REGULATIONS IN RELATION TO FOREIGN INVESTMENT

The establishment, operation and management of companies in PRC are governed by the PRC Company Law (《中華人民共和國公司法》) (the "**Company Law**"), which was promulgated by the SCNPC on 29 December 1993, became effective on 1 July 1994 and was last revised on 26 October 2018. Under the Company Law, companies are generally classified into two categories, i.e. limited liability companies and companies limited by shares. Each limited liability company or company limited by shares is an enterprise legal person and is liable for its debts with all its assets. The Company Law is also applicable to foreign-invested companies, except otherwise set out in any other regulations.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**FIL**") was promulgated on 15 March 2019 by the National People's Congress (the "**NPC**") and became effective on 1 January 2020. As the fundamental law governing the foreign investment in the PRC, the FIL replaced the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-invested Enterprise Law of the PRC (《中華人民共和國外資企業法》). Pursuant to the FIL, the foreign-invested enterprises established prior to the effective date of the FIL may keep their corporate forms within five years; "foreign investors" means natural person, enterprise, or other organisation of a foreign country; "foreign-invested enterprises" means any enterprise established under PRC law that is wholly or partially invested by foreign investors and "foreign investment" means any foreign investor's direct or indirect investment in China, including: (1) establishing foreign-invested enterprises in China either individually or jointly with other investors, (2) obtaining shares, equities, property shares or other similar rights and interests of enterprises within the territory of China, (3) investing in new projects in China either individually or jointly with other investors, and (4) making investment through other means provided by laws, administrative regulations, or the provisions of the State Council of the PRC (the "**State Council**").

The FIL stipulates that China implements the management system of pre-establishment national treatment and a negative list to foreign investment. Foreign investors are barred from investing in prohibited industries on the negative list and must comply with the specified requirements when investing in restricted industries on that list. When a licence is required to enter a certain industry, the foreign investor must apply for such licence, and the government must treat the application the same as one applied by a domestic enterprise, except where laws or regulations set out otherwise. Furthermore, pursuant to the FIL, the government generally will not expropriate foreign investment, except under special circumstances, in which case it will provide fair and reasonable compensation to foreign investors in a timely manner.

The Implementing Regulations of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "**Implementing Regulations of the FIL**") was promulgated on 26 December 2019 by the State Council and became effective on 1 January 2020, which replaced the Regulations on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法實施條例》), the Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture Enterprises (《中外合資經營企業合營期限暫行規定》), the Regulations on Implementing the Wholly Foreign-Owned Enterprise Law of the PRC (《中華人民共和國外商投資企業法實施細則》) and the Regulations on Implementing the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法實施細則》). The Implementing Regulations of the FIL specifies that no foreign investor may invest in any industry prohibited by the negative list and foreign investors making investments in the restricted industry shall comply with the special administrative measures for restricted access such as requirements on shareholding and senior executives as

stipulated in the negative list. In addition, foreign investment which has or may have an impact on the national security shall be subject to the national security review. Pursuant to the Implementing Regulations of the FIL, foreign investors or foreign-invested enterprises shall submit the investment information to the competent department of commerce through the enterprise registration system and the National Enterprise Credit Information Publicity System. The competent department of commerce and the department of market regulation under the State Council shall effectively ensure the linkage of relevant business systems and provide guidance for foreign investors or foreign-invested enterprises on submission of investment information.

The Catalogue of Industries for Encouraging Foreign Investment (2019 Version) (《鼓勵外商投資產業目錄（2019年版）》) (the "**Catalogue**") and Special Administrative Measures for Foreign Investment Access (Negative List) (2019 Version) (《外商投資准入特別管理措施（負面清單）（2019年版）》) (the "**Negative List**") were jointly promulgated by the National Development and Reform Commission and the MOFCOM on 30 June 2019 and implemented on 30 July 2019. The Catalogue and the Negative List stipulated in detail the areas of entry pertaining to the categories of encouraged foreign investment industries, restricted foreign investment industries and prohibited foreign investment industries. Any industry not listed in the Catalogue or Negative List is a permitted industry. According to the Catalogue and Negative List, the daily chemical manufacturing and sales business, cleaning of textiles and fur products are permitted industries for foreign investment.

REGULATIONS IN RELATION TO THE MERGER AND ACQUISITION OF DOMESTIC ENTERPRISES BY FOREIGN INVESTORS

Pursuant to the M&A Rules, mergers and acquisitions of domestic enterprises by foreign investors refers to:

- a foreign investor converts a non-foreign invested enterprise (domestic company) to a foreign invested enterprise by purchasing the equity interest from the shareholder of such domestic company or the increased capital of the domestic company; this is defined as "equity merger and acquisition"; or

- a foreign investor establishes a foreign invested enterprise to purchase the assets from a domestic enterprise by agreement and operates the assets therefrom; or

- foreign investor purchases the assets from a domestic enterprise by agreement and uses these assets to establish a foreign invested enterprise for the purpose of operation of such assets; this is defined as "assets merger and acquisition".

