OVERVIEW OF REGULATIONS IN THE PRC

We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section summarises PRC laws and regulations that we believe are relevant to our business and operations in the PRC.

PRINCIPAL REGULATORY PROVISIONS

Company Law

The Company Law of the PRC (中華人民共和國公司法) (the "**Company Law**"), which was promulgated by the SCNPC on 29 December 1993, effective on 1 July 1994 and last amended on 29 December 2023, provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in the PRC. The Company Law is enacted for the purposes of regulating the organisation and activities of companies, protecting the legitimate rights and interests of companies, shareholders and creditors, maintaining the social economic order, and promoting the development of the socialist market economy. It stipulates that a limited company shall prepare a shareholders' register, which shall record (i) the name and address of each shareholder; (ii) the amounts of subscribed and paid-in capital contribution and the form and date of capital contribution of each shareholder; and (iii) the serial number of each capital contribution certificate. Shareholders recorded in the shareholders' register may, pursuant to the shareholders' register, claim and exercise shareholders' rights. A company shall register the name of each shareholder and the shareholder's capital contribution at the company registration authority, and carry out amendment of the registration for any change of the registration details. Any detail which shall be registered but fails to be amended or registered shall not be valid against any third-party.

Laws and Regulations on Foreign Investment

Since 1 January 2020, the Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the "**Foreign Investment Law**"), promulgated by the NPC has come into effect. The Sino-Foreign Equity Joint Ventures Law of the PRC, the Wholly Foreign-owned Enterprises Law of the PRC and the Sino-Foreign Cooperative Joint Ventures Law of the PRC were abolished at the same time. Since then, the Foreign Investment Law has become the basic law regulating foreign-invested enterprises wholly or partially invested by foreign investors. While the organisation form, institutional framework and standard of conduct of foreign-invested enterprises shall be subject to the provisions of the Company Law and other laws.

The foreign investment information reporting is subject to the Foreign Investment Information Reporting Method (外商投資信息報告辦法) jointly developed by the MOFCOM and the SAMR, which came into effect on 1 January 2020 . According to the Foreign Investment Information Reporting Method, where a foreign investor directly or indirectly carry out investment activities in China, the foreign investor or its foreign-invested enterprise shall submit investment information to the competent commercial department through the enterprise registration system and the National Enterprise Credit Information Publicity System, with the reporting types including initial reports, change reports, cancellation reports, and annual reports.

On 6 September 2024, the MOFCOM and the NDRC promulgated the Special Management Measures for the Market Entry of Foreign Investment (2024 Version) (the "**Negative List**") (外商投資准入特別管理措施 (負面清單)(2024年版), which took effective from 1 November 2024 . The Negative List set out the restrictive measures in a unified manner, such as the requirements on shareholding percentages and management, for the access of foreign investments, and the industries that are prohibited for foreign investment. The Negative List covers 11 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

Laws and Regulations Relating to Consumer Rights Protection

Our business is subject to a variety of consumer protection laws, including the PRC Consumer Rights and Interests Protection Law (中華人民共和國消費者權益保護法) came into effect on 31 October 1993, as last amended in 2013 and became effective on 15 March 2014, which imposes stringent requirements and obligations on business operators. A business operator providing goods or services that cause consumers to suffer property damages shall bear civil liability such as repair, redo, replacement, return of goods, making up the quantity of goods, refund of purchase price and service fees or compensation of losses, etc. Failure to comply with these consumer protection laws could subject us to administrative sanctions, such as the issuance of a warning, confiscation of illegal income, imposition of fines, an order to cease business operations, revocation of business licenses, as well as potential civil or criminal liabilities.

According to the Measures for Penalties for Infringement upon Rights and Interests of Consumers (Revised in 2020) (侵害消費者權益行為處罰辦法(2020修訂)) (the "**Measures**"), Market regulatory authorities shall, pursuant to the PRC Consumer Rights and Interests Protection Law and related laws and regulations and the Measures, protect the rights and interests of consumers to purchase and use goods or receive services for daily needs, and impose administrative penalties for infringement upon rights and interests of consumers by business operators.

