The following is a brief summary of the laws and regulations in the PRC that currently materially affect our Group and our operations. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of our Group and/or which may be important to potential investors. Investors should note that the following summary is based on laws and regulations in force as at the date of this prospectus, which may be subject to change.

LAWS AND REGULATIONS ON FOOD SAFETY, FOOD PRODUCTION AND LICENSING REQUIREMENT FOR FOOD OPERATION

Food Business Licensing System

In accordance with the Food Safety Law of the PRC (《中華人民共和國食品安全法》, the "**Food Safety Law**") as effective on June 1, 2009 and most recently amended on April 29, 2021, the State Council implemented a licensing system for food production and trading activities. A person or entity who engages in food production, food selling or catering services shall obtain the license in accordance with the Food Safety Law. The Implementation Rules of the Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》), as effective on July 20, 2009 and last amended on October 11, 2019, further specifies the detailed measures to be taken for food producers and business operators and the penalties that shall be imposed should these required measures not be implemented.

The General Administration of Quality Supervision, Inspection and Quarantine of the PRC, which has been integrated to form the State Administration for Market Regulation of the PRC (the "**SAMR**") promulgated the Measures for the Administration of Food Production Licensing (《食品生產許可管理辦法》) on April 7, 2010 and last amended on January 2, 2020 with effect from March 1, 2020. The Measures for the Administration of Food Production Licensing specifies that the validity term for a food production license is 5 years. If the enterprise that has the food production license needs to extend the validity term of its legally obtained food production license, it shall file an application for replacement of the license with the original licensing authority within 30 business days prior to the expiry of the validity term of the food production license. Where no application is filed for extension of the license upon expiry of the validity term, the original licensing authority shall conduct the cancelation procedures of the food production license.

On August 31, 2015, the China Food and Drug Administration (the "**CFDA**", now merged into the SAMR) promulgated the Administrative Measures for Food Operation Licensing (《食品經營許可管理辦法》), which was amended on November 17, 2017. According to the Administrative Measures for Food Operation Licensing, a person or entity that engages in food selling and catering services within PRC (herein after referred to in general as "**Food Operator**") shall obtain a food operation license in accordance with the law. Food Operators engaging at different location or venues must obtain separate food operation licenses for each venue under the principle of one license for one site. Food and drug administrative authorities shall implement classified licensing for food operation according to Food Operators' types of operation and the degree of risk of their operation projects. The food operation license is valid for 5 years upon its issuance. If the licensing items which are indicated on a food operation license change, the Food Operator shall, within 10 business days after the changes take place, apply with the relevant authority which originally issued the license for alteration of the operation license.

Food Recall System

In March 11, 2015, the CFDA promulgated and amended the Administrative Measures for Food Recall (《食品召回管理辦法》), which became effective on September 1, 2015, amended on October 23, 2020. According to the Administrative Measures for Food Recall, food producers and operators shall be the primary persons legally liable for food safety by establishing sound and relevant management system, collecting, analyzing food safety information and being legally liable to the obligations of ceasing to produce, operate, recall and dispose of unsafe foods. Where food producers or operators find that the food being sold is unsafe, they must immediately suspend the production or operation, inform related food producers and operators to stop producing and operating, urge the customers to stop consumption by way of notices or announcements and take necessary measures to prevent food safety risks. Food producers knowing that any food produced or traded is unsafe must proactively recall such food. After knowing of that food producers recall unsafe food, food operators should immediately adopt the measures such as ceasing to purchase, sell, sealing up unsafe food, posting the recall announcement issued by the producers in prominent position of operation premises, and cooperating with food producers to start recalling. Where food producers or operators violate the Administrative Measures for Food Recall and do not immediately suspend production or operation, or do not proactively recall unsafe food, the market regulatory department shall issue warnings to them and impose fines between RMB10,000 and RMB30,000. Where food operators violate the Administrative Measures for Food Recall by not cooperating with food producers to recall unsafe food, the market regulatory department shall issue warnings to them and impose fines between RMB5,000 and RMB30,000.

Personnel Health Management System

In accordance with the Food Safety Law, food producers and operators shall establish and implement a personnel health management system. Personnel suffering from any disease that affects food safety according to the regulations of the health administration department under the State Council shall not engage in work that involves contact with ready-to-eat food. Personnel who engage in work that involves contact with ready-to-eat food shall have physical check-up each year and shall obtain health certificates prior to working.

Online Food Safety

According to the Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》) promulgated by the SAMR on March 15, 2021 and became effective on May 1, 2021, online transaction operators shall disclose product or service information comprehensively, truthfully, accurately, and in a timely manner to protect consumers' right to knowledge and choice. Online transaction operators who engage in online transaction activities through online social networking, webcasting, and other online services shall display goods or services, their actual business entities, after-sales service and other information, or the link identification of the above-mentioned information in a conspicuous manner.

According to the Measures on the Punishments and Disciplinary Actions for Online Food Safety (《網絡食品安全違法行為查處辦法》) promulgated by the CFDA on July 13, 2016 and last amended on April 2, 2021 which came into effect on June 1, 2021, the SAMR takes charge of the supervision and guidance of the investigation and punishment on illegal conducts concerning online food safety nationwide, and the

local market regulatory authorities at and above the county level take charge of the investigation and punishment on illegal conducts concerning online food safety within their administrative regions.

Production Safety

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002, taking effect from November 1, 2002 and amended on August 27, 2009, August 31, 2014 and June 10, 2021 respectively, the containers or transportation tools of hazardous substances that any production and operation entity uses must, according to the relevant provisions of the State, be manufactured by specialized production entities, and may only be put into use after they have passed the inspections and tests by institutions that are equipped with professional qualifications, and have obtained a certificate for safe use or a mark of safety label. In addition, the production, operation, transportation, storage, use of dangerous substances or the disposal of abandoned dangerous substances shall be subject to approval by, as well as the supervision and management of the relevant administrative departments according to the provisions of the relevant laws and regulations, national standards, or industrial standards.