Pursuant to the M&A Rules, mergers and acquisitions of domestic enterprises by foreign investors shall be subject to the approval of the MOFCOM or its delegates at provincial level since 2006. In the event that any domestic company, enterprise or natural person merges or acquires a domestic company that has affiliated relationship with it through an overseas company legally established or controlled by such domestic company, enterprise or natural person, the merger and acquisition applications shall be submitted to the MOFCOM for approval. The person concerned may not evade from the above requirements by domestic investment of the foreign-invested enterprises or by other means.

REGULATIONS IN RELATION TO FOREIGN EXCHANGE

General Administration of Foreign Exchange

According to the Regulations on Foreign Exchange Administration of the PRC (Revised in 2008) (《中華人民共和國外匯管理條例（2008年修訂）》) which was promulgated by the State Council on 29 January 1996, became effective on 1 April 1996, and was last revised on 5 August 2008, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments, payment of interests and dividends. Current account foreign exchange income may, in accordance with relevant provisions of the PRC, be retained or sold to any financial institution engaged in foreign exchange settlement and sales business. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from the SAFE or its local branches. Payments for transactions that take place within the PRC must be made in Renminbi. PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks under the current account items subject to a cap set by the SAFE or its local branches.

Pursuant to the Notice of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**SAFE Circular 59**") which was promulgated by the SAFE on 19 November 2012, became effective on 17 December 2012 and was last revised on 30 December 2019, the approval is not required for the opening of an account and deposit in foreign exchange accounts under direct investment or for domestic transfer of the foreign exchange under direct investment. The SAFE Circular 59 also simplifies the capital verification and confirmation formalities for foreign invested enterprises and foreign exchange registration formalities required for the foreign investors to acquire the equity interests of Chinese party, and further improves the administration on exchange settlement of foreign exchange capital of foreign invested enterprises.

In light of the Circular of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**") which was promulgated by the SAFE on 13 February 2015, became effective on 1 June 2015 and was last revised on 30 December 2019, to improve the efficiency on foreign exchange management, the SAFE has cancelled the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment. In addition, the SAFE Circular 13 simplifies the procedure of registration of foreign exchange and investors shall register with banks for foreign exchange under the condition of direct domestic investment and direct overseas investment.

The Circular of the SAFE 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 "**SAFE Circular 19**"), which was promulgated by the SAFE on 30 March 2015, became effective on 1 June 2015 and was last revised on 30 December 2019, adopts the approach of discretional foreign exchange settlement. The discretional settlement of the foreign exchange capital of foreign-invested enterprises refers to that the settlement of foreign exchange capital in the capital accounts of foreign-funded enterprises that have been subject to the confirmation of cash capital contribution at foreign exchange authorities (or the entry registration of cash contribution at banks) may be handled at banks based on the enterprises' actual requirements for business operation. The proportion of discretional settlement of foreign exchange capital of foreign-funded

enterprises is temporarily determined as 100%. The SAFE may, based on the international balance of payments, adjust the aforesaid proportion at appropriate times.

The Notice of the SAFE 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 "**SAFE Circular 16**") was promulgated by the SAFE and became effective on 9 June 2016. According to the SAFE Circular 16, enterprises registered in China may also convert their foreign debts from foreign currency into Renminbi on self-discretionary basis. The SAFE Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital, foreign debts and repatriated funds raised through overseas listing) on self-discretionary basis, which applies to all enterprises registered in China. The SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or expenditure prohibited by laws and regulations of PRC, and may not be used for investments in securities or other investment with the exception of bank financial products that can guarantee the principal within China unless otherwise specifically provided. In addition, the converted Renminbi may not be used to make loans for unrelated enterprises unless it is within the business scope, nor to build or to purchase any real estate that is not for the enterprise's own use with the exception for the real estate enterprise.

On 26 January 2017, the SAFE promulgated the Circular of the SAFE on Further Improving Reform of Foreign Exchange Administration and Optimising Genuineness and Compliance Verification (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (the "**SAFE Circular 3**"), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) when a bank handles outward remittance of profits equivalent to more than US$50,000 for a domestic institution, under the principle of genuine transaction, the bank shall check board resolutions regarding profit distribution, the original version of tax filling records and audited financial statements, and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to the SAFE Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilisation arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

On 23 October 2019, the SAFE promulgated the Circular of the SAFE on Further Promoting the Facilitation of 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 "**SAFE Circular 28**"), which cancelled the restriction on domestic equity investment of capital funds by non-investment foreign-invested enterprises. Pursuant to the SAFE Circular 28, on the basis of allowing investment-oriented foreign-invested enterprises (including foreign-invested investment companies, foreign-invested venture capital enterprises and foreign-invested equity investment enterprises) to use capital funds for domestic equity investment in accordance with laws and regulations, non-investment foreign-invested enterprises shall be allowed to use capital funds for domestic equity investment in accordance with the laws on the premise of not violating the existing special management measures for entry of foreign investment (negative list) and the authenticity and compliance of their domestic invested projects.