Laws Related to Product Liability

Manufacturers and vendors of defective products in the PRC may incur liability for losses and injuries caused by such products. Under the Civil Code of the PRC (中華人民共和國民法典), which became effective on 1 January 2021, manufacturers or retailers of defective products that cause property damage or physical injury to any person will be subject to civil liability.

The principal legal provisions governing product liability are set out in the Product Quality Law of the PRC (中華人民共和國產品質量法) (the "**Product Quality Law**"), which was promulgated by the SCNPC on 22 February 1993, effective on 1 September 1993 and last amended and became effective on 29 December 2018 . The Product Quality Law is applicable to all activities of production and sale of any product within the territory of the PRC, and the producers and sellers shall be liable for product quality in accordance with the Product Quality Law.

Laws Related to Mineral Resources and Graphene Industry

On 27 August 2009, the SCNPC revised and promulgated the Mineral Resources Law of the People's Republic of China (中華人民共和國礦產資源法), which regulates the exploration, development, utilization and protection of mineral resources in PRC, covering aspects such as ownership, exploration and mining rights, and legal responsibilities. On 20 November 2015, the Ministry of Industry and Information Technology, the National Development and Reform Commission and the Ministry of Science and Technology issued the Opinions on Accelerating the Innovative Development of the Graphene Industry (關於加快石墨烯產業創新發展的若干意見), which aims to guide the innovative development of the graphene industry. It focuses on key aspects such as technology innovation, industrial application demonstration, green development, and application field expansion.

Land Administration Law

Pursuant to the Land Administration Law of the PRC (中華人民共和國土地管理法) (the "**Land Administration Law**") promulgated by the SCNPC on 25 June 1986, effective on 1 January 1987 and last amended on 26 August 2019, and the Regulations for 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 by the State Council on 4 January 1991, effective on 1 February 1991 and last amended on 2 July 2021 and effective on 1 September 2021, the natural resources administrative department under the State Council shall be responsible for administration and supervision work pertaining to land nationwide. On the other hand, the respective people's governments of provinces, autonomous regions and centrally administered municipalities shall be responsible for setting up their respective natural resources administrative departments and determining their respective duties pursuant to the relevant provisions promulgated by the State Council. Further, the State Council may authorise agencies to supervise land use and land administration by the people's governments of provinces, autonomous regions and centrally administered municipalities as well as municipal people's governments determined by the State Council. Pursuant to the Article 9 of the Land Administration Law, downtown area land in cities shall belong to the state. Rural and suburbs land shall be collectively owned by farmers, unless the laws stipulate otherwise; homestead and reserved land and hilly land reserved for private use shall be collectively owned by farmers. Pursuant to the Article 10 of the Land Administration Law, state-owned land and land collectively owned by farmers may, pursuant to the law, be allocated to be used by organisations or individuals. Organisations and individuals using land shall bear obligations for protection, management and reasonable utilisation of land.

Laws and Regulations on Intellectual Properties

Patent

Patents in the PRC are mainly protected by the Patent Law of the PRC (中華人民共和國專利法), which was promulgated by the SCNPC on 12 March 1984, last amended on 17 October 2020 and became effective on 1 June 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), which were promulgated by the State Council on 15 June 2001 and last amended on 11 December 2023 and became effective on 20 January 2024 . The Patent Law of the PRC and its implementation rules provide for three types of patents, "invention", "utility model" and "design." "Invention" refers to any new technical solution relating to a product, a process or improvement thereof; "utility model" refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; and "design" refers to any new design of the shape, pattern, colour or the combination of any two of them, of a product, which creates an aesthetic feeling and is suitable for industrial application. The duration of a patent right for "invention" is 20 years, the duration of a patent right for "utility model" is 10 years, and the duration of a patent right for "design" is 15 years, commencing from the date of application.

