMERCE

The MOF, General Administration of Customs, and State Taxation Administration jointly promulgated the Notice on the Import Tax and Customs Duty Policy of Cross-border Retail E-Commerce* (《關於跨境電子商務零售進口税收政策的通知》, the "**Notice**") on 24 March 2016 with effect from 8 April 2016 and the Notice on Improving the Import Tax Policy of Cross-border Retail E-commerce* (《關於完善跨境電子商務零售進口税收政策的通知》, the "**Improving Notice**") on 29 November 2018 with effect from 1 January 2019. Pursuant to the Notice and the Improving Notice, duty, import value-added tax ("**VAT**") and consumption tax shall be levied on the retail goods imported through cross-border e-commerce. Individuals purchasing any retail goods imported through cross-border e-commerce shall be taxpayers, and e-commerce enterprises, e-commerce transaction platform enterprises and logistics enterprises shall be the withholding agents. As for retail goods imported through cross-border e-commerce, a maximum of RMB5,000 per single transaction and a maximum of RMB26,000 per person per year will be allowed. For any imported goods whose transaction amount is within the thresholds, the tariffs shall be fixed at 0% temporarily; import VAT and consumption tax on such retail goods will no longer be exempted, and shall be temporarily levied at 70% of the statutory tax payable.

REGULATIONS ON ANTI-UNFAIR COMPETITION LAW

Anti-Unfair Competition Law

Competitions among the operators are generally governed by the Law of the PRC for Anti-Unfair Competition* (《中華人民共和國反不正當競爭法》, the "**Anti-Unfair Competition Law**"), which was promulgated by the SCNPC on 2 September 1993, took effect from 1 December 1993 and was amended on 4 November 2017 and 23 April 2019. According to the Anti-Unfair Competition Law, when trading in the market, operators should abide by the principles of voluntariness, equality, fairness and credibility, and abide by laws and recognised business ethics. Operating in violation of the Anti-Unfair Competition Law, disrupting the competition order, and infringing the legitimate rights and interests of other operators or consumers, constitute unfair competition. When the legitimate rights and interests of an operator are damaged by unfair competition, it may start a lawsuit in the people's court. In contrast, if an operator violates the provisions of the Anti-Unfair Competition Law, engages in unfair competition and causes damage to another operator, it shall be liable for damages. If the damage suffered by the injured operator is difficult to assess, the amount of damages shall be the profit obtained by the infringer through the infringement. The infringer shall also bear all reasonable expenses paid by the infringed operator to stop the infringement.

REGULATIONS ON INTELLECTUAL PROPERTIES

Trademark

Registered trademarks are protected under the Trademark Law of the PRC* (《中華人民共和國商標法》), which was promulgated by the SCNPC on 23 August 1982 and revised on 22 February 1993, 27 October 2001, 30 August 2013, 23 April 2019 and with effect from 1 November 2019 and the Regulation on the Implementation of Trademark Law of the PRC* (《中華人民共和國商標法實施條例》), which was promulgated on 3 August 2002 and amended on 29 April 2014 and became effective on 1 May 2014. Trademarks are registered with the Trademark Office of the State Administration of Industry and Commerce. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or pending in application for use in the same or similar category of commodities or services, the application for registration of such trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

Domain name

In accordance with the Measures for the Administration of Internet Domain Names* (《互聯網域名管理辦法》) which was promulgated by the Ministry of Industry and Information Technology on 24 August 2017 and came into effect on 1 November 2017, the establishment of domain name root servers, domain name root servers operating institutions, domain name registration and management institutions and domain name registration service institutions within the PRC shall obtain permits from competent governmental authorities of telecommunications. In principle, the domain name registration services are subject to the rule of "first come, first served", unless otherwise stipulated in corresponding detailed implementing rules for the domain name registration. Furthermore, the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services* (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) which was promulgated on 31 October 2017 and came into effect on 1 January 2018 stipulates internet information service providers as its main target on the overall anti-terrorism and maintaining internet security.