Pursuant to the Law of the PRC on the Safety of Special Equipment (《中華人民共和國特種設備安全法》), which was promulgated by the SCNPC on June 29, 2013 and took effect from January 1, 2014, and the Regulations on Safety Supervision of Special Equipment (《特種設備安全監察條例》), which was promulgated by the State Council on March 11, 2003, took effect from June 1, 2003, and was amended on January 24, 2009 with effect from May 1, 2009, "special equipment" refers to boilers, pressure vessels, pressure pipelines, elevators, cranes, passenger ropeways, large amusement facilities and in-plant (in-factory) motor vehicles which threat the personal and property safety. The users shall, prior to or within 30 days after putting such special equipment into use, register with competent departments for safety supervision and administration, obtain a use registration certificate and place it in a conspicuous position of the special equipment. Furthermore, operators and the relevant managerial staff of boilers, pressure vessels, elevators, cranes, passenger ropeways, large amusement devices and in-plant (in-factory) motor vehicles shall not engage in corresponding operation or management until they have passed the examination as required by the State and acquired certificates for operators of special equipment.

Consumer Protection

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》), promulgated by the National People's Congress of the PRC (the "**NPC**") on May 28, 2020 and became effective on January 1, 2021, in the event of damages caused to other party due to product defect, the infringed party may seek compensation from the manufacturer of the products or from the seller of the products and shall have the right to request the manufacturer and the seller to bear tortious liability such as cessation of infringement, removal of obstruction, elimination of danger, etc.

Pursuant to the Law of the PRC on the Protection of Consumers' Right and Interests (《中華人民共和國消費者權益保護法》) promulgated by the SCNPC on October 31, 1993 and further amended on October 25, 2013 and implemented on March 15, 2014, and the PRC Law on Products Quality (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and last amended on December 29, 2018, consumers or other victims who suffer personal injury or property losses due to product defects may

demand compensation from the producer as well as the seller. Nevertheless, if the responsibility for product defects lies with the producer, the sellers have the right to recover such compensation from the producer if they take the responsibility and make the compensation, and vice versa. Violations of the PRC Law on Products Quality may result in the imposition of fines. In addition, the seller or producer may be ordered to suspend operation and its business license may be revoked. Criminal liability may be incurred in serious cases.

REGULATIONS ON "SANGONG CONSUMPTION POLICY" AND "SANPIN STRATEGY"

According to the Regulation on the Administration of the Institutional Affairs of Government (《機關事務管理條例》) issued by the State Council on June 28, 2012 and became effective on October 1, 2012, governments shall release the disbursements for official receptions, the purchase and operation of vehicles used for official business and overseas travel for official business (the "Sangong Consumption" (三公消費)) on a regular basis. In 2012 and 2013, the Political Bureau of the CPC Central Committee, the General Office of the CPC Central Committee and the General Office of the State Council introduced "The Eight Requirements" and "The Six Injunctions" (collectively as the "**Sangong Consumption Policy**" (三公消費政策)) to restrict the "Sangong Consumption" (三公消費) and minimize extravagant spending by government officials and reducing bureaucratic visits and meetings. Moreover, the Notice of the Ministry of Finance on Strengthening the Management of the "Sangong Consumption" and Strictly Controlling the General Expenditure (《財政部關於加強"三公"經費管理嚴控一般性支出的通知》) issued by the Ministry of Finance on September 24, 2022 restates to strengthen the monitoring of "Sangong Consumption."

On May 26, 2016, the General Office of the State Council announced the Several Opinions on Carrying out the 'Sanpin' Special Action of the Consumer Goods Industry (《關於開展消費品工業"三品"專項行動營造良好市場環境的若干意見》, the "**Sanpin strategy**"), which aims to regulate the market for consumer goods.

The "Sangong Consumption Policy" and "Sanpin strategy" have had an impact on China's baijiu industry. The "Sangong Consumption Policy", which restricts government departments from incurring high administrative expenses for official receptions, purchases, and business trips, has led to a decrease in baijiu consumption by government officials. Additionally, the "Sanpin strategy" action, which aims to regulate the market for consumer goods, has further impacted the baijiu industry.

LAWS AND REGULATIONS ON FOOD ADVERTISEMENT

According to the Advertising Law of the PRC (《中華人民共和國廣告法》) promulgated by the SCNPC on October 27, 1994 and most recently revised on April 29, 2021, advertisement shall not contain any false or misleading information, and shall not deceive or mislead customers. Each advertiser, advertising agent or advertisement publisher shall, when engaging in advertising activities, comply with laws and regulations, act in good faith, and conduct fair competition. In any advertisement, where there are statements regarding the performance, function, place of origin, use, quality, ingredients, price, producer, valid period and guarantees of the product, or the content, provider, form, quality, price and guarantees of the service, such statements shall be accurate, clear and explicit. Where a false advertisement is published in violation of the provisions of the Advertising Law of the PRC, the market regulatory department shall order cessation of publishing the advertisement, order the advertiser to eliminate adverse effects within the corresponding extent, and impose a fine of not less than 3 nor more than 5 times the advertising expenses on it or if the advertising expenses are incalculable or evidently low, a fine of not less than RMB200,000 nor more than RMB1 million on it.

REGULATIONS ON FOOD LABEL

Pursuant to the Administrative Measures on Food Label (《食品標識管理規定》) promulgated by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC on August 27, 2007, and later revised and implemented on October 22, 2009, the food label shall state the name, production place, production date, expiry date, storage condition, net content, list of ingredients, the product standard code and manufacturer's registered name, address and contact information. Further, for the food which requires the production license, the label should state its food production license number.

LAWS AND REGULATIONS ON ANTI-UNFAIR COMPETITION LAW AND ANTI-MONOPOLY

Anti-Unfair Competition Law

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

Anti-Monopoly Law

According to the PRC Anti-Monopoly Law (《中華人民共和國反壟斷法》) promulgated by the SCNPC on August 30, 2007, took effect on August 1, 2008 and recently amended on June 24, 2022 with effect from August 1, 2022, monopolistic activities shall include: (i) monopolistic agreements between undertakings; (ii) abuse of dominant market position by undertakings; and (iii) concentration of undertakings which has or may have an effect of eliminating or restricting competition. The PRC Anti-Monopoly Law further stipulates that undertakings which hold dominant market position shall not abuse their dominant market position by taking advantage of data, algorithms, technology and platform rules and the state will strengthen anti-monopoly regulatory forces and enhance enforcement and judicature of the PRC Anti-Monopoly Law.