Trademark

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) promulgated by the SCNPC on 23 August 1982, last amended on 23 April 2019 and became effective on 1 November 2019, the period of validity for a registered trademark is 10 years, commencing from the date of registration. Upon expiry of the period of validity, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry as required if the registrant needs to continue to use the trademark. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be cancelled. Industrial and commercial administrative authorities have the authority to investigate any behaviour in infringement of the exclusive right under a registered trademark in accordance with the law. In case of a suspected criminal offence, the case shall be timely referred to a judicial authority and decided in accordance with applicable laws.

Copyright

Copyright in the PRC is primarily protected by the Copyright Law of the PRC (中華人民共和國著作權法), which was promulgated by the SCNPC on 7 September 1990, last amended on 11 November 2020 and became effective on 1 June 2021, and Implementation Regulations of the Copyright Law of PRC (中華人民共和國著作權法實施條例), which was promulgated by the State Council on 2 August 2002 and last amended on 30 January 2013 . These laws and regulations provide provisions on the classification of works and the obtaining and protection of copyright.

Laws Related to Trade Secrets

According to the Anti-Unfair Competition Law of the PRC (中華人民共和國反不正當競爭法), promulgated by the SCNPC in September 1993 and last amended on 23 April 2019, the term "trade secrets" refers to technical, operational and other business information that is unknown to the public, may create business interests or profits for its legal owners or holders, and has been subject to confidentiality measures by its legal owners or holders. Under the Anti-Unfair Competition Law of the PRC, business persons are prohibited from infringing others' trade secrets by: (1) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other means; (2) disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the item (1) above; (3) disclosing, using, or allowing another person use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (4) abetting a person, or tempting another person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation of the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known of the above-mentioned illegal conduct but still obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and impose fines on the infringing parties.

Laws and Regulations on Labor Protection

Labor, Social Insurance and Housing Provident Funds

According to the Labor Law of the PRC (中華人民共和國勞動法), which was promulgated by the SCNPC in July 1994 and last amended and came into effect on 29 December 2018, the Labor Contract Law of the PRC (中華人民共和國勞動合同法), which was promulgated by the SCNPC in June 2007 and amended in December 2012 and came into effect on 1 July 2013, and the Implementing Regulations of the Labor Contracts Law of the PRC (中華人民共和國勞動合同法實施條例), which was promulgated by the State Council and came into effect on 18 September 2008, labor contracts in written form shall be executed to establish labor relationships between employers and employees. In addition, wages shall not be lower than local minimum wages. The employers must establish a system for labor safety and sanitation, strictly comply with national rules and standards, provide education regarding labor safety and sanitation to its employees, provide employees with labor safety and sanitation conditions and necessary protection materials in compliance with national rules, and carry out regular health examinations for employees engaged in work involving occupational hazards.

According to the Social Insurance Law of PRC (中華人民共和國社會保險法), which was promulgated by the SCNPC on 28 October 2010 and last amended and came into effect on 29 December 2018, and the Interim Regulations on the Collection and Payment of Social Security Funds (社會保險費徵繳暫行條例), which was promulgated by the State Council on 22 January 1999 and last amended on 24 March 2019, and the Regulations on the Administration of Housing Provident Funds (住房公積金管理條例), which was promulgated by the State Council on 3 April 1999 and last amended on 24 March 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 and maternity insurance and to housing provident funds. Any employer who fails to make the required contributions may be fined and ordered to compensate the deficit within a stipulated time limit. Employers who fail to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times of the amount in arrears. With respect to companies who fails to process housing provident fund registrations or open housing provident fund accounts for their employees according to the Regulations, such companies shall be ordered by the housing provident fund administration center to complete such procedures within a prescribed time limit; where failing to do so by the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. In addition, employers who fail to promptly contribute housing provident fund contributions in full amount shall be ordered by the administrative center of housing provident fund to pay the outstanding housing provident fund contributions within the time period; where payment is not made within the stipulated period, the relevant administrative authorities may apply to the PRC courts for compulsory enforcement.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was promulgated by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council on 20 July 2018, from 1 January 2019, all the social insurance premiums, including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, are collected by tax authorities.