Regulations in relation to Offshore Investment

Pursuant to the SAFE Circular 37, a domestic resident shall, before contributing the domestic and overseas lawful assets or interests to a special purpose vehicle ("**SPV**"), apply to the foreign exchange office for foreign exchange registration of overseas investments. In addition, in the event of any change of basic

information of the overseas SPV such as the individual shareholder, name or operation term, or if there is an increase of capital, decrease of capital, equity transfer or swap, merge, spin-off or other change of the material items, the domestic resident shall complete the foreign exchange modification registration procedures for offshore investment. After the completion of the overseas financing, the SPV shall comply with the related provisions on Chinese foreign investment and foreign debt administration if the capital financed is repatriated for use within the territory of China. Failure to comply with the registration procedures as set out in the SAFE Circular 37 may result in penalties.

The SAFE Circular 13 has further revised the SAFE Circular 37 by requiring domestic residents to register with qualified banks rather than the SAFE or its local counterparts in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing.

Pursuant to the Stock Option Rules, individuals participating in any stock incentive plan of any overseas publicly listed company who are PRC citizens or non-PRC citizens who reside in China for a continuous period of not less than one year (subject to a few exceptions) are required to register with the SAFE or its local branches and complete certain other procedures through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agent shall, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. Under the Circular of the State Administration of Taxation on Issues Concerning Individual Income Tax in Relation to Equity Incentives (《國家税務總局關於股權激勵有關個人所得税問題的通知》) which was promulgated by the SAT and became effective on 24 August 2009, listed companies and their domestic organisations shall, according to the individual income tax calculation methods for "wage and salary income" and stock option income, lawfully withhold and pay individual income tax on such income.

REGULATIONS IN RELATION TO TAXATION

Enterprise Income Tax

According to the EIT Law, which was promulgated by the NPC on 16 March 2007, became effective on 1 January 2008 and was last revised by SCNPC on 29 December 2018, and the Implementing Regulations of 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》) (the "**Implementing Regulations**") which was promulgated by the State Council on 6 December 2007, became effective on 1 January 2008 and was last amended on 23 April 2019, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within China. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside China, but have established institutions or premises in China, or have no such established institutions or premises but have

income generated from inside China. Under the EIT Law and the Implementing Regulations, a uniform corporate income tax rate of 25% is applicable. However, for non-resident enterprises which have not formed permanent establishments or premises in China, or if they have formed permanent establishment institutions or premises in China but there is no actual relationship between the relevant income derived in China and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% of their income sourced from inside China. High-tech enterprises to which the state needs to give key support are subject to the reduced enterprise income tax rate of 15%.

Pursuant to the Administrative Measures for Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》), which was promulgated by the Ministry of Science and Technology, the Ministry of Finance (the "**MOF**") and the SAT, became effective on 1 January 2008 and was amended on 29 January 2016, the certificate of a high-tech enterprise is valid for three years. An enterprise shall, after being accredited as a high-tech enterprise, fill out and submit the statements on annual conditions concerning the intellectual property rights, scientific and technical personnel, expenses on research and development and operating income for the previous year on the "website for the administration of accreditation of high-tech enterprises" (高新技術企業認定管理工作網). If a high-tech enterprise is renamed or in the event of any major change relating to the certification conditions (such as division, merger, restructuring and change of business operations, among others), the enterprise shall report to the certification authority within three months. If the certification conditions are met upon examination by the certification authority, the qualification of the enterprise as a high-tech enterprise shall remain unchanged; if the enterprise is renamed, the certification certificate shall be reissued and the number and validity period thereof shall remain unchanged; or if the certification conditions are not met, the enterprise shall be disqualified as a high-tech enterprise from the year when it is renamed or any condition changes.

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Tax on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Avoidance of Double Tax Arrangement**") which was promulgated by the SAT and the Hong Kong Special Administrative Region Government and became effective on 21 August 2006, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under the Avoidance of Double Tax Arrangement and other applicable laws, the 10% withholding tax on the dividends a Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from competent tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) (the "**Notice No. 81**") issued by the SAT on 20 February 2009, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a transaction or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment.

Pursuant to the Announcement of the State Administration of Taxation on Issues Concerning Enterprise Income Tax Related with Enhancing the Western Region Development Strategy(《國家稅務總局關於深入實施西部大開發戰略有關企業所得稅問題的公告》) which was promulgated by the SAT and became effective on 1 January 2011, from 1 January 2011 to 31 December 2020, any enterprise that is located in the western regions and engaged in the industrial activities as listed in the "Catalogue of Encouraged Industries in Western Regions" as its major business from which the revenue in the current year accounts for more than 70% of its total revenue shall pay enterprise income tax at the rate of 15% after its application is approved by the in-charge taxation authorities.

Value Added Tax

Pursuant to the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值税暫行條例》) which was promulgated by the State Council on 13 December 1993 and amended on 5 November 2008, 6 February 2016 and 19 November 2017, respectively, and the Implementation Rules of the PRC Interim Regulations on Value-Added Tax (《中華人民共和國增值税暫行條例實施細則》) promulgated by the MOF on 25 December 1993 and amended on 15 December 2008 and 28 October 2011, respectively, entities or individuals that sell goods or provide labour services of processing, repair or replacement, and that sell services, intangible assets or immovables, or that import goods within the territory of the PRC are taxpayers of value-added tax. Unless stated otherwise, the tax rate for value-added tax payers who are selling goods, labour services, or providing tangible movable property leasing services or importing goods shall be 17%.

