This section sets out an overview of the current laws and regulations applicable to the Group in the PRC, Hong Kong and Macau that may materially affect the Group and its operations. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to the Group.

This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of the Group and/or which may be important to potential investors.

THE PRC

Laws and Regulations Relating to Foreign Investment

According to the PRC's Foreign Investment Law (《中華人民共和國外商投資法》) and the Implementation Rules for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) both effective from January 1, 2020, "foreign investment" in China includes activities by foreign individuals, enterprises, or organizations. The law implements pre-entry national treatment and a negative list system. Pre-entry national treatment ensures equal treatment for foreign and domestic investors during investment entry. The negative list outlines sectors where foreign investment is restricted or prohibited. Investments, profits, and rights of foreign investors are protected by law. National policies supporting enterprise development apply to foreign-funded enterprises. Foreign-funded enterprises have equal participation in standard formulation, with enhanced information disclosure and social supervision. They can engage in government procurement through fair competition, ensuring equal treatment for their products and services. Expropriation of overseas investments is generally prohibited, except under special circumstances.

According to the Measures for Reporting Foreign Investment Information (《外商投資信息報告辦法》) issued by MOFCOM and State Administration for Market Regulation on December 30, 2019, effective from January 1, 2020, foreign investors engaging in China's investment activities must submit information to commerce authorities. Reports must be truthful, accurate, and complete, avoiding false or misleading information and major omissions.

According to the 2022 version of the Catalog of Industries Encouraging Foreign Investment (《鼓勵外商投資產業目錄（2022年版）》) issued by NDRC and MOFCOM on October 26, 2022, effective from January 1, 2023, and the 2021 Edition of the Special Administrative Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施（負面清單）（2021年版）》) ("Negative List") promulgated on December 27, 2021, effective from January 1, 2022, foreign investment in China falls into the Encouraged Industry Catalog and the Negative List. The Negative List is further categorized into the "Catalog of Restricted Foreign Investment Industries" and the "Catalog of Prohibited Foreign Investment Industries". Industries not on the Negative List are permitted for foreign investment. Foreign investors are encouraged to invest in areas like integrated circuit design, manufacturing of integrated circuit packaging and testing equipment, and new electronic components manufacturing in China.

As per the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) announced by NDRC and MOFCOM on December 19, 2022, effective from January 18, 2021, foreign investments impacting national security undergo review. The State has set up a mechanism overseeing these reviews, organizing and guiding the process. Investors in defense, military-related, agricultural, energy, manufacturing, infrastructure, transportation, cultural, information technology, Internet, financial sectors, and key technologies, gaining control over enterprises, must apply for security review beforehand.

Laws and Regulations Relating to Overseas Listing

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies ("the Overseas Listing Trial Measures") and five relevant guidelines, which became effective on March 31, 2023. Meanwhile, the Special Provisions of the State Council for the Share Offerings and Listings Overseas of Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) and the Circular of the State Council Concerning Further Strengthening the Administration of Share Issuance and Listing Overseas (《國務院關於進一步加強在境外發行股票和上市管理的通知》), which were previously the main institutional basis for overseas offering and listing by domestic enterprises, were repealed on March 31, 2023.

According to the Overseas Listing Trial Measures, PRC domestic enterprises which seek to issue and list securities in overseas markets by direct or indirect means are required to complete the filing procedures with and submit relevant materials to the CSRC. The Overseas Listing Trial Measures provides that an overseas offering and listing is prohibited if there is one of the following circumstances: (i) the listing is specifically prohibited for financing purposes by laws, administrative regulations, or applicable requirements imposed by the country; (ii) the overseas offering and listing might endanger national security as reviewed and determined by competent authorities under the State Council in accordance with relevant laws; (iii) the domestic enterprise or its controlling shareholders and de facto controllers have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offenses disruptive to the order of the socialist market economy in recent three years; (iv) the domestic enterprise is currently under judicial investigations for suspicion of criminal offenses or materially breaching laws or regulations, where no definitive conclusions have been reached; or (v) there are material ownership disputes with respect to equity interests held by controlling shareholders or equity interests held by other shareholders controlled by controlling shareholders and/or de facto controllers.

The Overseas Listing Trial Measures also provides that if the issuer meets both the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as an indirect overseas offering and listing by PRC domestic enterprises: (i) the amount of any of the operating revenue, total profit, total assets or net assets of the domestic enterprise represents over 50% of that of the relevant item in the issuer's audited consolidated financial statements for the most recent fiscal year; and (ii) the main parts of the issuer's business activities are conducted in mainland China, or its principal place of business is located in mainland China, or the majority of senior management in charge of its business operations and management are PRC citizens or have their usual place of residence located in mainland China.

Where an issuer submits an application for an initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on material events, such as a change of control or voluntary or forced delisting of the issuer who has completed an overseas offering and listing.

To enhance confidentiality and archive management for domestic enterprises' overseas offerings and listings, CSRC, MOF, National Administration of State Secrets Protection, and National Archives Administration revised regulations. The updated Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings (CSRC Announcement [2009] No. 29) (《關於加強在境外發行證券與上市相關保密和檔案管理工作的規定》（證監會公告[2009]29號）) were replaced with the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings by Domestic Enterprises (CSRC Announcement [2023] No. 44) (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》（證監會公告[2023]44號）) on February 24, 2023. These provisions now cover domestic joint stock companies directly listing overseas and entities indirectly listing abroad. They outline procedural requirements and specify enterprises' confidentiality responsibilities and accounting archives administration, in alignment with the Overseas Listing Trial Measures.

Regulations Related to the Gold Jewelry Industry

Gold Production and Sales Qualification Requirement Criteria for Gold Production and Sales Qualifications

In 2003, China implemented the Decision of the State Council Regarding the Cancelation of the Second Batch of Administrative Approval Items and Amendment to the Management Method of Certain Administrative Approval Items (《國務院關於取消第二批行政審批項目和改變一批行政審批項目管理方式的決定》). This decision marked the official elimination of the approval system by the PBOC for gold production, processing, and circulation. This included the abolishment of the following approvals: (i) gold purchase permits; (ii) approvals for gold product production, processing, and wholesale businesses; (iii) approvals for gold supply; and (iv) approvals for gold product retail businesses.

Regulations on the Controlling of the Import and Export of Gold and Gold Products

Foreign Trade

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) ("Foreign Trade Law"), which was promulgated by the Standing Committee of the National People's Congress ("SCNPC") on May 12, 1994, and subsequently amended on December 30, 2022, foreign trade operators have been exempt from the registration requirement since December 30, 2022. The amended law grants the PRC government the authority to allow the free import and export of commodities and technologies, except where specified otherwise by other laws and administrative regulations.