According to the Notice by the General Office of the State Administration of Taxation on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady Orderly and Effective Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》) issued on 13 September 2018 and the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《人力資源和社會保障部辦公廳關於貫徹落實國務院常務會精神切實做好穩定社保費徵收工作的緊急通知》) issued on 21 September 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. The Notice on Implementing Measures on Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》), which was promulgated by the SAT on 16 November 2018, repeats that tax authorities at all levels shall not organize self-collection of arrears of taxpayers including private enterprises in the previous years.

The Prevention and Control of Occupational Diseases Law of the PRC (中華人民共和國職業病防治法), which was promulgated by the SCNPC on 27 October 2001 and latest amended on 29 December 2018 (the "**Prevention and Control of Occupational Diseases Law**"), is the basic law for the prevention and control of occupational diseases. According to the Prevention and Control of Occupational Diseases Law, the budget for facilities for the prevention and control of occupational diseases of a construction project shall be included in the budget of the project and those facilities shall be designed, constructed and put into operation simultaneously with the main body of the project. The entity that takes charge of the project should carry out the assessment of the effectiveness of measures for the prevention and control of occupational diseases before the final acceptance of the construction project. In addition, employers shall take required administrative measures to prevent and control occupational diseases at work.

Laws and Regulations Relating to Real Estate Leasing

According to the PRC Civil Code (中華人民共和國民法典) which took effect on 1 January 2021, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. Where the lessee subleases the premises to a third party with the consent of the lessor, and the sublease term exceeds the remaining lease term of the lessee, the agreement on the part in excess shall not be legally binding upon the lessor, unless otherwise agreed upon by the lessor and the lessee. If the parties to a lease contract fail to go through the formalities of registration of such contract in accordance with the provisions of laws and administrative regulations, the validity of the contract shall not be affected.

On 1 December 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (商品房屋租賃管理辦法), which became effective on 1 February 2011 . According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such a company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

Laws and Regulations on Fire Protection and Environmental Protection

Fire Protection

Pursuant to the Fire Safety Law of the PRC (中華人民共和國消防法) promulgated by the SCNPC on 29 April 1998 and latest amended on 29 April 2021, for special construction projects stipulated by the housing and urban-rural development authority of the State Council, the developer shall submit the fire safety design documents to the housing and urban-rural development authority for examination, while for construction projects other than those stipulated as special construction projects, the developer shall, at the time of applying for the construction permit or approval for work commencement report, provide the fire safety design drawings and technical materials which satisfy the construction needs. According to the Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects (建設工程消防設計審查驗收管理暫行規定) promulgated on 1 April 2020 and amended on 21 August 2023, an examination system for fire prevention design and acceptance only applies to special construction projects, and for other construction projects, a record-filing and spot check system would be applied.

Environment Protection

The Environmental Protection Law of the PRC (中華人民共和國環境保護法) ("**the Environmental Protection Law**"), which was promulgated by the SCNPC on 26 December 1989, came into effect on the same day and last amended on 24 April 2014, outlines the authorities and duties of various environmental protection regulatory agencies. The Ministry of Ecology and Environment is authorised to issue national standards for environmental quality and pollutant emissions, and to monitor the environmental protection scheme of the PRC. Meanwhile, local environment protection authorities may formulate local standards that are more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.

Pursuant to the Measures for Pollutant Discharge Permitting Administration (排污許可管理辦法) issued on 1 April 2024 and came into effect on 1 July 2024, any enterprise, institution or other producer and operator that implements pollutant discharge management in accordance with law shall obtain a Pollutant Discharge Permit, and any pollutant discharge enterprise that needs to file a pollutant discharge registration form in accordance with law shall register on the National Pollutant Discharge Permit Management Information Platform.

