
REGULATORY OVERVIEW

This section provides an overview of the major PRC laws, regulations and rules relevant to our business. The information contained herein shall not be interpreted as a comprehensive summary of all laws and regulations applicable to us.

REGULATIONS AND POLICIES ON ROBOTS

In accordance with the “14th Five-Year Plan” for Robot Industry Development (《“十四五”機器人產業發展規劃》) promulgated by the Ministry of Industry and Information Technology (the “MIIT”) on December 21, 2021 and came into effect on the same date, the strategic objectives for robotics development aim to establish China as a global hub for robotics innovation, a high-end manufacturing cluster, and a new frontier for integrated applications by 2025. The plan emphasizes coordinated efforts across industry regulators, science and technology, fiscal, and financial authorities to pool resources and strengthen policy support for the innovative advancement of the robotics industry.

In accordance with the *Guiding Opinions on the Innovative Development of Humanoid Robots* (《人形機器人創新發展指導意見》) promulgated by the MIIT on October 20, 2023 and came into effect on the same date, the development goals for humanoid robots aim to establish an initial innovation system by 2025, achieve breakthroughs in key technologies such as “brain, cerebellum, and limbs,” ensure secure and effective supply of core components, and promote integrated development with AI and robotics through coordinated national efforts in technological R&D, industrial advancement, application integration, and safety governance.

The MIIT promulgated the *Industrial Robot Industry Specification Standards (2024 Edition)* (《工業機器人行業規範條件(2024版)》) (the “**Specification Standards**”) and the *Implementation Measures for the Management of Industrial Robot Industry Specification Standards (2024 Edition)* (《工業機器人行業規範條件管理實施辦法(2024版)》) (the “**Implementation Measures**”) on July 29, 2024, with an effective date of August 1, 2024. The Specification Standards focus on raising industry entry thresholds, clarifying basic requirements for enterprises in technological R&D, product quality, and safety management. The Implementation Measures stipulate that MIIT will implement announcement-based management for qualified industrial robot enterprises, with applications processed on a voluntary basis, while refining application procedures, dynamic evaluations, and exit mechanisms to ensure compliance.

In accordance with the *Guiding Catalogue for Industrial Structure Adjustment (2024 Edition)* (《產業結構調整指導目錄(2024年本)》) promulgated by the National Development and Reform Commission on December 27, 2023 and came into effect on February 1, 2024, robots and integrated systems are under the encouraged category.

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REGULATIONS ON INFORMATION SECURITY AND PRIVACY PROTECTION

In accordance with the *State Security Law of the PRC* (《中華人民共和國國家安全法》) promulgated by the SCNPC on July 1, 2015 and came into effect on the same date, the PRC government shall safeguard the sovereignty, security and development interests of the state cyberspace, and shall establish a review and regulation system and mechanism for State security, and carry out State security review against foreign investment, specific items and key technologies and network information technology products and services that affect or may affect State security, projects relating to State security matters and other material matters and events.

In accordance with the *Cybersecurity Law of the PRC* (《中華人民共和國網絡安全法》) promulgated by the SCNPC on November 7, 2016 and came into effect on June 1, 2017, the operator of a critical information infrastructure shall store within the territory of the People’s Republic of China personal information and important data collected and generated during its operation within the territory of the PRC. Any purchase of network products and services by the Critical Information Infrastructure Operators (the “**CIIO**”) that may threaten the national security is subject to the national security review.

In accordance with the *Data Security Law of the PRC* (《中華人民共和國數據安全法》) (the “**Data Security Law**”) promulgated by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, any data processing activities and security supervision and regulation of such activities within the territory of the PRC shall be governed by the Data Security Law. The Data Security Law mainly sets forth regulations on the establishment of data security systems, including categorized and classified system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility, including without limitation, that any organization or individual shall collect data by lawful and proper means and shall not acquire data by theft or in other illegal manners, and risk monitoring shall be applied in data processing, and here data security defects, bugs, or other risks are discovered, remedial measures shall be taken immediately.