On 16 November 2011, the MOF and the SAT promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (《營業税改徵增值税試點方案》). Since 1 January 2012, the PRC government has been gradually implementing a pilot programme in certain provinces and municipalities, to levy a value-added tax at the rate of 11% or 6% on the taxable income generated from certain kinds of services in lieu of the 5% business tax. On 23 March 2016, the MOF and the SAT released the Circular on the Nationwide Implementation of Transformation Pilot Program of Value-Added Tax in Lieu of Business Tax (《財政部、國家税務總局關於全面推開營業税改徵增值税試點的通知》) and its appendices, according to which the pilot programme of value-added tax in lieu of business tax was implemented nationwide from 1 May 2016. Pursuant to the Decision of the State Council on Repealing the Interim Regulation of the PRC on Business Tax and Amending the Interim Regulations of the PRC on Value-Added Tax (《國務院關於廢止〈中華人民共和國營業税暫行條例〉和修改〈中華人民共和國增值税暫行條例〉的決定》) promulgated by the State Council on 19 November 2017, the business tax has been abolished.

According to the Notice of the MOF and the SAT on Adjusting the Value-added Tax Rates (《財政部、國家税務總局關於調整增值税税率的通知》), which was promulgated by the MOF and the SAT on 4 April 2018 and became effective on 1 May 2018, where a taxpayer engages in a taxable sales activity for the value-added tax purpose or imports goods, the previously applicable 17% and 11% tax rates were adjusted to 16% and 10%, respectively. In addition, on 20 March 2019, the MOF, the SAT and General Administration of Customs released the Announcement on Policies for Deepening the Value Added Tax Reform (《關於深化增值税改革有關政策的公告》), according to which for general value added tax payers' sales activities or imports that were subject to value added tax at an existing applicable rate of 16% or 10%, the applicable value added tax rate was adjusted to 13% or 9% respectively.

REGULATIONS IN RELATION TO EMPLOYMENT AND SOCIAL WELFARE

The Labour Law and the Labour Contract Law

According to the Labour Law of the PRC (《中華人民共和國勞動法》) which was promulgated by the SCNPC on 5 July 1994 and became effective on 1 January 1995, and was last revised on 29 December 2018, enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by national rules and standards on workplace safety and sanitation, and educate labourers about labour safety and sanitation. Labour safety and sanitation facilities shall comply with national standards. Enterprises and institutions shall provide labourers with a safe workplace and sanitation conditions which comply with national rules.

The principal regulations governing the employment contract is the Labour Contracts Law of the PRC (《中華人民共和國勞動合同法》) (the "**Labour Contracts Law**"), which was promulgated by the SCNPC on 29 June 2007, revised on 28 December 2012 and became effective on 1 July 2013. Pursuant to the Labour Contracts Law, employers shall establish employment relationship with employees on the date that they start employing the employees. To establish the employment relationship, a written employment contract shall be concluded. Furthermore, the probation period and liquidated damages shall be restricted by the law to safeguard employees' rights and interests.

According to Interim Provisions on Labour Dispatch (《勞務派遣暫行規定》) which was promulgated by the Ministry of Human Resources & Social Security on 24 January 2014 and became effective on 1 March 2014, an employer may employ dispatched workers in temporary, auxiliary or substitutable positions only and shall strictly control the number of dispatched workers employed which shall not exceed 10% of the total number of its workers.

Social Insurance and Housing Fund Regulations

According to the Social Insurance Law which was promulgated by the SCNPC on 28 October 2010 and became effective on 1 July 2011 and was revised on 29 December 2018, employers are required to provide their employees in the PRC with welfare schemes covering pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance. If an employer does not pay the full amount of social insurance premiums as required by law, the social insurance premium collection institution shall order the employer to make the payment or make up the difference within the stipulated period and impose a daily surcharge equivalent to 0.05% of the overdue payment from the date on which the payment is overdue. If such overdue payment is not made within the stipulated period, the relevant administration department shall impose a fine from one to three times the amount of overdue payment.

Pursuant to the Housing Accumulation Funds Regulation, which was promulgated by State Council and became effective on 3 April 1999, and was last revised on 24 March 2019, enterprises must complete registration at the competent administrative centre of housing provident fund and go through the procedures of opening the account of housing provident fund for their employees at the relevant bank upon the registration by such administrative centre of housing provident fund. Enterprises as employers are also obliged to timely pay and deposit housing provident fund for their employees in full amount.