Environmental Impact Appraisal

According to the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), which was promulgated by the State Council on 29 November 1998, amended on 16 July 2017 and became effective on 1 October 2017, depending on the impact of the construction project on the environment, a construction employer shall compile an environmental impact report or an environmental impact statement, or file a registration form. As to a construction project, for which an environmental impact report or the environmental impact statement is required, the construction employer shall, before the commencement of construction, submit the environmental impact report or the environmental impact statement to the relevant authority at the environmental protection administrative department for approval. If the environmental impact assessment documents of the construction project have not been examined or approved upon examination by the approval authority in accordance with the law, the construction employer shall not commence the construction. According to the Environmental Impact Appraisal Law of PRC (中華人民共和國環境影響評價法) ("**the Environmental Impact Appraisal Law**"), which was promulgated by the SCNPC on 28 October 2002, amended on 2 July 2016 and 29 December 2018, for any construction projects that have an impact on the environment, an entity is required to produce either a report, or a statement, or a registration form of such environmental impacts depending on the seriousness of effect that may be exerted on the environment.

Pursuant to the Interim Measures for the Completion Inspections of Environment Protection Facilities of Construction Projects (建設項目竣工環境保護驗收暫行辦法) which was promulgated on 20 November 2017, upon the completion of the construction project to which the environment impact assessment report or statement form is applied, the construction entity shall undertake self-inspections of the environmental protection facilities of such construction.

Laws and Regulations on Production Safety

According to the Production Safety Law of the PRC (中華人民共和國安全生產法) latest amended by the SCNPC on 10 June 2021 and came into effect on 1 September 2021, an enterprise shall (i) provide production safety conditions as stipulated in the Production Safety Law of the PRC and other relevant laws, administrative regulations, national and industry standards, (ii) establish a comprehensive production safety accountability system and production safety rules, and (iii) develop production safety standards to ensure production safety. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities.

The person-in-charge of an enterprise shall be fully responsible for the safety of production of the enterprise. An enterprise having more than 100 employees shall establish a production safety management institution or be equipped with dedicated production safety management personnel. Personnel who is responsible for managing production safety shall inspect the safety of production regularly based on the characteristics of production of the enterprise and shall deal with any safety issue identified during the inspection in a timely manner. Any unsolved issue shall be reported to the person-in-charge in a timely manner and the person-in-charge shall solve such issue immediately. Enterprises and institutions shall provide their employees with training on production safety and shall truthfully inform their employees of any potential risks in relation to the workplace and duties, preventive measures and emergency measures. In addition, an enterprise shall provide its employees with personal protective equipment that meet the national or industry standards and supervise and train them to use such equipment.

According to the Measures for the Supervision and Administration of "Three Simultaneities" for the Safety Facilities of Construction Projects (建設項目安全設施"三同時"監督管理辦法) promulgated by the former State Administration of Work Safety (currently known as the Ministry of Emergency Management) on 14 December 2010 and amended on 2 April 2015, the safety facilities in a newly built, reconstructed or expanded construction project must be designed, constructed and put into use simultaneously with the main body of the project. The enterprises shall demonstrate and pre-assess the safety conditions of its construction projects, prepare a dedicated safety design report, submit to the relevant work safety administrative department for examination or filing, complete acceptance of safety facilities and prepare reports for inspection according to requirements. If an enterprise violates the relevant requirements, it may be ordered to make corrections within a specified time limit, discontinue the construction process or suspend its production and business operation for rectification, and imposed a fine.

Laws and Regulations on Foreign Exchange and Taxation

Foreign Exchange

On 29 January 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (中華人民共和國外匯管理條例) which became effective on 1 April 1996 and was amended on 14 January 1997 and 5 August 2008 . Foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in the issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

On 19 November 2012, the SAFE issued the SAFE Circular 59, which came into effect on 17 December 2012 and was amended on 4 May 2015, 10 October 2018 and partially abolished on 30 December 2019 . The SAFE Circular 59 aims to simplify the foreign exchange procedure and promote the facilitation of investment and trade. According to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, as well multiple capital accounts for the same entity may be opened in different provinces. Later, the SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of 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) on 13 February 2015, which was partially abolished on 30 December 2019 and prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

On 11 May 2013, the SAFE issued the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (外國投資者境內直接投資外匯管理規定) ("**the SAFE Circular 21**"), which became effective on 13 May 2013, amended on 10 October 2018 and partially abolished on 30 December 2019 . The SAFE Circular 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

Pursuant to the SAFE Circular 37 promulgated by the SAFE and became effective on 4 July 2014, a "special purpose vehicle" means an overseas enterprise directly established or indirectly controlled by a domestic resident (including domestic institution and domestic individual residents) for the purpose of engaging in investment and financing with the domestic enterprise assets or interests he legally holds, or with the overseas assets or interests he legally holds. And the registration for and the relevant foreign exchange administration over a special purpose vehicle established by a domestic resident shall be subject to the SAFE Circular 37.