In accordance with the *Measures for Cybersecurity Review* (《網絡安全審查辦法》) promulgated and revised by the Cyberspace Administration of China (the “**CAC**”) and other twelve PRC regulatory authorities on December 28, 2021 and came into effect on February 15, 2022, (i) a CIIO procurement of any network product and service or a network platform operator that engages in data processing activities that affect or may affect national security shall be subject to the cybersecurity reviews applied by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) a network platform operator with personal information of more than one million users which seek to list in a foreign country is obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and

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(iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer’s network products or services, or data processing activities affect or may affect national security.

In accordance with the *Administrative Measures for Data Security in the Industrial and Information Technology Field (for Trial Implementation)* (《工業和信息化領域數據安全管理辦法(試行)》) (the “**MIIT Data Security Measures**”), which was promulgated by the MIIT on December 8, 2022 and came into effect on January 1, 2023, data processing activities in the industrial and information technology fields within the territory of the PRC are subject to these measures. These activities include data collected and generated during the processes of research and development, production and manufacturing, operation and management, operation and maintenance, and platform operation in the industrial sector. The MIIT Data Security Measures stipulate that industrial and telecommunication data processors shall implement data classification and categorize, imposes data security obligations and responsibilities on data processors in the field of industry and information technology, which include taking protective measures based on the corresponding grading of data, establishing management system covering the whole data lifecycle, and staffing data security management personnel as needed to be in charge of the security supervision and management of data processing activities as a whole and assisting with the industrial administrative authorities in carrying out the relevant work.

REGULATIONS ON FOREIGN INVESTMENT

In accordance with the *Foreign Investment Law of the PRC* (《中華人民共和國外商投資法》) promulgated by the National People’s Congress on March 15, 2019 and taking effect on January 1, 2020, and the *Implementation Rules for the Foreign Investment Law of the PRC* (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019 and taking effect on January 1, 2020, the “foreign investment” refers to the investment activities in China carried out directly or indirectly by foreign natural persons, enterprises or other organizations. The State adopts the pre-entry national treatment and negative list management system for foreign investment.

Investments activities in China by foreign investors are principally governed by the *Encouraged Industries Catalog for Foreign Investment (2022 version)* (《鼓勵外商投資產業目錄(2022年版)》) which was promulgated by the Ministry of Commerce and the National Development and Reform Commission on October 26, 2022 and became effective on January 1, 2023, and the *Special Administrative Measures for Foreign Investment Access (Negative List 2024)* (《外商投資准入特別管理措施(負面清單)(2024年版)》) which were promulgated by the Ministry of Commerce and the National Development and Reform Commission on September 6, 2024 and became effective on November 1, 2024. This catalog and negative list set forth the industries in which foreign investments are encouraged, restricted and prohibited. Industries that are not listed

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in any of these three categories are generally open to foreign investment unless otherwise specifically restricted by other PRC rules and regulations. Foreign investors are encouraged to invest in the software development industry.

In accordance with the *Measures on Reporting of Foreign Investment Information* (《外商投資信息報告辦法》), which was promulgated by the Ministry of Commerce and State Administration for Market Regulation on December 30, 2019 and came into effect on January 1, 2020, foreign investors or foreign investment enterprises shall submit investment information to the commerce administrative authorities through the Enterprise Registration System and the National Enterprise Credit Information Publicity System. In accordance with the *Measures for the Security Review of Foreign Investments* (《外商投資安全審查辦法》), which was promulgated by the National Development and Reform Commission and Ministry of Commerce on December 19, 2020 and came into effect on January 18, 2021, the office of the working mechanism for the security review of foreign investments is set up under the National Development and Reform Commission, which is led by the National Development and Reform Commission and the Ministry of Commerce to undertake the routine work of the security review of foreign investments.