Prior to the amendment on December 30, 2022, under the earlier version of the Foreign Trade Law, foreign trade operators engaged in the import and export of commodities or technologies were obligated to apply for registration with the foreign trade authorities under the State Council or their delegated agencies for record-keeping purposes. This registration requirement was mandatory, unless exempted by other applicable laws, administrative regulations, or stipulations set forth by the foreign trade authorities under the State Council. Failure to comply with these provisions meant that the Customs Department would not proceed with customs clearance for imported or exported commodities.

Import and Export Licensing System for Gold and Gold Products

In accordance with the relevant provisions outlined in the Administrative Regulations on Gold and Silver of the PRC (《中華人民共和國金銀管理條例》) and the Measures for the Administration of the Import and Export of Gold and Gold Products (《黃金及黃金製品進出口管理辦法》) (the "Measures"), a permit system has been established for the import and export of gold and gold products. In this context, "gold" refers to unforged gold, while "gold products" encompass semi-manufactured gold and manufactured gold products, among others. The PBOC is authorized to grant restrictive approval on the quantity of gold and gold products to be imported and exported, aligning with the macroeconomic regulation and control needs of the State.

According to the Measures, a domestic enterprise intending to import gold products is required to apply for and obtain approval from the PBOC, provided that the enterprise has no illegal or irregular activities related to import of gold products within the past 2 years, and meets one of the following conditions: (i) if the applicant is an enterprise that produces, processes or uses gold products, it shall have necessary production sites, facilities and equipment, meet national standards of pollutant emissions, and have tax payment record of no less than RMB1 million taxes per year for three consecutive years; (ii) if the applicant is a foreign trade operation enterprise managed by an authorized economic operator (enterprise certified by custom and given favorable clearance conditions), it shall have tax payment record of no less than RMB3 million taxes per year for three consecutive years; or (iii) the applicant is an educational institution or scientific research institution that uses gold products for national scientific research projects or key research projects. The Measures also require that the import of gold products is conducted through specific trade method, including general trade, transfer of processing trade to domestic sales, domestic purchase of gold raw materials for export of gold products under processing trade, or import/export between customs special supervision areas, bonded supervision areas and places outside of the aforementioned areas within China. If a domestic enterprise applying for PBOC approval does not meet any of the above conditions, or the import is not conducted under any of the above trade methods, it is not entitled to PBOC approval for import of gold products into mainland China.

The PBOC, in collaboration with the General Administration of Customs, has developed, revised, and disseminated the Catalog of Commodities for Management of Import and Export of Gold and Gold Products (《黃金及黃金製品進出口管理商品目錄》). When processing import or export customs clearance procedures for the gold and gold products specified in the Catalog of Commodities for Management of Import and Export of Gold and Gold Products, it is mandatory to submit the PBOC Import and Export Permit for Gold and Gold Products, which is issued by the PBOC and its branches, to the Customs.

Customs Law

In accordance with the Customs Law of the PRC (《中華人民共和國海關法》) enacted by the SCNPC on January 22, 1987, and subsequently amended on April 29, 2021, effective from the same date, the Customs of the PRC is vested with the authority for the supervision and administration of entry and exit points. Under the framework of pertinent laws and administrative regulations, the Customs exercises its jurisdiction over various aspects, including the inspection and regulation of vehicles, goods, luggage, postal articles, and other items entering and departing the country. This mandate encompasses the assessment and collection of customs duties, taxes, and fees, as well as the prevention and detection of smuggling activities, compilation of customs statistics, and execution of related customs procedures.

Furthermore, as delineated in the Regulations of PRC Customs on Administration of Recordation of 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 November 19, 2021, and implemented from January 1, 2022, the term "customs declaration entities" pertains to consignees and consignors of import and export goods, as well as customs declaration enterprises officially registered with the customs authorities. Entities seeking recordation are required to hold valid market entity qualifications. Specifically, importers and exporters must also possess records as foreign trade operators. The recordation status of customs declaration entities is of a permanent nature, while temporary recordation holds a validity period of one year. Upon expiration, entities are entitled to reapply for recordation.

Laws and Regulations on the Protection of Wildlife

According to the Law of the People's Republic of China on the Protection of Wildlife (《中華人民共和國野生動物保護法》) promulgated by the SCNPC on November 8, 1988, last amended on December 30, 2022, and the Implementing Regulations of the People's Republic of China on Aquatic Wildlife Protection (《中華人民共和國水生野生動物保護實施條例》) promulgated by the State Council on September 17, 1993, last amended on December 7, 2013, aquatic wildlife should be protected. According to the Special Measures of the People's Republic of China for the Utilization of Aquatic Wildlife (《中華人民共和國水生野生動物利用特許辦法》) promulgated by the Ministry of Agriculture and Rural Affairs of the People's Republic of China, the use of aquatic wildlife or its products must be reviewed and approved by the fishery administrative department at or above the provincial level, and the "Aquatic Wildlife Operation and Utilization License" (《水生野生動物經營利用許可證》) must be obtained before proceeding."

Laws in Relation to Product Quality and Consumer Protection

In accordance with the Product Quality Law (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993, and most recently amended on December 29, 2018, the seller assumes responsibility for the repair, replacement, or return of the sold product under the following circumstances: (i) the product lacks the essential properties for its intended use without prior clear indication; (ii) the product does not meet the stated standards displayed on the product or its packaging; or (iii) the product does not match the quality as described in the product information or physical sample. In cases where a consumer incurs losses due to the purchased product, the seller is obligated to compensate for these losses.

Under the Civil Code of the PRC (《中華人民共和國民法典》) (the "Civil Code"), which became effective on January 1, 2021, as adopted by the SCNPC on May 28, 2020, manufacturers and commercial sellers bear liability for physical injury or property loss resulting from product defects. The affected party has the right to seek compensation from either the manufacturer or the commercial seller. If the aggrieved party claims compensation from the commercial seller, the seller can subsequently seek reimbursement from the liable manufacturer after providing compensation.

Furthermore, the Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was initially promulgated on October 31, 1993, and subsequently amended on August 27, 2009, and October 25, 2013. This law safeguards consumers' rights during the purchase, use of goods, and acceptance of services. All business operators are mandated to comply with this law in their manufacturing, sales of goods, and provision of services to consumers. The amendments introduced on October 25, 2013, emphasize the need for business operators to prioritize the protection of consumers' privacy and maintain strict confidentiality of any consumer information obtained during their business operations.

Regulations Regarding the Sale of Products

Laws Related to Anti-Unfair Competition

The Law of the PRC for Countering Unfair Competition (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC on September 2, 1993, and effective from December 1, 1993, with its most recent amendment becoming operative on April 23, 2019, delineates essential measures aimed at curbing unfair competition and preserving market order. These measures encompass the prohibition of unjust practices such as misleading prize promotions and dumping, which are designed to eliminate market competitors.