Taxation

Enterprise Income Tax

The Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) ("**the EIT Law**"), promulgated by the NPC on 16 March 2007, came into effect on 1 January 2008 and amended on 24 February 2017 and 29 December 2018, as well as the Implementation Rules of the EIT Law (中華人民共和國企業所得稅法實施條例) ("**the Implementation Rules**"), promulgated by the State Council on 6 December 2007, came into force on 1 January 2008 and last amended on 6 December 2024, are the principal law and regulation governing enterprise income tax in the PRC. According to the EIT Law and the Implementation Rules, enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are legally established in the PRC, or are established under foreign laws but whose actual management bodies are located in the PRC. Non-resident enterprises refer to enterprises that are legally established under foreign laws and have set up institutions or sites in the PRC but with no actual management body in the PRC, or enterprises that have not set up institutions or sites in the PRC but have derived incomes from the PRC. A uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have setup institutions or sites in the PRC to the extent that such incomes are derived from their set-up institutions or sites in the PRC, or such income is obtained outside the PRC but have an actual connection with the set-up institutions or sites. Non-resident enterprises that have not set up institutions or sites in the PRC or have set up institutions or sites but the incomes obtained by the said enterprises have no actual connection with the set-up institutions or sites, shall pay enterprise income tax at the rate of 10% in relation to their income sources from the PRC.

Value-Added Tax (the "VAT")

The major PRC law and regulation governing value-added tax are the Interim Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例) issued on 13 December 1993 by the State Council, came into effect on 1 January 1994, and revised on 10 November 2008, 6 February 2016 and 19 November 2017, as well as the Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC (中華人民共和國增值稅暫行條例實施細則) issued on 25 December 1993 by the Ministry of Finance (中華人民共和國財政部) (the "**MOF**"), came into effect on the same day and revised on 15 December 2008 and 28 October 2011, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The rate of VAT for the sale of goods is 17% unless otherwise specified. With the VAT reforms in the PRC, the rate of VAT has been changed several times. The MOF and the SAT issued the

Notice of on Adjusting VAT Rates (關於調整增值稅稅率的通知) on 4 April 2018 to adjust the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods to 16% and 10%, respectively, this adjustment became effect on 1 May 2018 . Subsequently, the MOF, the SAT and the General Administration of Customs jointly issued the Announcement on Relevant Policies for Deepening the VAT Reform (關於深化增值稅改革有關政策的公告) on 20 March 2019 to make a further adjustment, which came into effect on 1 April 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

Withholding Tax on Dividend Distributions

According to the EIT Law, the dividends distributed to investors who are non-resident enterprises (which have not established any organisation or premises in the PRC, or although they have established organisation or premises in the PRC, the income obtained has no de facto connection with such organisation or premises), to the extent of being sourced from the PRC, are subject to the withholding tax of 10% in the PRC, except for the availability of tax credit on the relevant tax under an applicable tax treaty signed between the PRC and the jurisdiction of such non-resident enterprises. Similarly, if any gain obtained by such investors from the transfer of shares is deemed to be a gain in income sourced within the PRC, such gain is taxable for PRC income tax at the tax rate of 10% (or at a lower rate under a tax treaty, if applicable).

According to the Arrangement between Mainland 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稅和防止偷漏稅的安排) effective on 8 December 2006 and amended by the Fifth Protocol to the Arrangement between the Mainland 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稅和防止偷漏稅的安排第五議定書) effective on 6 December 2019, the withholding tax rate for dividends paid by a PRC enterprise to a Hong Kong enterprise is 5% in case the Hong Kong enterprise is the beneficial owner and directly holds at least 25% of equity interests of the subject PRC enterprise.

