REGULATORY OVERVIEW

This section sets forth a summary of the most significant rules and regulations that affect our business activities in China.

Principal Regulatory Authorities

We are principally engaged in the research and development, production and sale of energy storage batteries and systems. In addition to being subject to the supervision and management of the competent authorities that generally regulate companies in the PRC, our production and business activities in the PRC are mainly regulated by the National Development and Reform Commission of the People's Republic of China (the "**NDRC**") and the Ministry of Industry and Information Technology of the People's Republic of China (the "**MIIT**") and the National Energy Administration.

The NDRC is the department with overall responsibility for the guidelines, policies, and decision-making arrangements regarding development and reform. Its main responsibilities include: formulating and organizing the implementation of strategies on national economic and social development, medium and long-term plans, and annual plans; monitoring, forecasting, and warning of macroeconomic and social development trends, and proposing recommendations on macro-control policies; taking responsibility for planning major construction projects and the layout of productive forces, setting the overall scale of fixed asset investment in the whole society and structural adjustment targets and policies; and organizing the formulation of comprehensive industrial policies, etc.

The MIIT is the department responsible for industrial and information technology management. Its main responsibilities include: proposing new industrialization development strategies and policies; formulating and organizing the implementation of industry plans, programs and industrial policies for the industrial and communications industries, drafting relevant laws and regulations, formulating rules, formulating industry technical specifications and standards and organizing their implementation, and guiding industry quality management work, etc.

The National Energy Administration is the department responsible for energy development management. Its main responsibilities include: drafting regulations on energy development and related supervision and management, formulating energy development strategies, plans and policies, coordinating major issues concerning the process of energy development and reform, etc.

Industrial Policies

According to the Catalogue for Guiding Industry Restructuring (2024 Version) (《產業結構調整指導目錄(2024年本)》) promulgated by the NDRC on December 2, 2005, which was last amended on December 27, 2023, and came into effect on February 1, 2024, new lithium primary batteries (including lithium-iron disulfide (Li-FeS2) batteries and lithium thionyl

chloride (Li-SOCl2) batteries among others), lithium-ion batteries, semi- and all-solid-state lithium batteries, fuel cells, sodium-ion batteries, flow batteries, sealed lead-acid batteries with new structures (including bipolar, lead mesh horizontal, coiled and tubular, and other), lead-carbon batteries; and supercapacitors fall into the state-encouraged industries.

According to the Guiding Opinions on Accelerating the Development of New Energy Storage (《關於加快推動新型儲能發展的指導意見》), which were jointly promulgated by the NDRC and the National Energy Administration on July 15, 2021 and came into effect on the same date, the PRC will strive to build a clean, low-carbon, safe and efficient energy system, and drive down the cost and advance the commercial-scale application of more mature new energy storage technologies such as lithium-ion batteries, in an effort to achieve carbon peak and carbon neutrality. By 2025, the transformation from the initial stage of commercialization to large-scale development of new energy storage shall be achieved, and the installed capacity shall reach more than 30 million kilowatts. The full market-oriented development of new energy storage shall be realized by 2030. The core technologies and equipment of new energy storage shall be independent and controllable, and the installed capacity shall basically meet the corresponding needs of the new power system.

According to the Action Plan for Carbon Dioxide Peaking Before 2030 (《2030年前碳達峰行動方案》) promulgated by the State Council on October 24, 2021 and implemented on the same date, in terms of green and low-carbon energy transformation, the construction of a new power system will be accelerated, and "new energy + energy storage" model, source-grid-load-storage integration and multi-energy complementarity will be actively developed. Support will be given to the rational configuration of distributed new energy storage systems. By 2025, the installed capacity of new energy storage will reach more than 30 million kilowatts. In terms of energy conservation, carbon reduction and efficiency improvement, it will optimize the energy consumption mix in new types of infrastructure by employing models including direct current electricity, distributed energy storage, and "solar + storage," explore diversified energy supply, and increase the proportion of non-fossil energy consumption; it will improve the level of electrification of building terminals, and build the PEDF (Photovoltaic, Energy storage, Direct current, Flexibility) buildings that integrate photovoltaic power generation, energy storage, DC power distribution, and flexible electricity use.

According to the "14th Five-Year Plan" for Scientific and Technological Innovation in the Energy Field (《"十四五"能源領域科技創新規劃》) jointly issued by the National Energy Administration and the Ministry of Science and Technology on November 29, 2021, it will accelerate the research and development of strategic and forward-looking core grid technologies, support the construction of an advanced power grid that is adaptable to large-scale renewable energy and distributed power generation, has two-way interaction between sources, grids and loads, and is intelligent and efficient; it will break through key technologies and core equipment for energy storage and system integration, such as energy-type and power-type energy storage, to meet the development needs of energy storage in different application scenarios of energy systems.