According to the aforementioned law, operators are strictly prohibited from offering bribes to employees of counterpart units, units or personnel entrusted by counterparts, or exerting undue influence on counterpart units or personnel to secure commercial opportunities

or gain competitive advantages. However, operators are permitted to openly provide discounts to trading counterparts or commissions to intermediaries during their business transactions. It is imperative for operators to maintain accurate records of payments made to trading counterparts and intermediaries.

In the event of violations against the provisions outlined in Article 7 of the Law, wherein operators engage in bribery, regulatory authorities are empowered to confiscate the illicit gains obtained by the operators. Additionally, depending on the severity of the circumstances, fines ranging from RMB100,000 to RMB3,000,000 may be imposed. In cases of egregious violations, the revocation of business licenses is a potential consequence. The Law for Countering Unfair Competition underscores the commitment of the PRC to fostering a competitive market environment characterized by integrity, fairness, and adherence to ethical business practices.

Laws Related to Advertising

Under the Advertisement Law of the PRC (《中華人民共和國廣告法》), enacted by the SCNPC on October 27, 1994, and effective from February 1, 1995, with the most recent amendment becoming operative on April 29, 2021, stringent regulations are in place to ensure the integrity and accuracy of advertising content. According to this legislation, advertisements are strictly prohibited from containing false information or engaging in practices that could deceive or mislead consumers.

In the event of violations where operators disseminate false advertisements, the market supervision and management authorities are empowered to take corrective action. Such measures include issuing orders to cease the publication of the misleading advertisements, mandating the elimination of any adverse effects within the relevant scope, and imposing fines ranging from three to five times the total advertising expenses incurred. Should the advertising expenses be challenging to calculate accurately or are significantly understated, fines in the range of no less than RMB200,000 and no more than RMB1,000,000 may be levied.

For recurrent violations within a span of two years, or in cases involving aggravating circumstances, the penalties become more severe. Offenders may face fines amounting to five to ten times the advertising expenses, with potential fines ranging from no less than RMB1,000,000 to no more than RMB2,000,000 if the advertising expenses are difficult to ascertain accurately or are notably understated. Furthermore, in such instances, the revocation of business licenses is a possibility. Additionally, the advertising review authority reserves the right to revoke the approval documents for advertising review and abstain from considering their advertising review applications for a period of one year.

It is crucial to note that if the violation reaches the threshold of criminality, legal proceedings may be initiated, leading to criminal liability for the responsible parties. The Advertisement Law of the PRC underscores the gravity with which the law treats false or deceptive advertising practices, aiming to maintain the integrity of commercial communications and safeguard the interests of consumers and the market at large.

Legal Aspects Related to E-Commerce

The E-commerce Law of the PRC (《中華人民共和國電子商務法》), enacted by the SCNPC on August 31, 2018, and implemented from January 1, 2019, establishes fundamental guidelines for e-commerce operators engaged in commercial activities. According to this legislation, e-commerce operators are obligated to uphold principles of voluntariness, equality, fairness, and good faith in their business dealings. They are further mandated to comply with legal provisions and business ethics, participate equitably in market competition, fulfill responsibilities pertaining to consumer rights protection, environmental preservation, intellectual property safeguarding, network security, and personal information confidentiality. E-commerce operators are also held accountable for the quality of their products and services.

In instances where e-commerce operators fail to meet their contractual obligations, breach agreed-upon terms, or cause harm to others, they are liable for civil consequences as stipulated by the Law. Moreover, e-commerce entities conducting business activities without obtaining required administrative permits, offering goods or services prohibited by laws or administrative regulations, or neglecting their obligations to provide necessary information, may incur penalties imposed by the market supervision and management authorities, in accordance with pertinent laws and administrative regulations. The E-commerce Law emphasizes the importance of ethical conduct and legal compliance in the realm of electronic commerce, aiming to ensure integrity, fairness, and accountability within the digital marketplace.

Regulations on Cyber Information Security, Privacy and Data Protection

Privacy Protection

On May 28, 2020, the SCNPC promulgated the Civil Code, which came into effect on January 1, 2021. According to the Civil Code, the personal information of natural persons is protected by law. Any organization or individual who needs to obtain personal information of another person shall obtain such information legally and ensure the security of such information, and shall not unlawfully collect, use, process, or transmit the personal information of another person or unlawfully purchase, sell, provide, or disclose to the public the personal information of another person.

Pursuant to the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案（九）》) issued by the SCNPC on August 29, 2015 and becoming effective on November 1, 2015, any network service provider that fails to fulfill the obligations related to Internet information security administration as required by applicable laws and refuses to rectify upon orders, will be subject to criminal liability for causing (i) any dissemination of information in large scale; (ii) any leakage of the users' information with serious consequences; (iii) any loss of evidence of criminal activities with serious circumstances; or (iv) any other serious circumstances. In addition, any individual or entity that (i) sells or provides personal information to others unlawfully, or (ii) steals or illegally obtains any personal information, will be subject to criminal liability in serious circumstances.

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋) (the "Interpretations"), which became effective from June 1, 2017. The interpretations clarify several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), and the standards for determining "serious circumstances" and "particularly serious circumstance" of this crime. On October 21, 2019, the Supreme People's Court and the Supreme People's Procuratorate jointly issued the Interpretations on Certain Issues Regarding the Applicable of Law in the Handling of Criminal Case Involving Illegal Use of Information Networks and Assisting Committing Internet Crimes (《最高人民法院、最高人民檢察院關於辦理非法利用信息網絡、幫助信息網絡犯罪活動等刑事案件適用法律若干問題的解釋》), which came into effect on November 1, 2019, and further clarifies the meaning of Internet Service Operators and the serious circumstance of the relevant crimes. Failure to comply with the above laws and regulations on network security, information security, privacy and data protection may subject the internet service provider or data processor to administrative penalties, including but not limited to warnings, fines, suspension of business operations, closure of websites or applications, revocation of licences, or even criminal liability.

On August 20, 2021, the Law of the PRC on the Protection of Personal Information (《個人信息保護法》) (the "Personal Information Protection Law") was promulgated by the SCNPC and came into effect on November 1, 2021. The Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances. It also stipulates the obligations of a personal information processor. Personal information processors who violate the provisions and requirements of the Personal Information Protection Law may be subject to correction, warning, fines, suspension of related business, revocation of licenses, entry into credit files, or even criminal liability.

According to the Personal Information Protection Law, personal information processors shall take the necessary measures to ensure the safety of the personal information being processed. The Personal Information Protection Law stipulates the rights of data subjects, including the right to be informed, the right to refuse or restrict the processing, access, transfer, correction and deletion of their personal information; and the right of individuals to request that the personal information processors provide explanations of the rules governing the processing of their personal information.

