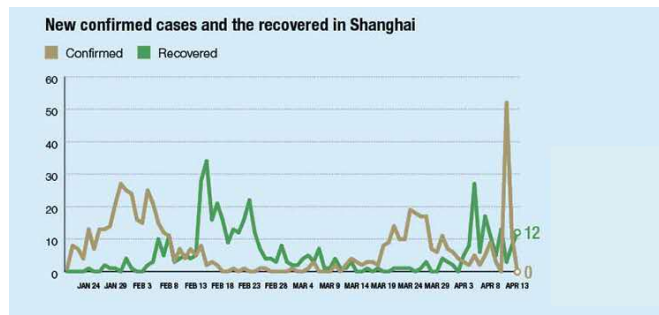
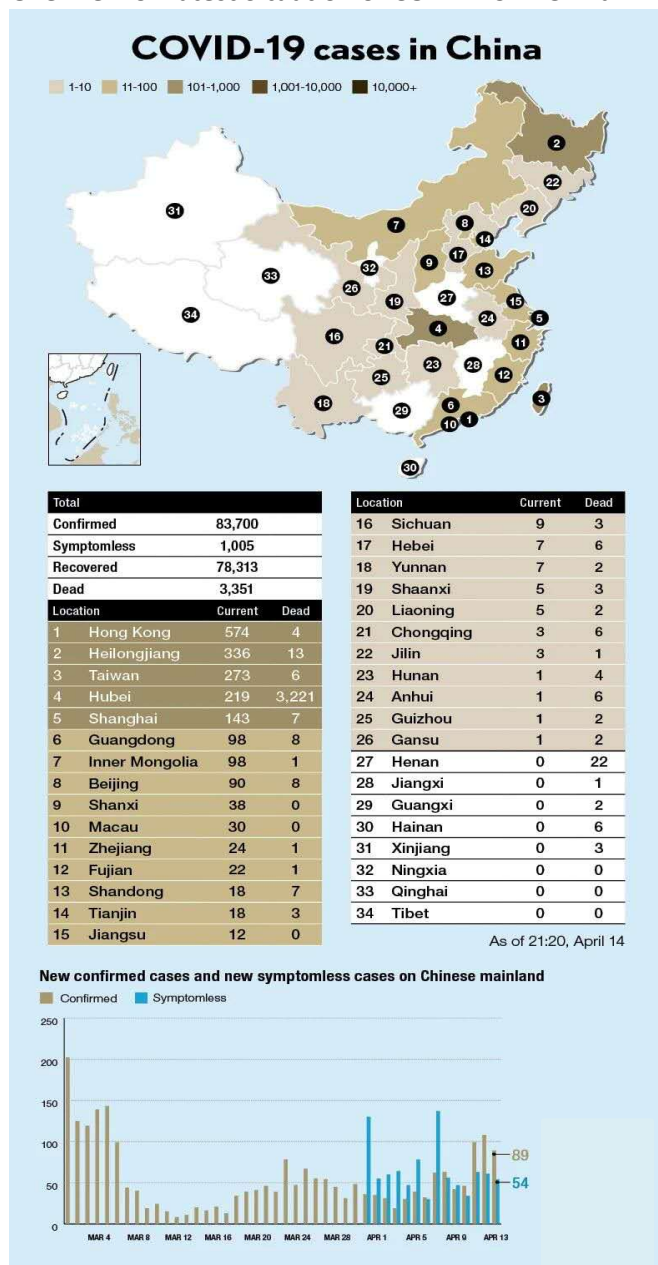


Briefing of Policies and Measures in China

- Special Edition Under the Circumstance of COVID-19
(April 15th, 2020)

Overview of Latest Situation of COVID-19 in China



“Shanghai QR Code” Serving for Epidemic Prevention and Control

With the data from national and local public administration accrued by Shanghai bigdata resources platform and big data analysis, “Shanghai QR Code” relied on the mobile terminal was created for Shanghai citizens and was formally launch on Feb., 17th, 2020. It contains information about citizens' healthy travel, epidemic prevention and control management.