According to the Implementation Plan for the New Energy Storage Development During China's "14th Five-Year Plan" Period (《"十四五"新型儲能發展實施方案》) jointly promulgated by the NDRC and the National Energy Administration on January 29, 2022, by 2025, new energy storage will expand from the initial stage of commercialization to the stage of scale development and be ready for large-scale commercial application. By 2030, new energy storage will be developed on a fully market-oriented basis, and diversified technology development will be promoted, such as the optimization design and research of key core technologies, equipment and integration, such as sodium-ion batteries, new lithium-ion batteries, lead-carbon batteries, liquid flow batteries, compressed air, hydrogen (ammonia) energy storage and heat (cold) energy storage and so on, the intensive tackling of energy storage technologies such as superconductors and supercapacitors, and the development and research on a new generation of high-energy-density energy storage technologies such as liquid metal batteries, solid lithium-ion batteries and metal-air batteries.

According to the "14th Five-Year Plan" for Modern Energy System (《"十四五"現代能源體系規劃》) jointly issued by the NDRC and the National Energy Administration on January 29, 2022, it will accelerate the large-scale application of new energy storage technologies. It will vigorously promote the development of energy storage on the power supply side, rationally allocate energy storage scale, improve the output characteristics of new energy sites, and support the rational configuration of energy storage systems for distributed new energy. It will optimize the layout of grid-side energy storage and give full play to the multiple roles of energy storage in absorbing new energy, shaving peaks and filling valleys, enhancing grid stability and emergency power supply. It will actively support the diversified development of user-side energy storage, improve user power supply reliability, and encourage user-side energy storage such as electric vehicles and uninterruptible power supplies to participate in system peak and frequency regulation. It will broaden the application scenarios of energy storage, promote the diversified application of technologies such as electrochemical energy storage, cascade power station energy storage, compressed air energy storage, and flywheel energy storage, and explore new models and new business forms such as energy storage aggregation and shared utilization.

According to the Implementation Plan for Promoting High-Quality Development of New Energy in the New Era (《關於促進新時代新能源高質量發展的實施方案》) promulgated by the NDRC and the National Energy Administration on May 14, 2022 and implemented on the same date, it will improve the peak-shaving and frequency-regulating power supply compensation mechanism, increase efforts to improve the flexibility transformation of coal-fired power units, expand hydropower, pumped storage and solar thermal power generation projects, and promote the rapid development of new energy storage. It will study energy storage cost recovery mechanisms. It will encourage Western China and other areas with good sunlight conditions to use solar thermal power generation as a peak-shaving power source. It will further tap the demand response potential and improve regulation capability for new energy on the load-side.

According to the Implementation Plan for Science and Technology Support for Carbon Dioxide Peaking and Carbon Neutrality (2022-2030) (《科技支撐碳達峰碳中和實施方案(2022-2030年)》) promulgated by nine ministries and commissions including the Ministry of Science and Technology on June 24, 2022 and implemented on the same date, launching research and development of efficient energy storage technologies, including compressed air energy storage, flywheel storage, liquid- and solid-state lithium-ion battery energy storage, sodium-ion battery storage and fluid-flow battery storage; and launching research and development of new types of energy storage application technologies, such as large-scale energy storage in cascade power stations, as well as related energy storage safety technologies.

According to the Action Plan for Carbon Dioxide Peaking in Industrial Sectors (《工業領域碳達峰實施方案》) promulgated by the MIIT, the NDRC and the Ministry of Environment and Ecology on July 7, 2022 and implemented on the same date, increasing the supply of green and low-carbon products in the energy production sector. Strengthening the coordination and planning for the high-quality development of the energy electronics industry, and promoting the collaborative innovation of PV, new types of energy storage, key terminal applications, and key information technology products. Implementing the action plan for developing an intelligent PV industry and conducting pilot demonstrations to accelerate the upgrade of basic materials and key equipment.

According to the Opinions on Further Improving the Policy Environment and Increasing Support for the Development of Private Investment (《關於進一步完善政策環境加大力度支持民間投資發展的意見》) issued by the NDRC on October 28, 2022 and implemented on the same date, encouraging private enterprises to increase the investment in solar power generation, wind power, biomass power generation, energy storage and other energy conservation and carbon reduction fields.

According to the Guiding Opinions on Promoting the Development of the Energy Electronics Industry (《關於推動能源電子產業發展的指導意見》) jointly issued by six ministries and commissions including the MIIT on January 3, 2023 and implemented on the same date, energy electronics industry refers to the electronic information technology and products that are used to produce, serve, and apply energy, mainly including new types of energy storage batteries and other fields, the guiding opinions proposed that one of the development goals is to develop safe and economical new types of energy storage batteries, which is to strengthen technological breakthroughs in the industrialization of new types of energy storage batteries, and to promote the large-scale application of advanced energy storage technologies and products.