The Personal Information Protection Law stipulates that Critical Information Infrastructure Operators and the personal information processors that process the personal information reaching the threshold specified by the Cyberspace Administration of China (the "CAC") in terms of quantity shall store domestically the personal information collected and generated within the territory of the PRC. Where it is truly necessary to provide the information abroad, the security assessment organized by the CAC shall be passed; where it is truly necessary to provide personal information outside of the PRC, other personal information

processors shall meet one of the following conditions: (i) passing the security assessment by the CAC; (ii) obtaining certification of data security by a professional body in accordance with the requirements of the CAC; (iii) entering into an agreement with the overseas recipient with provisions governing the rights and obligations of the parties based on a template contract to be released by the CAC; or (iv) other requirements as provided by laws and regulations.

Processors shall also conduct personal information protection impact assessment in advance when processing sensitive personal information, using personal information to conduct automated decision-making, entrusting personal information processing, providing personal information to other personal information processors, or disclosing personal information, providing personal information abroad, and conducting other personal information handling activities with a major influence on individuals.

Cyber Information Security

The SCNPC promulgated the Decision of the SCNPC on Maintenance of Cyber Security (《全國人民代表大會常務委員會關於維護互聯網安全的決定》) promulgated by the SCNPC on December 28, 2000 and amended the same on August 27, 2009, the Provisions on Technological Measures for Cyber Security Protection (《互聯網安全保護技術措施的規定》) on December 13, 2005, which was effective on March 1, 2006, and the SCNPC promulgated the Decision of the SCNPC on Strengthening the Protection of Online Information (《全國人民代表大會常務委員會關於加強網絡信息保護的決定》) on December 28, 2012.

Pursuant to the Law of the PRC on State Security (《中華人民共和國國家安全法》) promulgated by the SCNPC on July 1, 2015, which became effective on the same date, the State shall establish a system and mechanism for national security examination and supervision, and carry out national security examination of key technology and networking information technology products as well as services relating to national security, so as to effectively prevent and eliminate national security risks.

The Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), effective from June 1, 2017, mandates network operators to maintain secure networks, combat cyber threats, and safeguard data integrity. Users must refrain from activities endangering national security or infringing others' rights. It outlines principles for collecting personal data, requiring consent, legitimacy, and necessity. Operators must not exceed data collection scopes, mishandle data, or share it without consent. Critical Information Infrastructure Operators must store data within China. Violations can lead to warnings, fines, license revocation, or legal consequences.

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "Data Security Law"), effective from September 1, 2021. According to the Data Security Law, the State supports research on data development and utilization and data security technologies, encourages the promotion of technologies and commercial ventures in the fields of data development and utilization and data security, and nurtures and develops data development and utilization and data security products and

industrial systems. The State also supports education and scientific research institutions and enterprises to carry out education and training on data development and utilization technologies and data security and adopts various means to train professionals in data development and utilization technologies and data security to promote the exchange of talents.

The Data Security Law establishes a hierarchical protection system for data based on its significance in economic and social development and potential harm to national security and public interests. Different protection measures are mandated for each data category. Processors of important data must appoint personnel for data security, conduct risk assessments, and report findings. The national security leadership organ coordinates national data security decisions. The law requires a security review for activities impacting national security and restricts certain data exports. Entities within China cannot provide data to foreign authorities without PRC approval.

On December 8, 2022, the Ministry of Industry and Information Technology (the "MIIT") promulgated the Measures for the Administration of Data Security in the Field of Industry and Information Technology (Trial) (《工業和信息化領域數據安全管理辦法（試行）》), which came into effect on January 1, 2023. Data processors in the field of industry and information technology shall take the main responsibility for the security of data processing activities, implement hierarchical protection for various types of data, and where different levels of data are being processed at the same time and it is difficult to take separate protection measures, the protection shall be implemented in accordance with the requirements of the highest levels, to ensure that the data continues to be effectively protected and legally utilized.

On March 1, 2015, the Administrative Provisions on Account Names of Internet Users (《互聯網用戶賬號名稱管理規定》) were enacted by the CAC, obliging internet service providers to enhance security management. The rules mandate providers to ensure user-submitted information like account names, avatars, and profiles are free from illegal or malicious content. Service providers must employ staff to review this data and reject any containing such information. Additionally, providers must encourage real-name registration, requiring users to authenticate their identity information, balancing mandatory back-office verification with voluntary front-office display.

On March 1, 2020, the Provisions on the Ecological Governance of Network Information Contents (《網絡信息內容生態治理規定》) (CAC Order No. 5) were enforced by the CAC to enhance online information regulation. According to these rules, network information content service platforms must refrain from disseminating content violating laws, especially national security-related information. They are required to scrutinize platform advertisements, establish clear management protocols, enhance user agreements, and ensure user rights and obligations comply with laws and conventions. Additionally, these platforms must create accessible channels for complaints and reports and submit annual reports on content management. Prohibited activities include using technologies like deep learning and virtual reality for unlawful purposes, engaging in fraudulent account activities, and interfering with information display to infringe on third-party rights or seek illegal gains.

Effective from February 15, 2022, the Measures for Cyber Security Review (《網絡安全審查辦法》) (Cybersecurity Review Measures) were jointly issued by multiple Chinese authorities including the CAC, NDRC, MIIT, and others. These measures aim to secure the supply chain for critical information infrastructure and protect national security. They mandate strict cybersecurity reviews for critical information infrastructure operators purchasing network products or services and for online platform operators engaged in data processing activities that could pose "national security" risks. Operators must assess potential risks before procurement and apply for a review if concerns arise. Online platforms with over one million user profiles must seek review before foreign listings. The Cyber Security Review Office may initiate reviews if overseas activities impact national security. Violations result in penalties under the Cyber Security Law and Data Security Law, including government actions, fines, and operational suspensions.

The cyber security review assesses risks in procurement, data processing, and overseas company listings. Factors include: illegal control of critical information infrastructure; business harm due to service interruptions; supply security amid political or trade issues; compliance with PRC laws; data theft risks; foreign control after listing; and other threats. The review takes up to 70 days, extendable. On July 30, 2021, the State Council enacted the Safe Protection Regulations for safeguarding critical information infrastructure (《關鍵信息基礎設施安全保護條例》), effective since September 1, 2021. It defines critical information infrastructure and mandates security measures. Violations lead to fines. The CAC proposed the Draft Cyber Data Security Regulation (《網絡數據安全管理條例（徵求意見稿）》) on November 14, 2021, requiring cyber security reviews for specific activities, including mergers, listings in Hong Kong, and other security-affecting data processing. Public feedback was sought until December 13, 2021.

In addition, the draft measures also regulate other specific requirements in respect of the data processing activities conducted by data processors in the view of personal data protection, important data safety, data cross-broader safety management and obligations of internet platform operators.

According to the Draft Cyber Data Security Regulation, data processors that handle personal information of more than one million individuals shall follow the rules for the processing of important data and comply with specific. The processors of important data or data processors who are listed overseas shall carry out data security assessments by themselves or by entrusting data security service agencies every year, and submit the previous year's data security assessment report to the cyberspace administration at the districted city level before January 31 of each year.