REGULATIONS IN RELATION TO INTELLECTUAL PROPERTY

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on 23 August 1982 and amended on 22 February 1993, 27 October 2001, 30 August 2013 and 23 April 2019, respectively, registered trademarks are trademarks approved to be registered by the Trademark Office, including goods trademarks, service trademarks, collective marks and certification marks. A trademark registrant shall have the right to exclusively use the registered trademark, which is protected by law. Any natural person, legal person, or other organisation that needs to acquire the right to exclusively use a trademark on the goods or services thereof in the course of business operations shall apply to the Trademark Office for trademark registration.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) (the "**Copyright Law**") which was promulgated by the SCNPC, became effective on 1 June 1991 and was amended on 27 October 2001 and 26 February 2010, respectively, works of Chinese citizens, legal entities or other organisations, whether published or not, shall enjoy copyright in accordance with this law. Works include computer software, works of fine art, drawings of engineering designs and product designs and other graphic works as well as model works. Except as otherwise provided in the Copyright Law, copying, distributing, performing, screening, broadcasting, compiling, or distributing through the information network the work to the public, without the permission of the copyright owner, constitutes an infringement of copyright.

Patent

The Patent Law of the PRC (《中華人民共和國專利法》) (the "**Patent Law**") was promulgated by the SCNPC on 12 March 1984, became effective on 1 April 1985, and was amended on 4 September 1992, 25 August 2000 and 27 December 2008, respectively. According to the Patent Law, "invention-creations" in this law include inventions, utility models and designs. An invention or utility model for which a patent is to be granted shall be novel, inventive and practically applicable. Without permission of the patentee, no entity or individual shall exploit the patent.

Internet Domain Name

The Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) was promulgated by the Ministry of Industry and Information Technology on 24 August 2017 and became effective on 1 November 2017. According to this regulation, the domain names used by those engaging in internet information services shall comply with laws and regulations and the relevant provisions of telecommunications administrations, and no domain name may be used to commit any illegal act.

REGULATIONS IN RELATION TO ENVIRONMENTAL PROTECTION

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) which was promulgated by the SCNPC on 26 December 1989 and amended on 24 April 2014, enterprises, public institutions and other producers and business operators that discharge pollutants shall take measures to prevent and control the environmental pollution and harm caused by waste gas, waste water, waste residues, medical waste, dust, malodorous gas, radioactive substances, noise, vibration, optical radiation and electromagnetic radiation and others generated during production, construction or other activities. Enterprises and public institutions that discharge pollutants shall each establish an environmental protection responsibility system and specify the responsibilities of the persons in charge and relevant personnel thereof. Facilities for the prevention and control of pollution in a construction project shall be designed, built and put into production and used together with the principal part of the project. The preparation of relevant development and utilisation plans and the construction of the projects having an impact on the environment shall be subject to environmental impact assessment in accordance with the law. For any development and utilisation plan, in the absence of the environmental impact assessment in accordance with the law, the plan shall not be implemented; for any construction project, in the absence of the environmental impact assessment in accordance with the law, the construction of the project shall not be commenced.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) which was promulgated by the SCNPC on 28 October 2002 and amended on 2 July 2016 and 29 December

2018 respectively, and the Rule on Classification for Environmental Impact Assessment of Construction Projects (《建設項目環境影響評價文件分級審批規定》) which was promulgated by the former Ministry of Environmental Protection on 16 January 2009 and became effective on 1 March 2009, the state classifies the management over the assessment of the environmental impacts of construction projects according to the seriousness of the impacts. If the environmental impacts may be significant, a comprehensive assessment report of the environmental impacts is required; if the environmental impacts may be mild, an analysis or specific assessment report of the environmental impacts is required; if the environment impacts may be very small so that it is not necessary to conduct an assessment of the environmental impacts, a registration form of the environmental impacts is required. The construction work shall not start before the environmental impact assessment documents are approved by competent administrative department.

According to the Rules on the Administration concerning Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council on 29 November 1998 and amended on 16 July 2017, the Regulations on Administration concerning the Environmental Protection Acceptance Check on Construction Projects (《建設項目竣工環境保護驗收管理辦法》) promulgated on 27 December 2001 and amended on 22 December 2010, and the Interim Measures concerning the Environmental Protection Acceptance Check on Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the former Ministry of Environmental Protection on 20 November 2017, where a construction project needs complementary environmental protection facilities, those facilities must be designed, constructed and become operational at the same time as the main parts of the project. The project owner shall, after the completion of the construction project for which the environmental impact report or the environmental impact statement is prepared, according to standards and procedures prescribed by the environmental protection administrative department of the State Council, conduct acceptance check of the constructed complementary environmental protection facilities. The construction project may not be put into production or use until the constructed supporting environmental protection facilities have passed the acceptance check. The facilities that have not undergone or fail to pass the acceptance check shall not be put into production or use.

Pursuant to the Measures for Pollutant Discharge Permitting Administration (Trial) (《排污許可管理辦法（試行）》), which was promulgated by the former Ministry of Environmental Protection, became effective on 10 January 2018 and was last amended on 22 August 2019, the Ministry of Environmental Protection shall develop and issue a classification administration list of pollutant discharge permit for fixed pollution sources. The enterprises, public institutions and other business operators on the list shall apply for and obtain a pollutant discharge permit according to the prescribed application time limit.

REGULATIONS IN RELATION TO PLANNING, CONSTRUCTION AND FIRE PROTECTION

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) which was promulgated by the SCNPC on 25 June 1986, last amended on 26 August 2019 and became effective on 1 January 2020, land owned by the State may be remised or allotted to construction units or individuals in accordance with the law. The people's government at or above the county level shall register and put on record uses of state-owned land used by units or individuals, and issue certificates to certify the land use rights.