Where an undertaking has violated the provisions in effect by entering into and implementing a monopolistic agreement, the anti-monopoly enforcement agency may order the undertaking to stop the illegal act and confiscate the illegal income and impose a fine ranging from 1% to 10% of the sale amount of the preceding year. Where a monopolistic agreement has been entered into but has not been implemented, a fine of not more than RMB3 million may be imposed. Where an undertaking has voluntarily reported the

relevant activities of entering into a monopolistic agreement to the anti-monopoly enforcement agency and provided important evidence, the anti-monopoly enforcement agency may, at its discretion, reduce or waive the punishment for such an undertaking. Where an undertaking has violated the provisions in relation to entering into and implementing a monopolistic agreement and has no sale amount in the preceding year, the anti-monopoly enforcement agency may impose a fine of not more than RMB5 million. Where the legal representative, principal and directly responsible person of an undertaking are personally responsible for entering into a monopolistic agreement, a fine of not more than RMB1 million may be imposed.

LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

General Laws

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 December 26, 1989 and last amended on April 24, 2014, (i) any entity that discharges pollutants must establish environmental protection system and adopt effective measures to control or properly treat waste gas, waste water, waste residues, dust, malodorous gasses, radioactive substances, noise, vibration and electromagnetic radiation and other hazards it produces; (ii) enterprises, public institutions and other producers and operators that implement the pollution discharge license management shall discharge pollutants according to the requirements of the pollution discharge license.

Law on Environment Impact Assessment

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) issued by the SCNPC on October 28, 2002 and most recently amended on December 29, 2018, the State implements classification management of the environmental of construction projects according to the degree of impact of the construction projects on the environment. Constructing entities shall prepare an environmental impact report, an environmental impact report form, or should fill in an environmental impact registration form (hereinafter collectively referred to as "**Environmental Impact Assessment Documents**") in accordance with the following provisions: (i) for projects with potentially serious environmental impact, an environmental impact report shall be prepared to provide a comprehensive assessment of their environmental impact; (ii) for projects with potentially mild environmental impact, an environmental impact report form shall be prepared to provide an analysis or specialized assessment of their environmental impact; and (iii) for projects with minimal environmental impact, no environmental impact assessment is required but an environmental impact registration form shall be completed. Construction entities whose Environmental Impact Assessment Documents for a construction project which have not been examined by the approval authority in accordance with the law or have not been approved after examination shall not commence construction. During the construction of a construction project, the construction entity shall simultaneously adopt the environmental protection countermeasures proposed in the Environmental Impact Assessment Documents approved. In the event that there are significant changes to the nature, scale, venue, production techniques used or measures adopted in the construction project to prevent and control the pollution or ecological damage after an approval for the Environmental Impact Assessment Documents is obtained, the construction entity shall resubmit the Environmental Impact Assessment Documents of the construction project for approval.

According to the Catalog for the Classified Administration of the Environmental Impact Assessment of Construction Projects (2021 Edition) (《建設項目環境影響評價分類管理名錄(2021年版)》), construction projects with regard to the baijiu industry whose annual capacity exceeds 1,000 kiloliters is required to prepare an environmental impact report.

Law on the Environmental Protection of Construction Projects

According to relevant requirements of the Management Regulations of Environmental Protection of Construction Project (《建設項目環境保護管理條例》), which was promulgated by the State Council on November 29, 1998 and last amended on July 16, 2017 with effect from October 1, 2017, where the preparation of the environmental impact report or environmental impact report form is required for a construction project under the law, prior to commencement of construction, the construction entity shall submit the environmental impact report and the environmental impact report form for approval to the competent administrative department of environmental protection with approval authority. Where the environmental impact assessment documents of a construction project are not reviewed by the competent approval authority or, upon review, are not approved, the construction entity must not commence construction. Construction of ancillary environmental protection facilities required by construction projects shall be designed, constructed and commence production and operation at the same time as the main project. The construction entity shall, after the completion of the construction projects requiring the preparation of the environmental impact report or environmental impact report form, conduct acceptance inspection of the environmental protection facilities and prepare acceptance inspection report in accordance with the standards and procedures prescribed by the environmental protection administrative department. A construction project requiring the preparation of the environmental impact report or the environmental impact report form shall not commence production or operation until the environmental protection facilities have passed the acceptance inspection. Any project that has not received acceptance inspection or has failed to pass the acceptance inspection shall not commence production or operation. According to the Management Regulations of Environmental Protection of Construction Project, where the construction project is put into production or use when the environmental protection facilities have not undergone acceptance inspection or do not pass acceptance inspection, the relevant governmental authority of environmental protection shall order the construction entity to make correction within a prescribed period and impose a fine ranging from RMB200,000 to RMB1 million; where correction is not made within the prescribed, a fine ranging from RMB1 million to RMB2 million shall be imposed; where the construction project causes significant environmental pollution or ecological damage, the production or use shall be suspended, or the project shall be closed down upon approval by the relevant people's government.

Law on Water Drawing

The PRC Water Law (《中華人民共和國水法》), promulgated by the SCNPC dated January 21, 1988 and effective from July 1, 1988 and latest amended and implemented on July 2, 2016, and the Administrative Measures for the License for Water Drawing (《取水許可管理辦法》) promulgated by the Ministry of Water Resources on April 9, 2008 and latest amended on December 22, 2017 states that the direct usage of water from natural sources such as rivers, lakes or underground water shall comply with the license system of water drawing and, except for the circumstances prescribed in laws and regulations, shall apply for a license for water drawing and pay for the water resource fees. Further, according to the Regulation on the Administration of the License for Water Drawing and the Levy of Water Resource Fees

(《取水許可和水資源費徵收管理條例》) promulgated by the State Council on February 21, 2006 and effective from April 15, 2006 and further amended and implemented on March 1, 2017, enterprises and individuals with the license for water drawing shall draw water according to the approved annual water drawing plan. If the water drawing exceeds the plan or quota, water resource fee shall be charged progressively on the excessive part.