Regulations on Work Safety

Under relevant construction safety laws and regulations, including the PRC Work Safety Law (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002, last amended on June 10, 2021, and effective on September 1, 2021, production and operating business entities must establish objectives and measures for work safety and improve the working environment and conditions for workers in a planned and systematic way. A work safety protection scheme must also be set up to implement the work safety job responsibility system. In addition, production and operating business entities must arrange work safety training and provide their employees with protective equipment that meets the national or industrial standards.

Regulations Related to Fire Prevention

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and recently amended on April 29, 2021, and the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and effective on June 1, 2020, special construction projects that have not passed the fire prevention inspection or the fire prevention inspection are prohibited from putting into use. Construction projects other than special construction projects shall go through the fire safety acceptance filing, and the competent housing and urban-rural development authorities shall conduct random inspections on the fire safety acceptance of other construction projects filed. If the construction projects fail to pass the random inspection on fire safety acceptance, such projects shall be stopped.

Regulations Related to Environmental Protection

Environmental Protection Law

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the "Environmental Protection Law"), was promulgated and effective on December 26, 1989, and most recently revised on April 24, 2014. The Environmental Protection Law has been formulated for the purpose of protecting and improving both the living and the ecological environment, preventing and controlling pollution and other public hazards and safeguarding people's health. According to the provisions of the Environmental Protection Law, in addition to other applicable laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts are responsible for administering and supervising environmental protection matters. Pursuant to the Environmental Protection Law, construction projects that have environmental impact shall be subject to environmental impact assessment. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Such installations shall not be dismantled or left idle without authorization from the competent government agencies.

Consequences of violations of the Environmental Protection Law include warnings, fines, rectification within a time limit, forced shutdown, or criminal punishment.

Laws on Environment Impact Assessment

Pursuant to the Law of the PRC on Environment Impact Assessment (《中華人民共和國環境影響評價法》) issued on October 28, 2002 and most recently amended on December 29, 2018, the State Council implemented an environmental impact assessment, or EIA, to classify construction projects according to the impact of the construction projects on the environment. Constructing entities shall prepare an environmental impact report, or an EIR, or an environmental impact statement, or an EIS, or fill out the EIR Form according to the following rules: (i) for projects with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive assessment of their environmental impacts; (ii) for projects with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialized assessment of the environmental impacts; and (iii) for projects with very small environmental impacts, an EIA is not required but an EIR Form shall be completed. Unless otherwise stipulated by laws and regulations, construction enterprises that are required to compile environmental impact reports or environmental impact report forms shall accept the environmental protection facilities upon completion of the construction project. When the environmental protection facilities of a construction project pass the inspection and acceptance, the construction project can be formally put into production or use.

Laws and Regulations Relating to Intellectual Property

Trademark Law

The Trademark Law of the PRC (《中華人民共和國商標法》) and the Regulation on the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) govern trademark registration, protection, and usage in China. Enacted on August 23, 1982, and last amended on April 23, 2019, the Trademark Law, effective from November 1, 2019, follows the "first-to-file" principle. It grants exclusive rights to trademark registrants, administered by the Trademark Office of the NIPA.

Registered trademarks are valid for ten years, renewable in ten-year increments. Renewal procedures must be completed within twelve months before expiry, with a possible six-month extension. The Trademark Office announces trademarks eligible for renewal. Trademark registrants can authorize others via licensing contracts, but licensing details must be filed with the Trademark Office. Failure to file won't affect bona fide third parties. Quality supervision is the licensor's responsibility, and licensees must maintain product quality when using the registered trademark.

Patent Law

The Patent Law of the PRC (《中華人民共和國專利法》) and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) govern patent activities in China. Enacted on March 12, 1984, and last amended on October 17, 2020, the Patent Law became effective on June 1, 2021. The Patent Office of the NIPA oversees national patent work. Provincial, autonomous region, or municipal patent administration departments handle local jurisdictions.

The Patent Law and its Implementation Rules recognize three patent types: "invention," "utility model," and "design." Invention patents cover new technical solutions for products, methods, or their improvements. Utility model patents apply to practical technical solutions for product shapes, structures, or combinations. Design patents protect new aesthetic designs for products, including shape, pattern, and color combinations. Invention patents are valid for twenty years, design patents for fifteen years, and utility model patents for ten years from the application date.

China follows the "first to file" principle, granting patents to the earliest applicant for the same invention. Patentable inventions or utility models must be novel, inventive, and practical. Patent holders' rights are legally protected, allowing others to use the patent only with proper authorization. Unauthorized use constitutes patent infringement unless specified by law.

Copyright Law

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020 and effective on June 1, 2021, and the Implementation Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) promulgated by the State Council on August 2, 2002, last amended on January 30, 2013 and effective on March 1, 2013, works of PRC citizens, legal entities or unincorporated organizations, whether published or not, shall enjoy copyright. Works refer to intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form, including written works, oral works, photographic works, video and audio works, and computer software. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

Domain Names

According to the Measures for the Administration of Internet Domain Names issued by the Ministry of Industry and Information Technology on August 24, 2017 (effective from November 1, 2017), and the Implementation Rules for National Top-Level Domain Name Registration released by the China Internet Network Information Center on June 18, 2019 (effective on the same day), domain name owners must register their domain names. The Ministry of Industry and Information Technology oversees China's Internet domain names, while provincial, autonomous region, and municipal telecommunications management bureaus

are responsible for domain name services within their respective regions. Registration operates on a "first come, first file" basis. Applicants must provide accurate information and enter registration agreements with domain name registration service providers. Upon completing the registration process, applicants become the domain name holders.

Regulations Relating to Property Leasing

On May 28, 2020, the SCNPC promulgated the Civil Code, which came into effect on January 1, 2021. According to the Civil Code, an owner is entitled to possess, use, benefit from, and dispose of his own immovable or movable property in accordance with law. A lessee may, upon the lessor's consent, sublease the leased object to a third person. The lease contract between the lessee and the lessor shall continue to be valid despite the sublease by the lessee, and if the third person causes loss to the leased object, the lessee shall bear the liability for compensation. A change in the ownership of a leased object during the period that a lessee possesses the leased object in accordance with the lease contract shall not affect the validity of the lease contract. Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), which was promulgated by the SCNPC on July 5, 1994 and was latest amended on August 26, 2019, and the Management Measures for the Lease of Commercial Housing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010, and effective on February 1, 2011, the parties to a housing lease shall enter into a lease contract in accordance with the law. Within 30 days after the conclusion of the housing lease contract, the parties to the lease shall go to the competent department of construction (real estate) of the people's government of the municipality, city or county where the leased housing is located to register and file the housing lease. In violation of the foregoing provisions, the competent construction (real estate) departments of the people's governments of the municipalities directly under the central government, cities and counties shall order rectification within a time limit. If rectification is not made by an individual within the time limit, a fine of less than RMB1,000 shall be imposed. If rectification is not made by an entity within the time limit, a fine of more than RMB1,000 but less than RMB10,000 shall be imposed. According to the Civil Code, The parties' failure to register the lease contract in accordance with the provisions of laws and administrative regulations does not affect the validity of the contract.