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) which was promulgated by the SCNPC on 28 October 2007, became effective on 1 January 2008 and was revised on 24 April 2015 and 23 April 2019, respectively, a Construction Land Planning Permit is required for the right to use the state-owned land acquired by assignment and appropriation. To build any structure, fixture, road, pipeline

or other engineering project within a city or town planning area, the construction entity or individual shall apply to the competent department of urban and rural planning under the people's government of the city or county or the town people's government specified by the people's government of the province, autonomous region or municipality directly under the Central People's Government of the PRC (the "**Central Government**") for a planning permit on construction project.

According to the Construction Law of the PRC (《中華人民共和國建築法》) which was promulgated by the SCNPC on 1 November 1997, became effective on 1 March 1998 and was revised on 22 April 2011 and 23 April 2019, respectively, construction units shall, in accordance with the relevant provisions of the State, apply to the competent construction administrative departments under the county level governments or above for construction licences, except for small projects below the threshold value set by the competent construction administrative department under the State Council.

According to the Rules on the Administration of Construction Quality (《建設工程質量管理條例》) which was promulgated by the State Council on 30 January 2000 and amended on 7 October 2017 and 23 April 2019, respectively, and the Administrative Measures for Recording of the Inspection and Acceptance on Construction Completion of Buildings and Municipal Infrastructures (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) which was promulgated by the former Ministry of Construction on 4 April 2000 and revised by the Ministry of Housing and Urban-Rural Development on 19 October 2009, a construction project shall not be delivered for use unless it has passed the completion-based check. The construction entity should file a record to a competent construction administrative department of the people's government at or above the county level of the place where the project is located within 15 days after the construction project passes the acceptance checks.

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》) which was promulgated by the SCNPC on 29 April 1998 and amended on 28 October 2008 and 23 April 2019, respectively, the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards of project construction. The designing, construction, project supervision and other entities shall be responsible for the quality of fire prevention design and construction quality according to the law. Where the housing and urban-rural development authority under the State Council requires that an application for fire prevention final inspection of an as-built construction project should be filed, the constructing party shall file such an application to the housing and urban-rural development authority. For a construction project other than one specified in the preceding paragraph, the constructing party shall report to the housing and urban-rural development authority after final inspection for record, and the housing and urban-rural development authority shall conduct spot checks.

REGULATIONS IN RELATION TO PRODUCING OUR PRODUCTS

In accordance with the Regulations of the PRC on the Administration of Production Licence for Industrial Products (《中華人民共和國工業產品生產許可證管理條例》) which was promulgated by the State Council on 9 July 2005 and became effective on 1 September 2005, as well as the Measures for Implementation of the Regulations of the PRC on the Administration of Production Licence for Industrial Products (《中華人民共和國工業產品生產許可證管理條例實施辦法》) which was promulgated by the State Administration of Quality Supervision, Inspection and Quarantine on 21 April 2014 and became effective on 1 August 2014, the production licence system applies to the producers of materials in direct contact with food and other products that are subject to the production licence management specified by laws and administrative regulations. Any enterprise that does not obtain an industrial standard product licence is not allowed to manufacture the products listed in the catalogue. No organisation or individual may sell or use the products listed in the catalogue without the

production licence in the business activities. If within the validity period of a production licence, there is any change in production conditions, inspection means, or production technologies or process of an enterprise (including change in the production address construction of new production lines or any major technical transformation), the enterprise shall file an application with the provincial quality and technical supervision bureau in the place where it is located within one month after such change occurs. The General Administration of Quality Supervision, Inspection and Quarantine or a provincial quality and technical supervision bureau shall, according to the procedures as prescribed by the Measures for Implementation of the Regulations of the PRC on the Administration of Production Licence for Industrial Products, organise field verification and product inspection. And if there is any change in the name of enterprise, the registered address or the production address, the enterprise shall file an application for alternation to the provincial quality and technical supervision bureau in the place where the enterprise located within one month from the occurrence of the change. Also, pursuant to the Food Safety Law of the PRC (《中華人民共和國食品安全法》) promulgated by the SCNPC on 28 February 2009 and amended on 24 April 2015 and 29 December 2018, respectively, the production of food-related products with a relatively high risk such as packing materials that directly contact food shall be subject to production licensing in accordance with the relevant state provisions on the administration of production licences for industrial products. The food safety supervision and administration departments shall strengthen the supervision and administration of the production of food-related products.

In accordance with the Regulations on Implementing Production Licence for Tableware Detergent Products (《餐具洗滌劑產品生產許可實施細則》) which was promulgated by the former State Administration of Quality Supervision, Inspection and Quarantine on 9 January 2008, enterprises shall not produce tableware detergent products listed in the management of production licence without a production licence. No organisation or individual may sell or use in its business activities any tableware detergent product listed in the production licence management which has not obtained a production licence.