Laws on Prevention and Control of Various Pollutions

According to the Law on Prevention and Control of Water Pollution of the PRC (《中華人民共和國水污染防治法》), which was promulgated by the SCNPC on May 11, 1984, and last amended on June 27, 2017, enterprises that discharge industrial wastewater or medical sewage directly or indirectly into water bodies shall obtain a pollutant discharging license.

According to the Law on Air Pollution Prevention and Control of the PRC (《中華人民共和國大氣污染防治法》), which was promulgated by the SCNPC on September 5, 1987, and last revised on October 26, 2018 with effect from the same day, the environmental protection departments of local people's governments at or above the county level shall implement unified supervision and management of air pollution prevention and control. Enterprises that discharge industrial waste gas shall obtain pollutant discharge licenses and shall monitor the air pollutants emitted themselves in accordance with relevant provisions and monitoring norms of the State, and preserve the original monitory records.

On December 24, 2021, the SCNPC promulgated the Law on the Prevention and Control of Noise Pollution of the PRC (《中華人民共和國噪聲污染防治法》), which came into effect on June 5, 2022 and replaced the Law on the Prevention and Control of Environmental Noise Pollution of the PRC (《中華人民共和國環境噪聲污染防治法》) simultaneously. Pursuant to the Law on the Prevention and Control of Noise Pollution of the PRC, enterprises, public institutions and other producers and business operators that emit industrial noise shall take effective measures to reduce vibration and noise and obtain a pollutant discharge license or fill in a pollutant discharge registration form. Entities subject to pollutant discharge licensing management shall not emit industrial noise without a pollutant discharge license and shall prevent and control noise pollution according to the requirements of the pollutant discharge permit license.

According to the Law on Prevention and Control of Environment Pollution Caused by Solid Wastes of the PRC (《中華人民共和國固體廢物污染環境防治法》) amended by the SCNPC on April 29, 2020 and implemented on September 1, 2020, the prevention and control of environmental pollution by solid wastes shall be in adherence to the principle of liability for pollution. Any entity or individual that produces, collects, stores, transports, utilizes, or treats solid wastes shall take measures to prevent or reduce environmental pollution caused by solid wastes, and be liable for resultant environmental pollution in accordance with the law.

Pursuant to the relevant provisions of the Administrative Measures of Pollutant Discharge (《排污許可管理條例》) issued by the State Council on January 24, 2021 and implemented on March 1, 2021, enterprises and institutions and other producers and operators that are subject to pollutant discharge license management in accordance with laws and regulations are required to apply for and obtain the pollutant discharge license as required by such provisions, and shall not discharge pollutants without a pollutant discharge license.

LAWS AND REGULATIONS ON FIRE PROTECTION

The Fire Prevention Law of the PRC

The Fire Prevention Law of the PRC（《中華人民共和國消防法》）, adopted on April 29, 1998 and last amended on April 29, 2021, specifies fire prevention safety responsibilities that should be abided by enterprises, including without limitations the following matters: (i) implement a fire prevention safety responsibility system; (ii) formulate fire safety regulations, operating rules and fire fighting and emergency evacuation plans; (iii) deploy fire fighting facilities and equipment; (iv) set up fire safety signs and organize inspection and maintenance at regular intervals to ensure their proper functioning; (v) conduct a comprehensive inspection of fire fighting facilities at least once a year to ensure their proper functioning the inspection records shall be complete and accurate and shall be archived for supervision purpose; (vi) guarantee that evacuation passages, safety exits and fire truck passages are kept clear and fire and smoke compartmentation as well as fire separation distance meet the relevant fire protection technical standards; (vii) organize fire protection inspections in order to eliminate any potential fire risks in time; and (viii) organize target specific fire drills.

Furthermore, according to the Interim Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》, the "**Administration of Fire Protection Design Review and Acceptance**") promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and effective on June 1, 2020, for the workshop of a labor-intensive enterprise with more than 2,500 square meters, a building whose gross floor area exceeds 40,000 square meters or whose construction height exceeds 50 meters, among other conditions, the construction entity shall apply for fire protection design approval. Upon completion of a project which requires application for fire protection design approval, the construction entity shall apply to the housing and urban-rural development authority for fire protection safety acceptance inspection. For construction projects other than those required to apply for approvals of fire protection design review and as-built fire protection inspection under the Administration of Fire Protection Design Review and Acceptance, the construction enterprise shall file the fire protection design with the fire safety government authorities while within applying for the construction permit for construction projects (建築工程施工許可證, the "**Construction Permit**"), and shall, within 5 business days of passing the as-built inspection of the construction project, file with the competent department of fire prevention design review inspection. According to the Fire Prevention Law of the PRC, the relevant authorities may order suspension of construction or use or suspension of operation or business and impose a fine ranging from RMB30,000 to RMB300,000 (i) where such construction project failed to undergo legally required fire protection design examination or failed to pass such examination, and the construction has been commenced illegally; (ii) where such construction project failed to undergo legally required fire control acceptance inspection or failed to pass fire control acceptance inspection, and the project was put into use illegally.

LAWS AND REGULATIONS ON DEVELOPMENT OF REAL ESTATE PROJECTS

Planning of Real Estate Projects

Pursuant to the Regulation on Planning Administration regarding Granting and Transferring Use Right of Urban State-owned Lands（《城市國有土地使用權出讓轉讓規劃管理辦法》）, promulgated by the

Ministry of Construction on December 4, 1992 and revised on January 26, 2011, an enterprise which has been granted land use rights and obtained the land use right granting contract shall apply for a construction land planning permit（建設用地規劃許可證） with competent planning authorities, and afterwards, such an enterprise can further register its land use rights with the land administration authorities.