Laws and Regulations on Labor and Social Security

Labor Law and Labor Contract Law

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated on July 5, 1994 and amended on August 27, 2009 and December 29, 2018, enterprises shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, and conduct employees training on labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with statutory standards. Enterprises and institutions shall provide employees with a safe workplace and sanitation conditions which are in compliance with applicable laws and regulations of labor protection.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated on June 29, 2007 and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated on September 18, 2008 set out specific provisions in relation to the execution, the terms and the termination of a labor contract and the rights and obligations of the employees and employers, respectively. At the time of hiring, the employers shall truthfully inform the employees the scope of work, working conditions, working place, occupational hazards, work safety, salary and other matters which the employees request to be informed about.

Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated on October 28, 2010 and with effect from July 1, 2011 and latest amended on December 29, 2018, and the Interim Regulations on the Collection of Social Insurance Fees (《社會保險費徵繳暫行條例》) issued by the State Council on January 22, 1999 and last amended on March 24, 2019, employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. Pursuant to the Notice of the General Office of the State Council on Issuing the Plan for the Pilot Program of Combined Implementation of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於印發<生育保險和職工基本醫療保險合併實施試點方案>的通知》) and Opinions of the General Office of the State Council on Comprehensively Promoting the Implementation of the Combination of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) promulgated on January 19, 2017 and March 6, 2019, the maternity insurance and basic medical insurance for employees shall be consolidated. According to the Social Insurance Law of PRC, employers must carry out social insurance registration at the local social insurance agency, provide social insurance and pay or withhold the relevant social insurance premiums for or on behalf of employees. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit, and shall impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; if still failing to pay within the time limit prescribed, a fine of one time to three times the amount in default will be imposed on them by the competent administrative department.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, employers shall timely pay the housing provident fund in full and overdue or insufficient payment shall be prohibited. Employers shall process the housing fund payment

and deposit registration in the housing provident fund administrative center. For enterprises who violate the above laws and regulations and fail to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative center shall order the relevant enterprises to make corrections within a designated period. Those enterprises failing to process registration of provident fund accounts for their employees within the designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When enterprises violate those provisions and fail to pay the housing provident fund in full amount as due, the housing provident fund administrative center will order such enterprises to pay up the amount within a prescribed period; if those enterprises still fail to comply with the regulations upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for mandatory enforcement.

Laws and Regulations in the PRC Relating to Tax

Income Tax Law

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》) promulgated by the National People's Congress on March 16, 2007, and most recently amended on December 29, 2018 and effective from the same date and the Enterprise Income Tax Implementation Regulations (《中華人民共和國企業所得税法實施條例》) promulgated by the State Council on December 6, 2007, and most recently amended on April 23, 2019 and effective from the same date, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are enterprises which are set up in China in accordance with law, or which are set up in accordance with the law of a foreign country (region) but which are actually under the administration of institutions in China. Non-resident enterprises are enterprises which are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in China, but which have institutions or establishments in China, or which have no such institutions or establishments but have income generated from inside China. Resident enterprises are subject to a uniform 25% enterprise income tax rate on their worldwide income. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a 15% tax rate reduction for Enterprise Income Tax.

Income Tax Relating to Dividend Distribution

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 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》) and relevant protocols, which were promulgated by SAT on August 21, 2006, came into effect on December 8, 2006, the withholding tax rate 5% applies to dividends paid by a PRC company to a Hong Kong company if such Hong Kong company directly holds at least 25% of the equity interests in a PRC company, otherwise the 10% withholding tax rate applies.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (《非居民納税人享受協定待遇管理辦法》), which was promulgated by the SAT on October 14, 2019, came into effect on January 1, 2020, nonresident taxpayers are entitled to preferential treatment under tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the regulations for future inspection, and subject to subsequent administration by tax authorities.

Value-added Tax

Pursuant to the Provisional 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 December 13, 1993 and most recently amended on November 19, 2017 effective from the same date, and the Detailed Rules for the Implementation of the Interim 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 December 25, 1993 and most recently amended on October 28, 2011, and effective from November 1, 2011, all entities or individuals in the PRC engaged in the sale of goods, processing services, repair and replacement services, and the provision of services, sales of intangible assets, real estate and importation of goods are required to pay value-added tax (VAT). Unless otherwise provided, taxpayers engaged in provision of services and sales of intangible assets are subject to a tax rate of 6%.

According to the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Caishui [2016] No. 36) (《關於全面推開營業税改徵增值税試點的通知》(財税[2016]第36號)) promulgated by the Ministry of Finance and the State Administration of Taxation promulgated on March 23, 2016 and effective from May 1, 2016, and amended on July 11, 2017, December 25, 2017 and March 20, 2019, with the approval of the State Council, as of May 1, 2016, the pilot program of replacing business tax with VAT shall be implemented across the country, all business tax taxpayers in the construction industry, the real estate industry, the financial industry, and the living service industry shall be included in the scope of the pilot program, and the payment of business tax shall be replaced by the payment of VAT. According to the Circular on Policies for Simplifying and Consolidating Value-added Tax Rates (Cai Shui [2017] No. 37) (《關於簡併增值税税率有關政策的通知》(財税[2017]37號)), announced by the Ministry of Finance and the State Administration of Taxation on April 28, 2017, and effective from July 1, 2017, the structure of value-added tax rates will be simplified from July 1, 2017, and the 13% VAT rate will be canceled. The scope of goods with 11% tax rate and the provisions for deducting input tax are specified.

According to the Circular on Adjusting Value-added Tax Rates of Ministry of Finance and the State Administration of Taxation (Cai Shui [2018] No. 32) (《財政部、稅務總局關於調整增值稅稅率的通知》(財稅[2018]32號)) announced by the Ministry of Finance and the State Administration of Taxation on April 4, 2018 and effective on May 1, 2018, from May 1, 2018, where a taxpayer engages in a taxable sales activity for the value-added tax purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) ("Announcement of the Ministry of Finance of the PRC, the State Taxation Administration and the General Administration of Customs of the PRC [2019] No. 39") announced by the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on March 20, 2019 and effective from April 1, 2019, with respect to VAT taxable sales or imported goods of a VAT general taxpayer, the originally applicable VAT rate of 16% shall be adjusted to 13%; the originally applicable VAT rate of 10% shall be adjusted to 9%.