REGULATIONS ON EMPLOYMENT

According to the Labour Law of the PRC* (《中華人民共和國勞動法》) promulgated by the SCNPC on 5 July 1994 and amended on 27 August 2009 and 29 December 2018, the Labour Contract Law of the PRC* (《中華人民共和國勞動合同法》) promulgated on 29 June 2007 and 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 was promulgated by the State Council and became effective on 18 September 2008, labour relationship establishes between the employers and the employees from the date of employment. The employers shall enter into written labour contracts with full-time employees. The employers shall pay the employees the labour remuneration on time and in full amount in accordance with the labour contracts and relevant laws and regulations. Violations of the Labour Law of the PRC and the Labour Contract Law of the PRC may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

According to the Social Insurance Law of the PRC* (《中華人民共和國社會保險法》), which was promulgated on 28 October 2010, became effective on 1 July 2011 and was amended on 29 December 2018, the Regulations on Work-Related Injury Insurance* (《工傷保險條例》), the Regulations on Unemployment Insurance* (《失業保險條例》), the Trial Measures for Maternity Insurance for Enterprise Employees* (《企業職工生育保險試行辦法》), the Interim Regulations on Collection of Social Insurance Premiums* (《社會保險費徵繳暫行條例》), employers in the PRC shall conduct registration of social insurance with the competent authorities, and make contributions to the basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance for their employees. If employers fail to pay the social insurance premiums, other than for legitimate reasons such as force majeure, the competent authority shall order the employers to pay the overdue payment or the deficit and the overdue fine within a specific term. In the event of failure to make the aforesaid payment within such specific term, an additional fine may be imposed.

According to the Administrative Regulations on Housing Provident Fund* (《住房公積金管理條例》) promulgated by the State Council on 3 April 1999 and amended on 24 March 2002 and 24 March 2019, the employers must register with the competent housing provident fund management centre and, upon the examination by such management centre, complete procedures for opening an account at the relevant banks for the deposit of their employees' housing provident fund. Employers are required to pay, on behalf of their employees, for housing provident funds. In the event of any failure of the employers to register or to pay the housing provident fund, the competent housing provident fund management centre shall order for completing the formalities or paying the overdue amount or the deficit within a specific term, and failure to complete the registration formalities may result in an overdue fine.

REGULATIONS ON TAXATION

Enterprise income tax ("EIT")

According to the Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得税法》), which was promulgated by the NPC on 16 March 2007 and last amended with effect from 29 December 2018 by SCNPC, and the Implementation Rules for the Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得税法實施條例》) enacted on 6 December 2007 by the State Council and became effective on 1 January 2008 and amended on 23 April 2019 (collectively, the "**EIT Law**"), enterprises as taxpayers are classified as either "resident enterprises" or "non-resident enterprises". Enterprises that are set up in the PRC under the PRC laws, or that are set up in accordance with the law of the foreign country (region) whose actual administration institution is in PRC, shall be considered as "resident enterprises". Enterprises established under the law of the foreign country (region) with "de facto management bodies" outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC, shall be considered as "non-resident enterprises".

A resident enterprise shall pay EIT on its income originating from both inside and outside the PRC at an EIT rate of 25%. Foreign invested enterprises in the PRC fall into the category of resident enterprises, which shall pay EIT for the income originating from domestic and overseas sources at an EIT rate of 25%. A non-resident enterprise that has establishments or places of business in the PRC shall pay EIT on its income originating from the PRC obtained by such establishments or places of business, and on its income deriving outside PRC but has actual connection with such establishments or places of business, at the EIT rate of 25%. A non-resident enterprise that does not have an establishment or place of business in the PRC, or it has an establishment or place of business in the PRC but the income has no actual connection with such establishment or place of business, shall pay EIT on its income derived from the PRC at a reduced EIT rate of 10%. According to the EIT Law, dividends paid to foreign investors of foreign-invested companies are subject to withholding tax at a rate of 10%, unless otherwise provided in the relevant tax agreements entered into with the central government of the PRC.

The PRC and the government of Hong Kong entered into the Arrangement between the Mainland of the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (the "**Arrangement**") on 21 August 2006 and implemented the Arrangement from 1 January 2007 in mainland China and from 1 April 2007 in Hong Kong. According to the Arrangement, the 5% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong tax resident, provided that such Hong Kong tax resident directly holds at least 25% of the equity interests in the PRC company. The 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong tax resident if such Hong Kong tax resident holds less than 25% of the equity interests in the PRC company.