Pursuant to the SAT on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Agreements (國家稅務總局關於執行稅收協定股息條款有關問題的通知) promulgated by the SAT and effective on 20 February 2009, all of the following requirements shall be satisfied where a taxable resident of the other party to a tax agreement is entitled to such tax agreement treatment to be taxed at a rate specified in the tax agreement for the dividends paid to it by a Chinese resident company: (i) such a taxable resident should be a company as provided in the tax agreement; (ii) such a taxable resident holds equity interests and voting shares in a Chinese resident company which is above a particular percentage; and (iii) such a taxable resident directly holds the equity interests in a Chinese resident company above a particular percentage, at any time during the twelve months prior to the obtainment of the dividends.

Laws and Regulations on Overseas Securities Offering and Listing by Domestic Companies

On 17 February 2023, the CSRC promulgated the Overseas Listing Trial Measures and relevant supporting guidelines, which came into effect on 31 March 2023 . The Overseas Listing Trial Measures comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities. Any domestic company that is deemed to conduct overseas offering and listing activities shall file with the CSRC in accordance with the Overseas Listing Trial Measures.

The Overseas Listing Trial Measures provide that the overseas securities offering and listing will be considered a direct overseas offering by a PRC domestic company if the issuer is a company limited by shares registered and established in mainland China. In addition, the overseas securities offering and listing will be considered an indirect overseas offering by a PRC domestic company if the issuer meets both of the following criteria: (i) 50% or more of any of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China.

Pursuant to the Overseas Listing Trial Measures, an issuer shall file with the CSRC within three business days after its application for initial public offering is submitted to competent overseas securities regulators. As advised by our PRC Legal Advisors, our **[REDACTED]** and **[REDACTED]** is an indirect overseas offering by domestic company under the Overseas Listing Trial Measures. We will comply with the filing requirements under the Overseas Listing Trial Measures and do not fall under any of the prohibited circumstances that would disallow an overseas offering and listing as stipulated in the Overseas Listing Trial Measures. We submitted the filing materials to the CSRC on [•] and the CSRC officially accepted the filing materials on [•].

Besides, domestic companies seeking to overseas offering and listing shall strictly comply with the laws, administrative regulations and relevant provisions of the PRC government on foreign investment, State-owned asset management, industry regulation, overseas investment, cybersecurity, data security, etc., shall not disrupt domestic market order, and shall not harm national interests, public interests and the legitimate rights and interests of domestic investors. A domestic company that conducts overseas offering and listing shall (i) formulate its articles of association, improve its internal control system and standardise its corporate governance, financial affairs and accounting activities in accordance with the Company Law, the PRC Accounting Law and other PRC laws, administrative regulations and applicable provisions; and (ii) abide by the legal system of the PRC on confidentiality and take necessary measures to fulfil its confidentiality responsibility, shall not divulge any state secret or the work secrets of state organs, and shall also comply with laws, administrative regulations and the relevant provisions of the PRC if it is involved in the overseas provision of personal information and important data. In addition, the Overseas Listing Trial Measures also list out the circumstances where overseas offering and listing is explicitly prohibited, including: (i) such securities offering and listing is explicitly prohibited by specific PRC laws and regulations; (ii) overseas offering and listing may endanger national security as determined by the relevant competent department under the State Council after examination according to the law; (iii) the PRC domestic company, or its controlling shareholder(s) and de facto controller(s), have committed criminal crime(s) of corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the last three years; (iv) the domestic company is currently under investigations for alleged criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over the equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or de facto controller(s).

On 24 February 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Companies (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) (the "**Provision on Confidentiality**"), which came into force on March 31, 2023. According to the Provision on Confidentiality, where any PRC domestic company provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic companies providing accounting archives or copies thereof to entities and individuals including securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the state. The working papers formed within the territory of the PRC by securities companies and securities service institutions that provide corresponding services for domestic companies seeking overseas offering and listing shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the state.