According to the Circular of the Ministry of Finance, the General Administration of Customs and the State Taxation Administration on the Adjustment to Tax Policies on Diamonds and the Shanghai Diamond Exchange (《財政部關於鑽石及上海鑽石交易所有關稅收政策的通知》), the Ministry of Finance, the General Administration of Customs and the State Taxation Administration stipulated that diamonds declared for customs clearance on the Shanghai Diamond Exchange are exempted from customs duty; the tax payment of consumption tax on diamonds is moved from the production and importing segments back to retailing segments; the consumption tax on un-mounted finished diamonds and diamond jewelries is reduced to a tax rate of 5% from the original 10%; and the tax rate on the exportation of diamonds is implemented at a zero-tax rate.

Laws and Regulations Relating to Foreign Exchange

The principal regulation governing foreign currency exchange in China is the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) which was promulgated by the State Council on January 29, 1996 and was latest amended on August 5, 2008. Pursuant to this regulation and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the State Administration of Foreign Exchange (SAFE) or its local counterpart is obtained.

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

On February 13, 2015, SAFE issued the Notice on Simplifying Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》), allowing entities and individuals to apply for foreign exchange registrations through qualified banks. Under SAFE's supervision, these banks can directly review applications. On March 30, 2015, SAFE released the Circular on Reforming Settlement Management of Foreign Capital in Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (SAFE Circular 19). This circular mandates Discretionary Foreign Exchange Settlement for foreign-invested enterprises, enabling them to settle foreign exchange capital based on operational needs, subject to document verification. The circular emphasizes authentic and self-use principles within the enterprise's scope, barring use for payments beyond business scope, securities investment (unless specified), Renminbi entrust loans, inter-enterprise borrowings, or real estate expenses (except for self-use by foreign-invested real estate enterprises).

The Circular of Further Improving and Adjusting the Direct Investment-related Foreign Exchange Administration Policies (《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 13"), which became effective on June 1, 2015 and was amended on December 30, 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

The Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《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 SAFE on June 9, 2016. Pursuant to the SAFE Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. 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 prohibited by PRC Laws, while such converted Renminbi shall not be provided as loans to its non-affiliated entities.

On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《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》), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic

entities to offshore entities, including: (i) banks should check board resolutions regarding profit distribution, the original version of tax filing records, and audited financial statements pursuant to the principle of genuine transactions; and (ii) domestic entities should hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to this circular, domestic entities should make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

On October 23, 2019, the SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), which, among other things, allows all FIEs to use Renminbi converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) promulgated with effect from April 10, 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

HONG KONG

Registration of Business

Business Registration Ordinance (Cap. 310) provides that any person carrying on sole proprietorship or partnership business shall apply for business registration within one month of the commencement of such business.

Registration Regime for Dealers in Precious Metals and Stones

To enhance the regulatory regime for combating money laundering and terrorist financing ("ML/TF") in fulfilment of Hong Kong's obligations under the Financial Action Task Force ("FATF"), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance ("AMLO") (Cap. 615) has been amended to introduce a registration regime for dealers in precious metals and stones for commencement on 1 April 2023. The Customs and Excise Department would take charge of the regime to enforce the registration requirements and supervise the anti-money laundering and counter-terrorist financing ("AML/CTF") conduct of registrants.

There are two categories of registration with the Commissioner of Customs and Excise: Any dealer who intends to engage in non-cash transaction(s) with total value at or above HKD120,000 in the course of business is required to register as a Category A registrant. Any dealer who is seeking to engage in cash transactions with total value at or above HKD120,000 and non-cash transactions with total value at or above HKD120,000 ("Specified Cash Transaction") in the course of business is required to register as a Category B registrant. A Category A registrant is not allowed to conduct any Specified Cash Transaction and is not required by any local laws or regulations to identify and verify the identities of its cash-settling customers. A Category B registrant is subject to AML/CTF supervision.

To facilitate existing dealers migration to the aforesaid registration regime, precious metals and stones dealers who have been in operation before commencement of the aforesaid registration regime are allowed to apply for registration within 9 months ("Relevant Period") after commencement of the aforesaid registration regime (i.e. Apr – Dec 2023). Any person, who would like to start up a precious metals and stones business after commencement of the Regime and plan to carry out specified transactions and/or specified cash transactions, is required to register before carrying out any specified transactions and/or specified cash transactions.

After the Relevant Period, any existing dealer that continues to deal with precious metals and stones in cash and/or non-cash transactions that exceed HKD120,000 annually without properly registration under the aforesaid registration regime will be liable on conviction to a maximum fine of HK$100,000 and imprisonment for six months.

Consumer Goods Safety Ordinance

There are several pieces of legislation dealing with product safety requirements, the most common one being the Consumer Goods Safety Ordinance (Chapter 456 of the Laws of Hong Kong) (the "CGS Ordinance"). Under the CGS Ordinance, all consumer goods (except those listed in the Schedule of the CGS Ordinance) must comply with the general safety requirements or the safety standards and specifications prescribed by the Secretary for Commerce and Economic Development and Labor of Hong Kong.

The CGS Ordinance imposes a statutory duty on manufacturers, importers and suppliers to ensure that the consumer goods they supply are reasonably safe, having regard to all the circumstances, including (a) the manner in which, and the purpose for which, the consumer goods are presented, promoted or marketed; (b) the use of any mark in relation to the consumer goods and instructions or warnings given for the keeping, use or consumption of the consumer goods; (c) reasonable safety standards published by a standards institute or similar body for consumer goods of the description which applies to the consumer goods or for matters relating to consumer goods of that description; and (d) the existence of any reasonable means (taking into account the cost, likelihood and extent of any improvement) to make the consumer goods safer. The CGS Ordinance also provides a due diligence defense, which may be replied on if the person or entity is able to show that they took all reasonable steps and exercised all due diligence to avoid committing offence relating to selling unsafe goods.

Any person who sells unsafe goods commits an offence and is liable to a fine of HK$100,000 and an imprisonment of one year on first conviction, and HK$500,000 and two-year imprisonment on subsequent conviction. If proven to the satisfaction of the Hong Kong court that the offence is continued, the person shall be liable for a fine of HK$1,000 for each day during which it is proved to the satisfaction of the court that the offence has continued. Those unsafe goods may be seized by the Customs and Excise Department and other authorized officers for enforcement purposes. Unsafe goods supplied, manufactured or imported contrary to the CGS Ordinance may be liable to be destroyed.

Contractual Obligations, the Sale of Goods Ordinance and the Control of Exemption Clauses Ordinance

In Hong Kong, contracts for the sale of goods are governed by, among others, the Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong). The safety and suitability requirements of the goods supplied are often treated as an implied term of the sale contract; and that ordinance governs the meaning of certain implied terms or conditions and warranties. The Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong) regulates civil liability and has an impact on the effectiveness of any terms in the contract which seeks to avoid liability for breach of contract, negligence or other types of breaches of duty. Both statutes seek to supplement the common law position and provide further protection to consumers or users as contracting parties.