REGULATIONS ON LEASING

In accordance with the *Civil Code*, 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. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the *Civil Code*, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

In accordance with the *Administrative Measures on Leasing of Commodity Housing* (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and became effective on February 1, 2011, 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 company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

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In accordance with the *Interpretation of the Supreme People’s Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (2020 version)* (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋(2020修正)》), which took effect on January 1, 2021, if the ownership of the leased premises changes during lessee’s possession in accordance with the terms of the lease contract, and the leasee requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except that the mortgage right has been established before the lease of the leased premises and the ownership changes due to the mortgagee’s realization of the mortgage right.

REGULATIONS ON INTELLECTUAL PROPERTY

Trademark

In accordance with the *Trademark Law of the PRC* (《中華人民共和國商標法》) promulgated by SCNPC on August 23, 1982, most recently amended on April 23, 2019 and effective from November 1, 2019, and the *Implementation Regulation of the Trademark Law of the PRC* (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, later amended on April 29, 2014 and effective from May 1, 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements must be filed with the Trademark Office for record, and the Trademark Law of the PRC has adopted a “first-to-file” principle with respect to trademark registration. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include but not limited to using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, and the infringing party will be ordered to stop the infringement act immediately and may be imposed a fine. The infringing party may also be held liable for the right holder’s damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement.

Copyright

In accordance with the *Copyright Law of the PRC* (《中華人民共和國著作權法》) promulgated by the SCNPC, which was latest amended in November 2020, and its related Implementing Regulations, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners of protected works enjoy personal rights and property rights with respect to publication,

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authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation, and other rights shall be enjoyed by the copyright owners.

In accordance with the *Regulations on Computer Software Protection* (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and latest amended on January 30, 2013, with the latest revision effective on March 1, 2013, Chinese citizens, legal entities or other organizations enjoy copyright in the software which they have developed, including the right of divulgation, the right of developership, the right of alteration, the right of reproduction, the right of distribution, the right of rental, the right of communication through information network, the right of translation and other rights which shall be enjoyed by software copyright owners, regardless of whether such software has been published.

Patent

In accordance with the *Patent Law of the PRC* (《中華人民共和國專利法》), promulgated by the SCNPC, which was latest amended in October 17, 2020 and became effective on June 1, 2021, and its Implementation Rule, patent is divided in to 3 categories, i.e., invention patent, design patent and utility model patent. The duration of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and 10 years, respectively, which all calculated from the date of application. Implementation of a patent without the authorization of the patent holder shall constitute an infringement of patent rights, and shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

Domain Names

The *Measures on Administration of Internet Domain Names* (《互聯網域名管理辦法》) was promulgated by the MIIT in 2017, which adopts “first to file” rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicize the PRC domain name system. After completion of the registration procedures, the applicant will become the holder of the relevant domain name.

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REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Employment

The major PRC laws and regulations that govern employment relationship are the *Labor Law of the PRC* (《中華人民共和國勞動法》), the Labor Contract Law and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

The Labor Contract Law, which became effective on January 1, 2008, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

Social Insurance

The *Social Insurance Law of the PRC* (《中華人民共和國社會保險法》) (the “**Social Insurance Law**”) issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the *Provisional Regulations on Collection and Payment of Social Insurance Premiums* (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

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Housing Provident Fund

In accordance with the *Regulations on the Administration of Housing Provident Funds* (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and amended on March 24, 2002, and March 24, 2019, enterprises must register at the designated administrative centers and open bank accounts for depositing employees’ housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, enforcement by the people’s court will be applied.

In case of failure to register and open accounts for depositing employees’ housing provident funds, the housing fund management center shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

REGULATIONS ON FOREIGN EXCHANGE

Regulations relating to Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the *Foreign Exchange Administration Regulations of the PRC* (《中華人民共和國外匯管理條例》), most recently amended in August 5, 2008. Under the PRC foreign exchange regulations, 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 SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi 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.