Individual income tax on indirect transfer of non-resident individuals

According to the Official Reply of the State Administration of Taxation to Relevant Policies of Equity Transfers by Non-resident Individuals* (《國家税務總局〈關於非居民個人股權轉讓相關政策的批覆〉》(國税函[2011]14號)) (the "**Circular 14**"), an indirect transfer of equity interests of a PRC resident enterprise by a non-PRC resident individual (the "**Non-resident Individual**") may be re-characterised and treated as an indirect transfer of PRC taxable assets, and the income of the Non-resident Individual from such equity transfer might be subject to relevant individual income tax.

It remains uncertain whether any of our transactions involving the PRC taxable assets outside the PRC will be reclassified by applying the Circular 14. If any of our transactions involving the PRC taxable assets outside the PRC constitutes an indirect transfer of the PRC taxable assets and is subject to relevant individual income tax, the amount of the individual income tax shall be calculated based on the "income from the transfer" (the difference between the consideration for transfer and costs of equity interests) and applicable tax rate.

Enterprise income tax on indirect transfer of non-resident enterprises

On 3 February 2015, the STA issued the Announcement on Certain Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-resident Enterprises* (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》, the "**Circular 7**"). Pursuant to Circular 7, an "indirect transfer" of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterised and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and is established for the purpose of avoiding payment of PRC EIT. As a result, gains derived from such indirect transfer may be subject to PRC EIT. Circular 7 provides two exemptions: (i) where a non-resident enterprise derives income from the indirect transfer of PRC taxable assets by acquiring and selling equity interests of the same overseas listed company on a public market; and (ii) where the non-resident enterprise had directly held and transferred such PRC taxable assets, the income from the transfer of such PRC taxable assets would have been exempted from EIT in the PRC under an applicable tax treaty or arrangement.

Dividend tax

Pursuant to the Circular of the STA on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Agreements* (《國家税務總局關於執行税收協定股息條款有關問題的通知》), which was promulgated by the STA and became effective on 20 February 2009, all of the following requirements shall be satisfied by the fiscal resident of the other party to the tax agreement directly owning a certain percentage or more (generally 25% or 10%) of the capital of a Chinese resident company which pays dividends to such a fiscal resident, in order to enjoy the preferential tax rates provided under the tax agreement: (i) the tax resident that receives dividends shall be a company as provided in the tax agreement; (ii) the equity interests and voting shares of the PRC resident company directly owned by the tax resident reach the percentages specified in the tax agreement; and (iii) the equity interests of the PRC resident company directly owned by such tax resident at any time during the continuous twelve months prior to receiving the dividends reach a percentage specified in the tax agreement.

According to the Announcement of the STA on Promulgation of the Administrative Measures for Non-resident Enterprises to Enjoy Treatment under Tax Treaties* (《國家税務總局關於發布〈非居民納税人享受税收協定待遇管理辦法〉的公告》), which was promulgated by the STA on 27 August 2015 with effect from 1 November 2015, if a non-resident enterprise that receives dividends from a PRC resident enterprise wishes to enjoy the preferential tax treatments under the tax agreements, it shall submit relevant report form and materials to the competent tax authority when making the first tax declaration in the relevant tax year or when the withholding agent makes the first withholding declaration in the relevant tax year. The rule was replaced by the Announcement of the STA on Promulgation of the Administrative Measures for Non-resident Taxpayers to Enjoy Treatment under Treaties* (《國家税務總局關於發布〈非居民納税人享受協定待遇管理辦法〉的公告》) which was promulgated by the STA on 14 October 2019 and came into effect on 1 January 2020.

Value-added tax ("VAT")

According to the Interim Regulations of the PRC on Value-Added Tax* (《中華人民共和國增值税暫行條例》) which was promulgated by the State Council on 13 December 1993, and amended on 5 November 2008, 6 February 2016 and 19 November 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax* (《中華人民共和國增值税暫行條例實施細則》) which was promulgated by the MOF on 25 December 1993 and subsequently amended on 15 December 2008 and 28 October 2011 (collectively, the "**VAT Law**"), all enterprises and individuals that engage in the sales of goods, the provision of processing, repair and replacement services, sales of service, lease of tangible movables and the importation of goods within the territory of the PRC shall pay value-added tax at the rate of 17%, except when specified otherwise.