Trade Descriptions Ordinance

The Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) deals with mis-description of goods in general and it is to ensure the seller, in the course of business, give an accurate description about the goods.

Under that ordinance a trade description includes but not limited to the quantity, size or gauge, method of manufacture, production, processing or reconditioning, composition, fitness for purpose, strength, performance, behavior or accuracy, availability, compliance with a standard specified or recognized by any person, person by whom manufactured, produced, and processed or reconditioned. It is an offence under that ordinance if the seller applies a false trade description to any goods or supplies or offers to supply any goods to which a false trade description is applied or has in his possession for sale or for any purpose of trade or manufacture any goods to which a false trade description is applied. In addition, any person who imports or exports any goods to which a false trade description is applied commits an offence, unless he could prove, with sufficient evidence adduced, that he did not know, had no reason to suspect and could not with reasonable diligence have ascertained that the goods are goods to which a false trade description is applied.

This section sets out an overview of material laws and regulations applicable to the company in Macau SAR only. As it is a summary only, the information contained herein should not be construed as a comprehensive summary of the laws or regulations applicable to the Company.

MACAU

Laws and Regulations Regarding the Establishment of the Company

Company establishment and operation

The establishment, operation and management of company established in Macau are governed by the Amended Commercial Code of Macau ("Commercial Code") approved by Decree No. 40/99/M of August 3, 1999.

According to the Macau Commercial Code, a limited company can be established in the form of a "one-person limited company", that is, all the company's shares are held by only one entity. The legal provisions regarding limited companies also apply to one-person limited companies, subject to the following restrictions: (i) a one-person limited company may not be held by another one-person limited company incorporated in Macau; and (ii) All transactions between the company and its sole shareholder must be in written, be necessary, useful or expedient to pursue the interests of the company and must be reviewed by a practicing auditor. Such transactions must indicate that the interests of the company are properly protected and are conducted in accordance with standard market conditions and prices.

According to the Macau Commercial Code, at the end of each business year, the director board of company shall prepare annual accounts, relevant annual business reports and surplus utilization proposals.

Distribution of Surplus

Regarding the distribution of surplus of Macau Limited Company, according to Article 198 of the Macau Commercial Code, the Surplus shall be the amount obtained from after deducting the capital of the company and the provident fund that have been incorporated or shall be incorporated in the business year according to laws or Article that are not allowed to be distributed to shareholders in the accounts for the relevant business year which prepared and passed in accordance with statutory rules.

In addition, legislators have established different profits distribution systems for different types of companies. For a limited company, according to the first paragraph of Article 377 of the Macau Commercial Code, the disposal of the distributable surplus of the relevant business year shall be based on the resolution of the shareholders, also according to the fourth paragraph of the same article, the company shall deduct not less than 25% from the surplus of the relevant business year as a provident fund until the amount had reached the half of the company's capital.

Moreover, regarding the taxes on surplus distribution, according to the provisions of Articles 2 and 3 of Law No. 21/78/M (Supplementary Tax on Income), the total income of a limited company from industrial and commercial activities, after deducting the burden, will be the taxable income of the above-mentioned income supplementary tax. As for the surplus of a limited company, in principle, it must declare and pay supplementary tax to the government authorities every year. Since the limited company has declared and paid taxes on its earnings, the after-tax earnings will be distributed to shareholders. Shareholders no longer need to declare and pay taxes on the distributed earnings on their individuals.

Employment Regulations

The 2008 Macau Labour Relations Law (Law No. 7/2008 which also amended by Law No. 2/2015 and Law No. 8/2020)) establishes the general regime of labour relations, containing various rules concerning employment contracts that range from, but are not limited to, general principles applicable to employment relationships, duties and obligations of the employer and the employee, probation period, employment contract requirements, employment contract for a fixed period, working hours, overtime, weekly time-off, annual leave, and compensation in case of contract termination without justifiable cause. The regulatory authority in charge of monitoring compliance with the labour, safety and insurance regime is the Macau Labour Affairs Bureau.

Regarding the employment of foreign labour, it is important to note that non-residents of Macau are generally not permitted to work unless a proper work permit has been obtained. The employment of such workers is subject to strict regulations included in Law No. 21/2009, which sets forth the terms for granting and renewing work permits for non-resident workers, determines measures to ensure the equal treatment of Macau resident and non-resident workers and establishes minimum contract terms and limits on the duration of employment contracts with non- resident employees. Non-compliance with the rules included in Law No. 21/2009 may constitute administrative offenses, and/or criminal offenses related to illegal employment.

According to Law No. 21/2009, the current minimum wage in Macau is MOP6,656 per month.

Taxation in Macau

Macau practices an independent taxation system and, taking the low tax policy previously pursued in Macau as reference, enacts on its own laws and regulations concerning types of taxes, tax rates, tax reductions and exemptions, allowances and expenditures, and other matters of taxation (acc. Article 106 of the Basic Law of Macau).

There is currently a Treaty between the Macau and Mainland China to Avoid Double Taxation and Prevent Tax Evasion in relation to Income Taxes (Notice of the CE No. 1/2020).

Macau follows a calendar fiscal year and its taxation system categorizes different types of taxes into direct and indirect taxes which are levied on income as well as on assets and wealth. The most relevant taxes, both administered by the Financial Services Bureau, for the Company's activity in Macau are Profession (Law No. 2/78/M), Industrial Contribution (Law No. 15/77/M), which corresponds to an annual fixed payment for the operation of industrial and commercial activities in Macau and Corporate Profits Tax (Law No. 21/78/M), which corresponds to a profit tax on earnings from business activities.

Infringements to tax statutes may result in the application of sanctions or penalties.

Import and Export of Goods

In accordance with Law No. 15/2019, the international trade in rough diamonds' operation, import and export, transshipment, trading or transportation must apply for relevant business licenses from the Economic and Technological Development Bureau of the Macao SAR. The operation of diamond products must also comply with the provisions of Law No. 2/2006 on the Prevention and Suppression of Money Laundering Crimes.

The operation of silver products and platinum does not require application for relevant licenses, but such products must comply with import and export declaration requirements. The import and export of the above goods must be declared through Customs of Macao SAR.

Obligation to Cooperate for the Purpose of Preventing Money Laundering

According to Circular No. 1/2019 of Macau Economic and Technological Development Bureau, it is a mandatory legal requirement for merchants to make regular declarations. The article 9 of Administrative Regulation No. 7/2006 shall apply with the provisions of Law No. 2/2006 on "Preventing and Suppressing Money Laundering Crimes". Gold product retailers are required to identify customers conducting transactions in cash amounting to MOP$120,000 or more (or its foreign currency equivalent) in a single transaction or within a 30-day period.

Consumer Protection Law

The Law No. 9/2021 stipulates that operators must provide consumers with the prices and units of measurement of goods or services in a clear, accurate and easy-to-understand manner in a timely manner; easy-to-understand methods provide consumers with payment methods.