In China, residences' mobile number, Alipay is identity verified. After download the “Sui Shen Ban” APP (meaning: Shanghai Public Services Online) and login in by mobile number, or search “Sui Shen Ban” and enter the mini program via Alipay, the system will generate your code after big data analysis.

The system measures out three risk status in red, yellow and green for reference:



Red: The red indicates that the medical management measures have not been released, the diagnosis has not been discharged, and the suspect is not excluded. Isolation is recommended.

Yellow: The yellow indicates that the person in the key area has been in Shanghai for less than 14 days. Suggest observation.

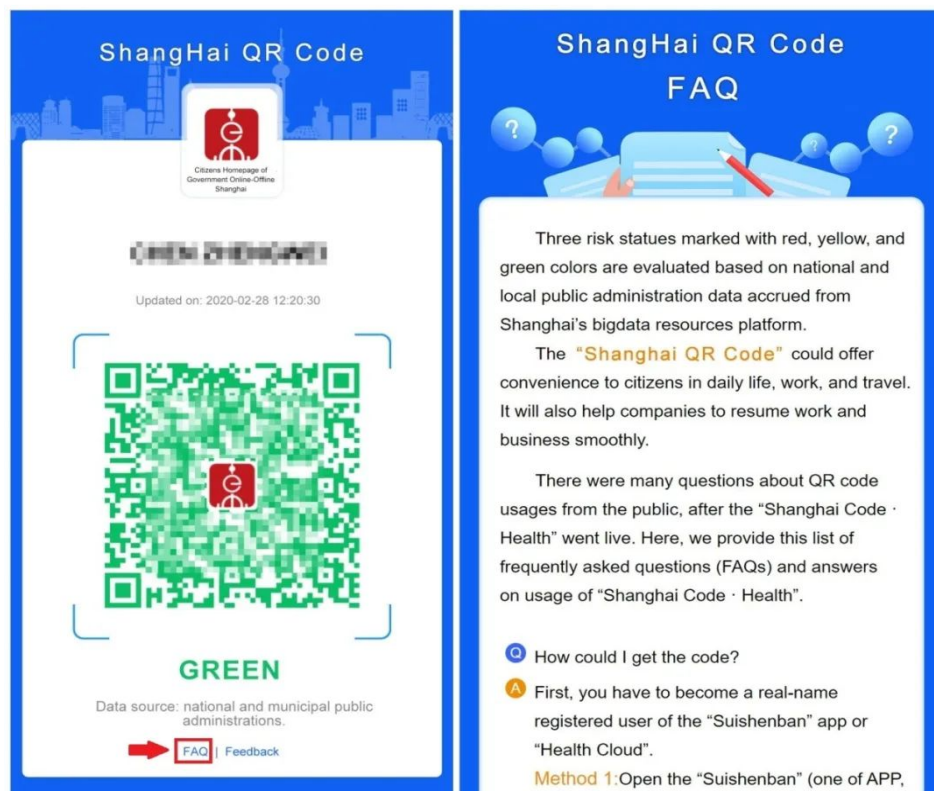
Green: Displaying green indicates that there is no abnormality or

that the medical management measures have been lifted. Can pass.

With the gradual resuming to work, "Shanghai QR Code" has been applied to the following scenarios:

Passes for residential communities, parks, factories, business

buildings, administrative services centres at all levels, medical and health institutions (except hot clinics, fixed-point admissions and treatment institutions), telecommunications banking service outlets and public management and service organizations, etc., without the need to issue relevant certificates.



From March 1st, to provide convenience in work, life and daily commute to foreigners in Shanghai, Shanghai QR Code in English is launched and foreigners can also apply for their own code in Alipay.

Besides Shanghai, similar pass systems are widely used in other cities in national wide.