The SAFE issued the *Circular on Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises* (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “SAFE Circular 19”) on March 30, 2015, and it became effective on June 1, 2015, which was partially repealed on December 30, 2019, and latest amended on March 23, 2023. The SAFE Circular 19 expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. In June 2016, SAFE further promulgated the *Circular on the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy*

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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**”), which, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

In October 2019, SAFE issued the *Circular on Further Facilitating Cross-border Trade and Investment* (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (the “**SAFE Circular 28**”), which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in China, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. According to the *Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business* (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (the “**SAFE Circular 8**”), issued by SAFE in April 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements. The interpretation and implementation in practice of SAFE Circular 28 and SAFE Circular 8 are still subject to substantial uncertainties given they are newly issued regulations.

REGULATIONS ON TAXATION

Enterprise Income Tax

In accordance with the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》), which was promulgated by the SCNPC and was latest amended on December 29, 2018, and the *Regulation on the Implementation of the Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法實施條例》), which was promulgated by the State Council and was latest amended in December 2024, collectively referred to as the Enterprise Income Tax Law, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC’s government will enjoy a reduced tax rate of 15% for Enterprise Income Tax.

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Value-added Tax

In accordance with the *Provisional Regulations of the PRC on Value-added Tax* (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council and was latest amended on November 19, 2017, and the *Implementation Rules for the Provisional Regulations the PRC on Value-added Tax* (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance and was latest amended on October 28, 2011 and effective from November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax.

Dividends Distribution

The principal laws, rules and regulations governing dividend distributions by foreign-invested enterprises in the PRC are the Company Law, promulgated in 1993 and latest amended in 2018, and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is required to allocate at least 10% of their respective accumulated after-tax profits each year, if any, to fund certain capital reserve funds until the aggregate amount of these reserve funds have reached 50% of the registered capital of the enterprises. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Preferential Tax Policy for Software Industry

For taxpayers of the value-added tax who sell self-developed software products, the Ministry of Finance and the State Taxation Administration issued the Notice of the *Ministry of Finance and the State Administration of Taxation on Value-added Tax Policies for Software Products* (《財政部、國家稅務總局關於軟件產品增值稅政策的通知》), effective on January 1, 2011, which sets forth that the refund-upon collection policy is applied to self-developed software products, which is typically the portion of the taxpayers of the value-added tax actually paid that exceeds 3% of the taxpayers of the value-added tax taxable income. Upon the examination and approval of the competent tax authority, software products meeting the following conditions may enjoy the refund-upon-collection policy: (i) having obtained the inspection and testing certification materials issued by a software inspection and testing institution recognized by the provincial software industry administrative department; and (ii) having obtained a Software Product Registration Certificate issued by the software industry administrative department or a Computer Software Copyright Registration Certificate issued by the copyright administrative department.

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REGULATIONS ON SECURITIES AND OVERSEAS LISTINGS

Securities Laws and Regulations

The *Securities Law of the PRC* (《中華人民共和國證券法》), which was promulgated by the SCNPC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Overseas Listing Trial Measures together with 5 supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the “**Overseas Listing Regulations**”). Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

The Overseas Listing Regulations provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company’s controlling shareholder or

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by other shareholders that are controlled by the controlling shareholder and/or actual controller. Additionally, the Overseas Listing Regulations stipulates that after an issuer has offering and listing securities in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) a change of control thereof, (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities, (iii) changes of listing status or transfers of listing segment, and (iv) a voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Archives Rules. Pursuant to the Archives Rules, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

Regulations on the H-share Full Circulation

“Full circulation” refers to the circulation of domestically unlisted shares of H-share listed companies on the stock exchange, including domestically unlisted shares held by domestic shareholders prior to overseas listing, additional domestically unlisted shares issued after overseas listing and unlisted shares held by holders of foreign shares, etc. On November 14, 2019, the CSRC issued the *Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies* (《H股公司境內未上市股份申請“全流通”業務指引》) (the “**Guidelines for the Full Circulation**”), which was revised on August 10, 2023.

According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for full circulation.

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On December 31, 2019, CSDC and the Shenzhen Stock Exchange jointly announced the *Measures for Implementation of H-share “Full Circulation” Business* (《H股“全流通”業務實施細則》) (the “**Measures for Implementation**”). The businesses of cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share “full circulation business”, are subject to the Measures for Implementation.