Pursuant to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) enacted by the SCNPC on October 28, 2007 and latest amended and implemented on April 23, 2019, any construction entity or individual contemplating to build any structure, fixture, road, pipeline or other construction projects shall apply to competent urban and rural planning departments for a construction project planning permit （建設工程規劃許可證）. Failing to obtain the construction project planning permit or construct in compliance with the requirements set forth in such permit will result in such administrative penalties as suspension of construction, rectification within a stipulated time period, and fines of 5% to 10% of the contract price of the construction project.

Land Grants

Pursuant to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated on June 25, 1986 and most recently amended on August 26, 2019 and implemented on January 1, 2020, the Regulations on the Implementation of the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》) promulgated on January 4, 1991 and implemented on February 1, 1991, and most recently amended on July 2, 2021 and implemented on September 1, 2021, and the Provisional Regulations on the Grant and Transfer of Right to Use State-owned Land in Urban Areas of the PRC (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) , promulgated and implemented by the State Council on May 19, 1990, and amended and implemented on November 29, 2020, a system of assignment and transfer of the right to use State-owned land is adopted. Under this system, the land users shall enter into an assignment contract with the land administration authorities at the municipal or county level. The former shall pay fees for the transfer of land use rights as prescribed in the assignment contract and register with the land administration authorities and apply for a land use rights certificate which is the evidence of acquiring land use rights of a piece of State-owned land. Entities or individuals that illegally occupy land without approval shall be ordered by the competent department of natural resources of the PRC above the county level to return the land illegally occupied. In the case of violating the general land utilization plan by turning agricultural land into construction land without authorization, shall be ordered to demolish the newly-constructed buildings and other facilities on the land illegally occupied and restore the land to its original condition within a prescribed period and where the use of illegally occupied land has not violated the general land utilization plan, confiscation of the newly-constructed buildings and a fine may be concurrently imposed. The amount of fine shall be not less than RMB100 but not more than RMB1,000 per square meter of the illegally occupied land.

Construction Permits

Pursuant to the Construction Law of the PRC（《中華人民共和國建築法》） promulgated by the SCNPC on November 1, 1997, implemented on March 1, 1998 and revised on April 22, 2011 and April 23, 2019, and the Administrative Measures on the Construction Permits for Construction Projects（《建築工程施工許可管理辦法》） promulgated by the Ministry of Housing and Urban-Rural Development on June 25, 2014 and implemented on October 25, 2014 and revised on September 28, 2018 and March 30, 2021, after

obtaining a construction project planning permits （建設工程規劃許可證）, the construction entity shall apply for the Construction Permit before commencing the construction, provided that the investment amount of the construction project is below RMB300,000 or the construction area of the construction project is below 300 square meters. With respect to each construction project that commenced without a Construction Permit, the entity may be ordered to suspend construction, take remedial measures within a prescribed period, and may be fined 1% to 2% of the contract price of the construction project.

Construction Completion Filing

In accordance with the Administrative Measures for the Filing of As-built Inspection of Housing, Building and Municipal Infrastructure Projects（《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》） promulgated by the Ministry of Housing and Urban-rural Development on April 4, 2000 and amended on October 19, 2009, and the Rules for the Confirmation of the Completion of Building Construction and Municipal Infrastructure Projects（《房屋建築和市政基礎設施工程竣工驗收規定》） promulgated by the Ministry of Housing and Urban-rural Development on December 2, 2013, after completion of construction of a project, the construction entity shall undergo inspection and receive approvals from relevant local authorities including planning bureaus, fire prevention authorities and environmental protection authorities. Pursuant to the Regulation on Quality Management of Construction Projects (《建設工程質量管理條例》) promulgated by the State Council on January 30, 2000 and most recently amended on April 23, 2019, if the construction entity fails to organize the as-built acceptance before delivery to use, it may be ordered to take remedial measures and be fined 2% to 4% of the contract price of the project.

LAWS AND REGULATIONS RELATED TO INTELLECTUAL PROPERTY

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》, the "**Trademark Law**") became effective on March 1, 1983 and was last amended on April 23, 2019, and the Implementation Rules of the Trademark Law (《中華人民共和國商標法實施條例》) became effective on September 15, 2002 and was last amended on April 29, 2014. The Trademark Law and its implementation rules provide the basic legal framework for the regulation of trademarks in the PRC, covering registered trademarks, including commodity trademarks, service trademarks, collective marks and certificate marks. Where registration is sought for a trademark that is identical or similar to another trademark that has already been registered or given preliminary examination and approved for use on the same or similar commodities or services, the application for registration of such trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, last amended on October 17, 2020 and effective from June 1, 2021 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》) promulgated by the State Council on June 15, 2001, and last amended on January 9, 2010, there are three types of patents, namely, invention, utility model and design. A patent is valid for a twenty-year term for an invention, a ten-year term for a utility model, or a fifteen-year term for a design, starting from the application date. The PRC patent system

adopts first to file principle, which means that where more than 1 person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third party must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

Copyright

Copyright (including software copyright) is mainly protected by the Copyright Law of the PRC (《中華人民共和國著作權法》) as promulgated on September 7, 1990 and last amended on November 11, 2020 by the SCNPC and the Implementing Rules of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) as promulgated on August 2, 2002 and last amended on January 30, 2013 by the State Council. Such law and rules prescribe that Chinese citizens, legal persons or other organizations enjoy copyright protection over their works, whether published or not, in the domain of literature, art and science.

Domain Name

Internet domain name registration and related matters are regulated by the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and taking into effect on November 1, 2017, and the Implementation Rules for the Registration of National Top-level Domain Names (《國家頂級域名註冊實施細則》) promulgated by China Internet Network Information Center and taking into effect on June 18, 2019. Domain name owners are required to register their domain names and the Ministry of Industry and Information Technology is in charge of the administration of PRC internet domain names. The domain name services follow a "first come, first file" principle. The applicants will become the holders of such domain names upon the completion of the registration procedure.