Summary of Tax Preferential Policies Supporting for Epidemic Prevention and Control

After the outbreak of COVID-19 epidemic, from February to March 2020, the central government and local governments issued a series of preferential tax prevention and control policies, focusing on supporting the enterprises engaged in protecting material production and transportation, providing public transportation services, life services, as well as enterprises that provide residents with essential life supplies and express delivery service to prevent and control of the epidemic, and generally reduction of labour costs of every enterprises.

According to the forecast of the Social Security Department of the Ministry of Finance, after the implementation of the staged fee reductions for the pension, unemployment and work injuries insurance of enterprises, the burden of enterprises will be reduced by more than 510 billion Yuan in 2020. At the same time, with the instruction to local governments to reduce the medical insurance of enterprises' part while ensuring the long-term sustainability of medical insurance funds, it will reduce the burden of enterprises by about 150 billion Yuan.

Main Taxes and Expenses Policies are Summarized as Below:

1, Taxation (nationwide applicable)

Taxation	Execution Period	Summary
Value Added Tax	2020.1~TBD	The production enterprises of key guarantee materials for epidemic prevention and control can apply to the competent tax authorities for a full refund of the incremental VAT reserve tax amount on a monthly basis.
		The income obtained from the transportation of key guarantee materials for epidemic prevention and control shall be exempted from value-added tax.
		The income from the provision of public transportation services, life services, and the provision of essential life supplies and express delivery services for residents is exempt from VAT.
		The self-produced, entrusted processed or purchased goods for coping with epidemic donated free of charge to the hospitals undertaking the task of epidemic prevention and control through public welfare social organizations, people's governments at or above the county level and other state organs, or directly to hospitals, exemption from value-added tax, consumption tax, urban maintenance and construction tax, education surcharge, local education surcharge.
	2020.3~2020.5	For small-scale VAT taxpayers in Hubei Province, VAT exemption is levied. Except for Hubei Province, small-scale VAT taxpayers in other provinces, autonomous regions, and municipalities directly under the Central Government shall lower VAT rate from 3% to 1%.
Enterprise Income Tax	2020.1~TBD	For the relevant equipment newly purchased by the enterprises producing the key guarantee materials for epidemic prevention and control in order to expand the production capacity, it is allowed to be deducted once in cost in the current period before the enterprise income tax.
		For enterprises in difficult industries that are greatly affected by the epidemic, the longest carry-over period for losses in 2020 will be extended from 5 to 8 years.
		Cash and articles used to deal with the epidemic of COVID-19 donated by the enterprises is allowed to be fully deducted when calculating the taxable income.
Individual Income Tax	2020.1~TBD	Temporary work subsidies and bonuses obtained in accordance with the standards prescribed by the government by medical personnel and epidemic prevention workers participating in epidemic prevention and control work shall be exempt from individual income tax.
		The physical products (excluding cash) given by the enterprises to employees for the prevention of COVID-19 epidemic are not included in wages and salaries and are exempt from individual income tax.
		Cash and items used to deal with the COVID-19 epidemic donated by individuals is allowed to be fully deducted when calculating the taxable income.

2, Social Insurances

Items	Region	Execution Period	Summary
Pension, Unemployment, Work Injury	Nation	2020.2~2020.6	Exemption of the three social insurance born by the enterprises (pension insurance, unemployment insurance, work injury insurance) of small and medium-sized enterprises; individual industrial and commercial households

Insurance			refer to the small and medium-sized enterprises to enjoy the reduction and exemption policy;
		2020.2~2020.4	Halved the three social insurance born by the enterprises (pension insurance, unemployment insurance, work injury insurance) of large-sized enterprises and other entities (including private non-enterprise units, social organizations and other organizations).
Medical Insurance	Nation	2020.2~2020.6	Under the conditions of ensuring the distribution of benefits and the balance of funds, according to local conditions, to halve the payment of employee medical insurance born by the enterprises from February, for a maximum of 5 months
	- Shanghai	2020.2~2020.6	Medical insurance born by the enterprises (including maternity insurance) adjusted from 10.5% to 5.25%.
	- Beijing	2020.2~2020.6	From February 2020 to June 2020, the employee medical insurance born by the enterprises will be reduced by half.