In accordance with the Measures for the Administration of Disinfection (《消毒管理辦法》) which was promulgated by the former State Health and Family Planning Committee, became effective on 1 July 2002 and was last amended on 26 December 2017, as well as the Sanitary Licensing Regulations for Production Enterprises of Disinfection Products (《消毒產品生產企業衛生許可規定》) which was promulgated by the former Ministry of Health, became effective on 1 January 2010 and was last amended on 9 May 2017, after obtaining a business licence issued by the administrative department for industry and commerce, a production enterprise of disinfectant, disinfecting apparatus, and sanitation supplies shall also obtain a disinfectant standard product licence issued by the provincial administrative department of health and family planning at the place where it is located, before manufacturing disinfection products. The disinfectant product licence shall specify the name of the unit, legal representative (person in charge), registered address, production address, mode of production, production items, production category, effective period, approval date, licence number, among others. After obtaining the disinfectant product licence, if the mode of production, the items of production and the types of production are changed, an application for change shall be submitted to the provincial health administrative department, which shall be checked according to the requirements of the new application. And if the name of the enterprise, the legal representative (person in charge), the registered address or the street name of the production site is changed, an application for alteration shall be filed with the provincial health administrative department.

In accordance with the Regulations Concerning the Hygiene Supervision over Cosmetics (《化妝品衛生監督條例》) which was issued by the former Ministry of Health of the PRC on 13 November 1989 and amended on 2 March 2019, as well as the Detailed Rules for the Implementation of the Regulation on the Hygiene

Supervision over Cosmetics (《化妝品衛生監督條例實施細則》) which was issued by the former Ministry of Health on 27 March 1991 and amended on 1 June 2005, cosmetics production enterprises shall be subject to the production permit system. Cosmetics product license shall be approved and issued by the cosmetics supervision and administration departments of provinces, autonomous regions and municipalities directly under the Central Government. A cosmetics product license shall be valid for five years. No entity may engage in the production of cosmetics without a cosmetics product license. An enterprise that produces cosmetics for non-special use shall make a filing to the health administrative department within two months after the products are on sale in the market. In case an enterprise that has obtained cosmetics production permit produces any new cosmetic product, it shall report to the cosmetics supervision and administration departments of provinces, autonomous regions and municipalities directly under the Central Government for archival filing. In case a production enterprise of cosmetics changes its factory site, establishes a branch or a workshop at a place outside the factory complex, it shall apply for the cosmetics production permit to the cosmetics supervision and administration departments of provinces, autonomous regions and municipalities directly under the Central Government. A cosmetics production enterprise that changes its name shall apply for recertification at the licence issuing organ. In addition, according to the Notice on Adjusting Related Matters Concerning the Administration of the Registration and Registration of Cosmetics (《關於調整化妝品註冊備案管理有關事宜的通告》) which was issued by the former State Food and Drug Administration and became effective on 16 December 2013, starting from 30 June 2014, domestic non-special cosmetics production enterprises should file online product information records before the products are marketed.

In accordance with the Work Safety Law of the PRC (《中華人民共和國安全生產法》) which was issued by the SCNPC on 31 August 2014 and became effective on 1 December 2014, business entities must establish and improve their work safety responsibility systems and work safety polices and rules, improve work safety conditions, promote work safety standardisation, improve their work safety levels and ensure work safety.

REGULATIONS IN RELATION TO PRODUCTS QUALITY

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) which was promulgated by the SCNPC on 22 February 1993 and was subsequently amended on 8 July 2000, 27 August 2009 and 29 December 2018, respectively, "product" referred to in this law means a product which is processed or manufactured for the purpose of sale. A producer shall be liable for compensation if his defective product causes damage to human body or property other than the defective product itself. A producer shall not be liable for compensation if he can prove the existence of any of the following circumstances: (a) the product has not been put in circulation, (b) the defect causing the damage did not exist at the time when the product was put in circulation, or (c) the science and technology at the time the product was put in circulation was at a level incapable of detecting the defect.

Pursuant to the General Principles of the Civil Law of the PRC (《中華人民共和國民法通則》) which was promulgated by the NPC on 12 April 1986 and amended on 27 August 2009, both the manufacturer and the seller shall be responsible for the property damage or personal injury caused by the relevant defective products.

Pursuant to the Tort Liability Law of the PRC (《中華人民共和國侵權責任法》) which was promulgated by the SCNPC on 26 December 2009 and became effective on 1 July 2010, a manufacturer shall assume tort liability where the defects in relevant products cause damage to others. A seller shall assume tort liability where the defects in relevant products causing damage to others are attributable to the seller. The aggrieved party may claim for compensation from the manufacturer or the seller of the relevant product in which the defects have caused damage.