LAWS AND REGULATIONS RELATED TO LABOR PROTECTION, SOCIAL INSURANCE AND HOUSING PROVIDENT FUNDS

Labor Law and Labor Contracts

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, employers shall establish and improve their system of work place safety and sanitation, strictly abide by state rules and standards on work place safety, and conduct employees training on labor safety and sanitation in the PRC. Enterprises and institutions shall provide employees with a safe work place and sanitation conditions which are in compliance with relevant 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. Labor contracts must be concluded in writing if labor relationships are to be or have been established between employers and the employees. Enterprises and institutions are forbidden to force employees to work overtime or to do so in a disguised manner and

employers must pay employees overtime wages in accordance with national regulations. In addition, wages may not be lower than local standards on minimum wages and must be paid to the employees timely. 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 Fund

Under PRC laws and regulations, including the Social Security Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010 and taking into effect on July 1, 2011, which was amended on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》) promulgated by the State Council and taking into effect on January 22, 1999 and amended on March 24, 2019, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council and taking into effect on April 3, 1999, and amended on March 24, 2002 and March 24, 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the deficit amount.

REGULATIONS RELATED TO FOREIGN INVESTMENT IN CHINA

On December 27, 2021, Ministry of Commerce and National Development and Reform Commission promulgated the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Edition) (《外商投資准入特別管理措施（負面清單）（2021年版）》, the "**Negative List (2021 Edition)**"), which became effective on January 1, 2022. Industries not listed in the Negative List (2021 Edition) are generally open to foreign investment unless specifically prohibited or restricted by other PRC laws and regulations. According to the Negative List (2021 Edition), the baijiu industry is not prohibited or restricted.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》, the "**Foreign Investment Law**") was promulgated by the NPC on March 15, 2019 and became effective on January 1, 2020. According to the Foreign Investment Law, foreign investment and domestic enterprises outside the scope of the negative list would be treated equally. Along with the Foreign Investment Law's coming into effect on January 1, 2020, the Law on Sino-Foreign Equity Joint Ventures of the PRC (《中華人民共和國中外合資經營企業法》), the Law on Wholly Foreign-owned Enterprises of the PRC (《中華人民共和國外資企業法》) and the Law on Sino-Foreign Cooperative Joint Ventures of the PRC (《中華人民共和國中外合作經營企業法》) were repealed simultaneously, and foreign-funded enterprises which were established in accordance with such laws before the implementation of the Foreign Investment Law and the Implementing Regulations may retain their original organization forms and other aspects for 5 years upon the implementation hereof.

On December 26, 2019, 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**") was promulgated by the State Council and came into effect on January 1, 2020, which further replaced the Implementing Regulations of the Law of the PRC on Sino-foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法實施條例》), the Interim Provisions on the Joint Operation Period of Sino-foreign Equity Joint Ventures (《中外合資

經營企業合營期限暫行規定》), the Rules for the Implementation of the Law of the PRC on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法實施細則》) and the Rules for the Implementation of the Law of the PRC on Sino-foreign Cooperative Joint Ventures (《中華人民共和國中外合作經營企業法實施細則》). According to the Implementing Regulations, the registration of a foreign-invested enterprise shall be processed pursuant to the law by the market regulation department of the State Council or its authorized local counterparts. A foreign investor or a foreign-invested enterprise shall submit investment information to the competent commerce department via the enterprise registration system and the enterprise credit information publicity system. The Foreign Investment Law and the Implementing Regulations also apply to the investment made by a foreign-invested enterprise in the PRC.

On December 30, 2019, the Ministry of Commerce and the SAMR jointly promulgated the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》, the "**Reporting Measures**"), which came into effect on January 1, 2020 and replaced the Provisional Measures on Record-filing Administration over the Establishment and Change of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) simultaneously. Pursuant to the Reporting Measures, a foreign investor or a foreign-invested enterprise shall report investment information by submitting initial report, changing report, deregistration report, annual report, among others.

LAWS AND REGULATIONS RELATED TO FOREIGN EXCHANGE

Foreign Currency Exchange

The principal regulations governing foreign currency exchange in the PRC is the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), promulgated on January 29, 1996 and last amended on August 5, 2008. According to the Foreign Exchange Administration Regulations of the PRC currently in effect, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange (the "**SAFE**"), by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

On March 30, 2015, the SAFE promulgated the Circular on Reforming the Administration Method of the Settlement of Foreign Currency Capital by 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》, the "**SAFE Circular 19**") which became effective on June 1, 2015. The SAFE Circular 19 allows all foreign-invested enterprises established in the PRC to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation, provides the procedures for foreign invested companies to use RMB converted from foreign currency-denominated capital for equity investments. The SAFE promulgated the Notice of the SAFE on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"), effective on June 9, 2016, which reiterates some of the rules set forth in the SAFE Circular 19. The SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign

exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there are substantial uncertainties with respect to the SAFE Circular 16's interpretation and implementation in practice. The SAFE Circular 19 or the SAFE Circular 16 may delay or limit us from using the proceeds of offshore offerings to make additional capital contributions to our PRC subsidiaries and any violations of these circulars could result in severe monetary or other penalties.

According to the Circular of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Management Service in Support of Foreign Business Development (《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》) issued by the SAFE on April 10, 2020, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Enterprises meeting the prescribed requirements are allowed to use revenue under the capital accounts as capital funds, external debts and overseas listings for domestic payment without providing banks with authenticity certification materials in advance, to the extent that funds are used for true and law-compliant purposes and such enterprises comply with the in-force administrative provisions on the use of revenue under the capital accounts.