Furthermore, according to the Trial Scheme for the Conversion of Business Tax to Value-added Tax* (《關於印發〈營業税改徵增值税試點方案〉的通知》(財税[2011]110號)), which was promulgated by the MOF and the STA, the State began to launch taxation reforms in a gradual manner with effect from 1 January 2012, whereby the collection of VAT in lieu of business tax items was implemented on a trial basis in regions showing significant radiating effects in economic development and providing outstanding reform examples, beginning with production service industries such as transportation industry and certain modern service industries.

In accordance with Circular on Comprehensively Promoting the Pilot Programme of the Collection of Value-added Tax in Lieu of Business Tax* (《關於全面推開營業税改徵增值税試點的通知》(財税[2016] 36號)), which was promulgated on 23 March 2016 and came into effect on 1 May 2016, upon approval of the State Council, the pilot programme of the collection of VAT in lieu of business tax was promoted nationwide in a comprehensive manner starting from 1 May 2016.

The Notice on the Adjustment to VAT Rates* (《關於調整增值税税率的通知》), which was promulgated by the MOF and the STA on 4 April 2018 and became effective as of 1 May 2018 adjusted the applicative rate of VAT, and the deduction rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform* (《關於深化增值税改革有關政策的公告》(財政部、税務總局、海關總署公告2019年第39號)) promulgated by MOF, STA and General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, with respect to VAT taxable sales or imported goods of a VAT general taxpayer, where the VAT rate of 16% or 10% applies currently, it shall be adjusted to 13% or 9%, respectively.

Transfer pricing

According to the EIT Law, for the transactions between the enterprise and its related parties, if not meeting the arm's length principle, or if done by the enterprise for unreasonable commercial purpose, the tax authority may adjust the taxable revenue or income in compliance with reasonable methods (including comparable uncontrolled price method, resale price method, cost-plus method, transactional net profit method, profit split method and other methods that meet the arm's length principle). According to the Implementation Measures for Special Tax Adjustment (Trial Implementation)* (《特別納稅調整實施辦法(試行)》) which was promulgated by the STA on 8 January 2009 and became effective on 1 January 2008, and was amended on 16 June 2015, 29 June 2016, 11 October 2016, 17 March 2017, 15 June 2018, 26 May 2023 and 7 September 2023 respectively, related party transactions between an enterprise and its related parties shall follow the arm's length principle.

Pursuant to the EIT Law and the Law of the PRC on the Administration of Tax Collection* (《中華人民共和國稅收徵收管理法》), which was first promulgated on 4 September 1992 by the SCNPC and amended on 28 February 1995, 28 April 2001, 29 June 2013 and 24 April 2015, related party transactions should comply with the arm's length principle. In the event that the related party transactions fail to comply with the arm's length principle resulting in the reduction of the enterprise's taxable income, the tax authority has power to make adjustments with reasonable methods within ten years from the tax paying year that the non-compliant related party transaction had occurred. Pursuant to such laws and regulations, any company entering into related party transactions with another company shall submit an annual related party transactions reporting form* (年度關聯業務往來報告表) to the tax authority.

On 29 June 2016, the STA issued the Public Notice regarding Refining the Reporting of Related Party Transactions and Administration of Contemporaneous Documentation* (《國家税務總局關於完善關聯申報和同期資料管理有關事項的公告》) ("**PN 42**"). PN 42 provides new transfer pricing compliance requirements in the PRC, including Annual Reporting Forms for Related Party Transaction ("**RPT Forms**"), Country-by-Country Reporting Form ("**CbC Reporting Form**") and Transfer Pricing Documentation ("**TPD**"), all of which are substantial changes to the previous rules. The CbC Reporting Forms are required for the Chinese resident enterprise if: (i) it is the ultimate holding company of a multinational enterprise's ("**MNE**") group with combined revenue over RMB5.5 billion, or (ii) it is nominated by the MNE group as the CbC Reporting Entity. PN 42 adopts a three-tiered approach for TPD, including master file, local file and special issue file, and sets different thresholds for each file and type of transaction. If the company meets either of the following criteria, a master file should be prepared: (i) have cross-border related party transactions and belong to a group which has prepared the master file; or (ii) the total amount of related party transactions exceeds RMB1 billion. The threshold for the local file is dependent on the type of related party transactions, which are listed below: (i) RMB200 million for tangible assets transfer (in the case of toll process, the amount in the annual customs record for toll processing should be included); (ii) RMB100 million for financial assets transfer; (iii) RMB100 million for intangible assets transfer; or (iv) RMB40 million for other related party transactions in total.