REGULATIONS IN RELATION TO CONSUMER PROTECTION AND COMPETITION LAW

Consumer protection

The principal legal provisions for the protection of consumer interests are set out in the Consumer Protection Law of the PRC (《中華人民共和國消費者權益保護法》) (the "**Consumer Protection Law**''), which was promulgated by the SCNPC on 31 October 1993, became effective on 1 January 1994 and was amended on 27 August 2009 and 25 October 2013, respectively. According to the Consumer Protection Law, where business operators sell commodities on the internet, on television, over telephone, or by mail order, among others, consumers shall have the right to return the commodities within seven days of receipt of them without cause, subject to certain exceptions. Moreover, the rights and interests of the consumers who buy or use commodities or receive services for the purposes of daily consumption are protected and all manufacturers and distributors involved must ensure that the products and services they provide will not cause damage to the safety of consumers and their properties. Violations of the Consumer Protection Law may result in the imposition of fines. In addition, the operator will be ordered to suspend operations and its business licence will be revoked. Criminal liability may be incurred in serious cases.

Competition law

Competitions among the business 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, became effective on 1 December 1993 and was amended on 4 November 2017 and 23 April 2019, respectively. According to the Anti-Unfair Competition Law, when trading in the market, business operators should abide by the principles of voluntariness, equality, fairness, honesty and credibility, and abide by laws and recognised business ethics. Unfair competition means a business operator, in violation of the Anti-Unfair Competition Law, disrupts the competition order and infringes the legitimate rights and interests of other business operators or consumers. When the legitimate rights and interests of a business operator are damaged by unfair competition, it may start a lawsuit in the People's Court. In contrast, if a business operator violates the provisions of the Anti-Unfair Competition Law, engages in unfair competition and causes damage to another business operator, it shall be liable for damages. If the damage suffered by the business 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 business operator to stop the infringement.

Price law

According to the Price Law of the PRC (《中華人民共和國價格法》) (the "**Price Law**") which was promulgated by the SCNPC on 29 December 1997 and became effective on 1 May 1998, business operators should observe the principles of fairness, lawfulness and good faith when they determine the prices. The production and operation costs and the market supply and demand situation should be the fundamental basis for the business operators to determine the price. When selling or purchasing goods and providing services, the operator shall clearly indicate the price and indicate the name, origin of production, specifications, grade, valuation unit, price or service item, charging standards and other related particulars in accordance with the requirements of the competent government price department. Business operators shall not sell the goods at a price beyond the marked price or charge unspecified fees on top of price indicated. In addition, business operators may not take illegitimate pricing actions, such as colluding with others to manipulate market prices and

damaging the legitimate rights and interests of other business operators or consumers. Any business operator engaged in the act of illegitimate pricing stipulated by the Price Law shall be ordered to make corrections, have the illegal income be confiscated, and may be imposed a fine of no more than five times of its illegal income; if the circumstances are serious, the business shall be ordered to suspend for rectification, or the administrative department for industry and commerce shall revoke the business licence. In addition, any business operator who causes consumers or other operators to pay higher prices due to illegal pricing acts should refund the overpaid portion; if any damage is caused, it shall be liable for compensation according to law. Any business operator who violates the provisions on clearly marked price shall be ordered to make corrections, have the illegal income be confiscated, and may be imposed a fine of no more than RMB 5,000.

REGULATION ON E-COMMERCE ACTIVITIES

On 31 August 2018, the SCNPC promulgated the E-Commerce Law, which became effective on 1 January 2019. Business activities conducted online to sell commodities or offer services shall be governed by the E-Commerce Law. Pursuant to the E-Commerce Law, e-commerce operators refer to natural persons, legal persons and unincorporated organisations that engage in business activities of selling commodities or offering services through the internet and other information networks, including e-commerce platform operators, intra-platform business operators and other e-commerce operators that sell commodities or offer services through a self-built website or other network services. An e-commerce operator shall, in business operation, abide by the principles of voluntariness, equality, fairness and good faith, observe the law and business ethics, fairly participate in market competition, perform obligations in aspects including protection of consumer rights and interests, environment, intellectual property rights, cybersecurity and individual information, assume responsibility for quality of products or services and accept the supervision by the government and the public.

E-commerce operators shall complete the market entity registration (unless no such registration is required by laws and administrative regulations) and obtain the relevant administrative 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 operators shall fulfil the tax payment obligation and issue purchase vouchers or service receipts such as invoices when selling commodities or providing services. An e-commerce operator shall also (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 a 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.

According to the Administrative Measures for Online Trading (《網絡交易管理辦法》) which was promulgated by the former SAIC on 26 January 2014 and became effective on 15 March 2014, e-commerce operators shall obtain relevant administrative licences required by law.

REGULATIONS IN RELATION TO ADVERTISING BUSINESS

The Advertising Law of the PRC (《中華人民共和國廣告法》) (the "**Advertising Law**") was promulgated by the SCNPC on 27 October 1994 and amended on 24 April 2015 and 26 October 2018, respectively. This law regulates contents of advertisements, code of conduct for advertising and the supervision and administration of advertising industry. It also stipulates that advertisers, advertising operators and advertisement publishers shall abide by the Advertising Law and other laws and regulations, be honest and trustworthy and compete in a fair manner in advertising business. According to the Advertising Law, an advertisement shall be prohibited from using "national", "highest", "best", or other comparative words. The data, statistics, investigation results, excerpts, quotations and other citations used in an advertisement shall be true and accurate, with the sources indicated. If any citation has a scope of application or a term of validity, the scope of application or term of validity shall be clearly indicated.