In order to fully promote the reform of H-shares “full circulation” and clarify the business arrangement and procedures for the relevant shares’ registration, custody, settlement and delivery, CSDC has promulgated the *Circular on Issuing the Guide to the Program for Full Circulation of H-shares* (《關於發佈〈H股“全流通”業務指南〉的通知》) in September 2024, which specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc. In September 2024, China Securities Depository and Clearing (Hong Kong) Co., Ltd. (“**CSDC (Hong Kong)**”) also promulgated the *Guide to the Program for Full Circulation of H-shares* (《中國證券登記結算(香港)有限公司H股“全流通”業務指南》), which specifies the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, and other relevant matters.

According to the Guide to the Program for Full Circulation of H-shares, H-share listed companies shall be authorized by Participating Shareholders to designate the only domestic securities company (the “**Domestic Securities Company**”) to participate in the transaction of converted H shares. According to the Guide to the Program for Full Circulation of H-shares, upon the completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Participating Shareholders, will all be conducted separately.

PRC LAWS AND REGULATIONS ON THE IMPORT AND EXPORT OF GOODS

Foreign Trade Law of the People’s Republic of China and the Measures for the Filing and Registration of Foreign Trade Operators

The Foreign Trade Law of the People’s Republic of China (《中華人民共和國對外貿易法》) was promulgated by the SCNPC on May 12, 1994, implemented on July 1, 1994, and most recently issued and implemented on December 30, 2022, and the Measures for the Filing and Registration of Foreign Trade Operators (《對外貿易經營者備案登記辦法》) were issued by the MOFCOM on June 25, 2004, implemented on July 1, 2004, and most recently issued and implemented on May 10, 2021. As per these laws, regulations and measures, the state permits the free import and export of goods and technology.

REGULATORY OVERVIEW

Regulations on the Administration of the Filing of Customs Declaration Entities of the People’s Republic of China

The Regulations on the Administration of the Filing of Customs Declaration Entities of the People’s Republic of China (《中華人民共和國海關報關單位備案管理規定》) were promulgated by the General Administration of Customs on November 19, 2021, and implemented on January 1, 2022. According to these regulations, consignees and consignors of import and export goods and customs declaration enterprises shall obtain the qualifications of market entities if they apply for filing.

The Regulations on the Administration of the Import and Export of Goods of the People’s Republic of China

In accordance with the Regulations on the Administration of the Import and Export of Goods of the People’s Republic of China (《中華人民共和國貨物進出口管理條例》) issued by the State Council on December 10, 2001, implemented on January 1, 2002, and most recently revised on March 10, 2024 and implemented on May 1, 2024, goods that are prohibited from being imported are not allowed to be imported, and goods that are prohibited from export are not allowed to be exported. A system of quota administration shall be implemented for goods subject to import and export restrictions where the state has stipulated that these goods shall be subject to quantity restrictions. A system of licence administration shall be implemented for all other goods subject to import and export restrictions. The import or export of goods that are free for import or export shall not be restricted.

The Import and Export Commodity Inspection Law of the People’s Republic of China and the Implementation Regulations of the Import and Export Commodity Inspection Law of the People’s Republic of China

According to The Import and Export Commodity Inspection Law of the People’s Republic of China (《中華人民共和國進出口商品檢驗法》) promulgated by the SCNPC on February 21, 1989, and most recently revised and implemented on April 29, 2021, and the Implementation Regulations of the Import and Export Commodity Inspection Law of the People’s Republic of China (《中華人民共和國進出口商品檢驗法實施條例》) issued by the former State Bureau of Import and Export Commodity Inspection on October 23, 1992 and most recently amended on March 29, 2022 and implemented on May 1, 2022 by the State Council, consignees or consignors of import and export commodities may handle inspection procedures themselves or entrust an agent inspection application enterprise to do so. When consignees or consignors of import and export commodities handle inspection procedures, they must file with the entry-exit inspection and quarantine authorities in accordance with the law.