Foreign Exchange Registration of Overseas Investment by PRC Resident

In 2014, SAFE issued the SAFE Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》, the "**SAFE Circular 37**"). The SAFE Circular 37 regulates foreign exchange matters in relation to offshore investments and financing or round-trip investments of residents or entities by way of special purpose vehicles in China. Under the SAFE Circular 37, a "special purpose vehicle" refers to an offshore entity established or controlled, directly or indirectly, by PRC resident individuals or entities for the purpose of seeking offshore financing or making offshore investments, using legitimate onshore or offshore assets or interests, while "round trip investment" refers to direct investments in China by PRC resident individuals or entities through special purpose vehicles, namely, establishing foreign investment enterprises to obtain ownership, control rights and management rights. The SAFE Circular 37 provides that, before making a contribution into a special purpose vehicle, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch, and in the event the change of basic information such as the individual shareholder, name, operation term, etc., or if there is a capital increase, decrease, equity transfer or swap, merge, spin-off or other amendment of the material items, the PRC residents or entities shall complete the change of foreign exchange registration formality for offshore investments.

The Circular on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment (《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 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 the SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

LAWS AND REGULATIONS RELATED TO TAXATION

PRC Enterprise Income Tax Law

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as promulgated on March 16, 2007 and last amended on December 29, 2018, and the Implementing Rules 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》), as promulgated on December 6, 2007 and amended on April 23, 2019, the income tax for both domestic and foreign-owned enterprises is at the same rate of 25%. An income tax rate of 10% will normally be applicable to dividends payable to investors that are "non-resident enterprises", and gains derived by such investors, which (i) do not have an establishment or place of business in the PRC or (ii) have an establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within the PRC. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and other jurisdictions.

The Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) promulgated by the STA on April 22, 2009, taking into effect on January 1, 2008 and most recently amended on December 29, 2017, sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of mainland China and controlled by mainland Chinese enterprises or mainland Chinese enterprise groups is located within mainland China.

On July 27, 2011, STA issued a trial version of the Administrative Measures for Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (《境外註冊中資控股居民企業所得税管理辦法 (試行)》), which came into effect on September 1, 2011 and was last amended on June 15, 2018, to clarify certain issues in the areas of resident status determination, post-determination administration and competent tax authorities' procedures.

The PRC and the government of the Hong Kong SAR signed the Arrangement between the Mainland of the PRC and 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》) on August 21, 2006 (the "**Arrangement**"). According to the Arrangement, the withholding tax rate 5% applies to dividends paid by a PRC company to a Hong Kong resident, provided that such Hong Kong resident directly holds at least 25% of the equity interests of the PRC company. The 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident if such Hong Kong resident holds less than 25% of the equity interests of the PRC company. Furthermore, pursuant to the Circular of the State Taxation Administration on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaty Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》), which was promulgated by the STA and took effect from February 20, 2009, all of the following requirements should be satisfied for an entity to be entitled to such tax agreement treatment as being taxed at a tax rate specified in the tax agreement: (i) the tax resident of the other party who obtains dividends shall be limited to company in accordance with the tax agreement; (ii) the total amount of the owner's equities and the voting shares directly owned by such a tax fiscal resident reaches a specified percentage; and (iii) the equity interests of the Chinese resident company directly owned by such a tax resident, at any time

during the twelve months prior to the receipt of the dividends, reach the percentage specified in the tax agreement.

In addition, according to the Administrative Measures for Tax Agreements Treatment for Non-resident Tax-payers (《非居民納稅人享受協定待遇管理辦法》), which was issued on October 14, 2019 by the STA and became effect on January 1, 2020, qualified non-resident tax-payers can enjoy tax treaty benefits by themselves when filing tax declarations, or make withholding declarations by withholding agents, and be subjected to the subsequent management of the taxation authority.

Value-Added Tax

According to the Interim Value-Added Tax Regulations of the PRC (《中華人民共和國增值税暫行條例》) announced by the State Council on December 13, 1993 and last amended on November 19, 2017, entities and individuals selling goods, providing labor services of processing, repairing or maintenance, selling services, intangible assets, real property in China, and importing goods to China, shall be identified as taxpayers of value-added tax (the "**VAT**"). Unless otherwise provided by laws, the VAT rate is 17% for taxpayers selling goods, labor services, or tangible movable property leasing services or importing goods; 11% for taxpayers selling transportation, postal, basic telecommunication, construction, or immovable property leasing services, immovable property, transferring the rights to use land, or selling or importing specific goods; 6% for taxpayers selling services or intangible assets; 0% for domestic entities and individuals selling services or intangible assets within the scope prescribed by the State Council across national borders; 0% for exported goods, except as otherwise specified by the State Council.

According to the Circular of on Adjusting Value-added Tax Rates (《財政部、税務總局關於調整增值税税率的通知》) announced by the Ministry of Finance and the STA on April 4, 2018, effective from May 1, 2018, where a taxpayer engages in a VAT taxable sales activity or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively.

According to the Announcement of the Ministry of Finance, the STA and the General Administration of Customs on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》) promulgated on March 20, 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%.

Consumption Tax

Pursuant to Interim Regulations on Consumption Tax of the PRC (《中華人民共和國消費税暫行條例》, the "**Interim Regulations on Consumption Tax**") enacted by the State Council on December 13, 1993, and amended on November 10, 2008 and implemented on January 1, 2009, entities and individuals engaged in producing, commissioned processing or importing the consumer goods as specified in these Regulations, within the territory of the PRC, and all other entities and individuals determined by the State Council to sell such consumer goods specified in the Interim Regulations on Consumption Tax shall be the taxpayers of consumption tax and shall pay such consumption tax. The applicable consumption tax rate of baijiu is 20% plus the fixed consumption tax (RMB 0.5/500g (or 500ml)). The STA issued the Notice on Strengthening the Administration of the Collection of Alcohol Consumption Tax (《國家税務總局關於加強白酒消費税徵收

管理的通知》) and Administrative Measures for the Approval of the Minimum Taxable Price of Alcohol Consumption Tax (for Trial Implementation) (《白酒消費税最低計税價格核定管理辦法（試行）》) on July 17, 2009. Accordingly, if the taxable price is lower than 70% of the retail price (excluding VAT), the tax authority shall determine the lowest taxable price for consumption tax within the range between 50% and 70% of the retail price, taking into account factors including production scale, liquor brand, and profitability.