On 17 March 2017, the STA issued the Public Notice of the State Taxation Administration Regarding the Release of the "Administrative Measure for Special Tax Investigation Adjustments and Mutual Agreement Procedures"* (《國家税務總局關於發佈〈特別納税調查調整及相互協商程序管理辦法〉的公告》) ("**PN 6**"). PN 6 provides rules on risk management, investigations and adjustments, administrative review and mutual agreement procedures regarding the special tax adjustment and other relevant issues. PN 6 highlights the tax authorities' emphasis on strengthening the monitoring of enterprises' profit levels, and improving enterprises' compliance with the tax law through special tax adjustment monitoring and administration as well as special tax investigation adjustment. PN 6 reinforces the transfer pricing administration on intercompany intangibles and services transactions, and provides certain methods and principles for investigations and adjustments.

OVERSEAS LISTINGS

On 17 February 2023, CSRC issued 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》)(the "**Trial Administrative Measures**") and five items of supporting guidelines, which mainly standardise activities relating to direct or indirect overseas issuance and listings of securities by domestic enterprises and became effective on 31 March 2023. According to the Trial Administrative Measures, a domestic company that seeks to offer and list securities in overseas markets shall fulfil the filing procedure with the CSRC as per requirement of the Trial Administrative Measures, submit relevant materials that contain a filing report and a legal opinion, and provide truthful, accurate and complete information on the shareholders and disclose other required information. Any overseas offering and listing made by an issuer that meets both the following conditions will be determined as indirect:

(1) 50% or more 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 accounting year is accounted for by domestic companies; and

(2) the main parts of the issuer's business activities are conducted in the Mainland China, or its main places of business are located in the Mainland China, or the senior managers in charge of its business operation and management are mostly Chinese citizens or domiciled in the Mainland China.

Meanwhile, it is stipulated that under any of the following circumstances, an overseas listing shall not be allowed: (1) there are circumstances in which national laws, regulations and relevant provisions explicitly prohibit listing for financing; (2) the overseas issuance or listing threatens or endangers national security as reviewed and determined by the relevant competent departments of the State Council in accordance with the laws; (3) the domestic enterprise and its controlling shareholder or actual controller have committed corruption, bribery, embezzlement of property, misappropriation of property or disruption of the socialist market economic order in the recent three years; (4) the domestic enterprise is being investigated by judiciary for suspected crimes or is being investigated for major violations of laws and regulations and no definite conclusions have been reached; (5) there are major ownership disputes over equity rights held by the controlling shareholder or the shareholder governed by the controlling shareholder or the actual controller. Under the Trial Administrative Measures, a filing-based

regulatory system would be implemented covering both direct and indirect overseas offering and listing. For an initial public offering and listing in an overseas market, the issuer shall submit to CSRC filing documents within three working days after the offering documents are submitted overseas. CSRC would, within 20 working days if filing documents are complete and in compliance with the stipulated requirements, issue a filing notice thereof and publish the filing results on the website of CSRC. If not, CSRC should inform the issuer of supplementary documents within 5 working days after receiving filing documents and the issuer should provide relevant supplementary documents within 30 working days.

50% or more of our operating revenue, total assets, and net assets as documented in its audited consolidated financial statements for the most recent accounting year is accounted for by our PRC operating subsidiaries. The main parts of our business activities are conducted in the Mainland China, and the members of our senior management in charge of our business operation and management are mostly Chinese citizens or domiciled in the Mainland China. As such, as confirmed by our PRC Legal Advisers, we are subject to the [REDACTED] as the [REDACTED] constitutes an indirect overseas issuance and [REDACTED] by domestic enterprises under the Trial Administrative Measures.

HOUSE LEASING FILING

Pursuant to the Administrative Measures for Commodity Housing Tenancy* (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on 1 December 2010 and became effective on 1 February 2011, the parties concerned to a housing tenancy shall go through the housing tenancy registration formalities with the local construction (real estate) administrative department. For such violation and failing to make corrections within the specified time limit urged by the local construction (real estate) administrative department, a fine ranging from RMB1,000 to RMB10,000 for each unfiled leasing agreement may be imposed.

According to the Civil Code of the PRC, if the parties to a lease contract fail to go through the formalities of registration of such contract in accordance with the provisions of laws and administrative regulations, the effectiveness of the contract shall not be affected.