REGULATIONS ON THIRD-PARTY SETTLEMENT ARRANGEMENT AND USE OF PERSONAL BANK ACCOUNTS

According to the Company Law of the PRC（《中華人民共和國公司法》）, which was promulgated by the SCNPC on December 29, 1993 and most recently amended on October 26, 2018, company assets shall not be deposited in accounts opened and maintained in the name of an individual. Further, according to the Measures for Payment and Settlement（《支付結算辦法》） issued by the PBOC on September 19, 1997, it is strictly forbidden to deposit the funds of an entity into the account of an individual card.

According to the Measures for the Administration of RMB Bank Settlement Accounts (《人民幣銀行結算賬戶管理辦法》), which was promulgated by the PBOC on April 10, 2003 and became effective on September 1, 2003, if an entity settles its funds through a personal bank account, a warning and fine ranging between RMB5,000 to RMB30,000 may be imposed upon such entity.

According to the Criminal Law of the PRC (《中華人民共和國刑法》, the "**Criminal Law**") effective on January 1, 1980 and most recently amended on December 26, 2020, the crime of money laundering is committed if the any person or entity commits certain acts as referred to under Article 191 of the Criminal Law for the purpose of covering up or concealing the source and nature of the proceeds and/or gains obtained from drug-related crimes, crimes committed by criminal organizations, crimes of terrorism, smuggling, bribery and corruption, crimes undermining the financial order of society and financial fraud.

REGULATIONS RELATED TO INFORMATION SECURITY AND PRIVACY PROTECTION

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

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), which was promulgated by SCNPC on November 7, 2016 and became effective on June 1, 2017, internet service providers are required to take measures to ensure internet security by complying with security protection obligations, formulating cybersecurity emergency response plans, and providing technical assistance and support for public security and national security authorities. In addition, any collection, process and use of a user's personal information must be subject to the consent of the user, be legal, rational and necessary, and be limited to specified purposes, methods and scopes. An internet service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering with or destroying any such information, or selling or providing such information to other parties illegally.

On December 28, 2021, the Cyberspace Administration of China and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), which came into effect on February 15, 2022 and replaced the Measures for Cybersecurity Review promulgated on April 13, 2020. The Cybersecurity Review Measures provides that critical information infrastructure operators purchasing network products and services and platform operators carrying out data processing activities, which affect or may affect national security, shall be subject to cybersecurity review, and network platform operators with personal information data of more than one million users are obliged to apply for a cybersecurity review before listing abroad (國外上市). In addition, relevant government authorities in the PRC may initiate cybersecurity review if they determine an internet platform operator's network products or services or data processing activities affect or may affect national security.

On November 14, 2021, the CAC published the Administration Regulations on Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Regulations on Cyber Data Security**"). This regulation provides for the circumstances under which data processors shall apply for cybersecurity review, including, among others, when (i) the data processors who process personal information of more than one million individuals apply for listing abroad (國外上市); and (ii) the data processors' listing in Hong Kong affects or may affect national security. The Draft Regulations on Cyber Data Security also provide specific requirements for data processors in conducting data processing activities within the territory of the PRC. Neither the Draft Regulations on Cyber Data Security nor the Cybersecurity Review Measures provides further explanation or interpretation for "listing abroad (國外上市)" or the scope of activities of data processing that "affects or may affect national security." As advised by our PRC Legal Advisor, a listing in Hong Kong is not treated as a listing abroad within the meaning of the Cybersecurity Review Measures and the Draft Regulations on Cyber Data Security.

REGULATIONS ON M&A AND OVERSEAS LISTINGS

On August 8, 2006, six PRC regulatory agencies, including the Ministry of Commerce, the SASAC, the STA, the SAIC, the CSRC and the SAFE, issued the Rules on Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**"), which took effect on September 8, 2006 and was amended on June 22, 2009. Foreign investors shall comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC, purchase the assets of a domestic company and operate the assets; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets and operate the assets. The M&A Rules purport, among other things, to require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of CSRC prior to publicly listing their securities on an overseas stock exchange.

On July 6, 2021, Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》) was jointly issued by the General Office of the Communist Party of China Central Committee and the General Office of the State Council, which stepped up scrutiny of overseas listings by companies and calls for strengthening cooperation in cross-border

regulation, improving relevant laws and regulations on cyber security, cross-border data transmission and confidential information management, including the confidentiality requirement and file management related to the issuance and listing of securities overseas, enforcing the primary responsibility of the enterprises for information security of China-based overseas-listed companies and promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Administrative Measures**") and five supporting guidelines, which has become effective on March 31, 2023. Pursuant to the Trial Administrative Measures, PRC domestic enterprises that directly or indirectly offer or list their securities in an overseas market, which include (i) any PRC company limited by shares, and (ii) any offshore company that conducts its business operations primarily in China and contemplates to offer or list its securities in an overseas market based on its onshore equities, assets or similar interests, are required to file with the CSRC within three business days after its application for overseas listing is submitted. Failure to complete the filing under the Trial Administrative Measures may subject a PRC domestic enterprise to rectification ordered by the CSRC, warning, and fine of RMB1 million to RMB10 million.

On the same date, the CSRC promulgated the Notice on the Arrangement for the Filing-based Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《關於境內企業境外發行上市備案管理安排的通知》) (the "**Arrangement for Filing-based Administration**"). According to the Arrangement for Filing-based Administration, PRC domestic enterprises shall not be required to complete the filing procedures if all of the following conditions are met: (i) the application for indirect overseas offering or listing shall have been approved by the overseas regulatory authorities or the overseas stock exchanges (for example, a contemplated offering and/or listing in Hong Kong has passed the hearing) prior to the effective date of the Trial Administrative Measures; (ii) it is not required to re-perform the overseas regulatory procedures for overseas securities offering and listing; (iii) such overseas securities offering or listing shall be completed before September 30, 2023. From March 31, 2023, domestic enterprises that have submitted valid applications for overseas offerings and listings but have not obtained the approval from overseas regulatory authorities or overseas stock exchanges shall complete the filing procedures with the CSRC prior to their overseas offerings and listings.