According to the Guiding Opinions on Strengthening the Stability of Power Systems under the New Situation (《關於加強新形勢下電力系統穩定工作的指導意見》) issued by the NDRC and the National Energy Administration on September 21, 2023 and implemented on the same date, scientifically planning and allocating energy storage based on demand, actively promoting the construction of new types of energy storage, giving full play to the advantages of electrochemical energy storage, compressed air energy storage, flywheel energy storage,

hydrogen energy storage, thermal (cold) energy storage and various new types of energy storage, combining with the application scenarios to build a diversified and integrated development model of energy storage, and enhancing the level of safety and security and comprehensive efficiency.

According to the Notice of Promoting the Grid Connection and the Dispatching and Use of New Types of Energy Storage (《關於促進新型儲能併網和調度運用的通知》) issued by the National Energy Administration on April 2, 2024 and implemented on the same date, regulating the management of grid connection and access of new types of energy storage, optimizing the dispatch and operation mechanism, giving full play to the role of new types of energy storage, and supporting the construction of new types of power system.

According to the 2024-2025 Energy Conservation and Carbon Reduction Action Plan (《2024-2025年節能降碳行動方案》) promulgated by the State Council on May 23, 2024 and implemented on the same date, by the end of 2025, the installed capacity of pumped storage and new types of energy storage will exceed 62 million kW and 40 million kW, respectively. Implementing the coal-fired power capacity pricing, deepening the market-oriented reform of new energy on-grid pricing, and researching and improving the price mechanism for energy storage.

The Notice on Deepening the Market-oriented Reform of New Energy Feed-in Tariff to Promote High-quality Development of New Energy (《關於深化新能源上網電價市場化改革促進新能源高質量發展的通知》), issued and implemented on January 27, 2025, by the National Development and Reform Commission and the National Energy Administration, underscores a commitment to market-oriented reform. It mandates the full integration of new energy feed-in tariff into the electricity market, allowing prices to be determined through market transactions. The notice further emphasizes a coordinated approach, leveraging industry management, pricing mechanisms, and green energy consumption policies to enhance synergy. It also calls for continuous improvements to the electricity market framework, deepening the market-oriented reform of new energy feed-in tariff, and accelerating the high-quality development of the new energy sector.

According to the Action Plan for High-Quality Development of New Energy Storage Manufacturing Industry (《新型儲能製造業高質量發展行動方案》) promulgated by eight ministries and commissions including the Ministry of Industry and Information Technology on February 10, 2025 and implemented on the same date, new energy storage manufacturing industry is comprehensively deployed and promoted towards high-quality development, injecting strong momentum into the construction of the modern industrial system and energy transformation and upgrading. The plan also highlights that by 2027, China's new energy storage manufacturing industry will demonstrate distinct international competitive advantages across the entire chain, with a further expansion of leading enterprise echelons. Moreover, the industry's capacity for innovation and overall competitiveness will see substantial improvement, achieving high-end, intelligent, and sustainable development.

According to the Opinions on Improving the Price Governance Mechanism promulgated by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council on and effective from April 2, 2025, the market-based formation of electric energy prices, capacity prices, and ancillary service prices shall be promoted in a prudent and orderly manner. The multi-tiered electricity market system shall be improved, and transaction rules and technical standards shall be refined. The development of medium- and long-term electricity markets, spot markets, and ancillary services markets shall be advanced. A diversified market participant base shall be cultivated. Price mechanisms for regulating resources such as natural gas power generation and energy storage shall be established and perfected to better support the construction of a new type of power system.

According to the Special Action Plan for Large-Scale Construction of New Energy Storage (2025-2027) issued by the NDRC and the National Energy Administration on and effective from September 12, 2025, by 2027, China's new energy storage will have fundamentally achieved large-scale and market-oriented development, the technological innovation capabilities and equipment manufacturing capacity will maintain a leading global position, and the installed capacity of new energy storage nationwide will reach over 180 million kilowatts, driving direct project investments of approximately RMB250 billion.

According to the Work Plan for Stable Growth in the Power Equipment Industry (2025-2026) jointly issued by three ministries and commissions including the Ministry of Industry and Information Technology on and effective from September 12, 2025, the main objectives for 2025-2026 are as follows: the average annual revenue growth rate of traditional power equipment will be maintained at around 6%, while revenue from new energy equipment will see steady growth; the output of power generation equipment will remain within a reasonable range, ensuring an effective supply. The export volume of new energy equipment is expected to increase; the driving role of key regions and enterprises will be strengthened. The average annual revenue of national advanced manufacturing clusters in the power equipment sector will grow by approximately 7%, and that of leading enterprises will rise by around 10%; breakthroughs and widespread application of a number of benchmark equipment will be promoted. Furthermore, the plan emphasizes leveraging bilateral and multilateral cooperation mechanisms to deepen cooperation with emerging market countries across the entire value chain of wind power, photovoltaics, and energy storage, guide enterprises to conduct overseas deployment in a rational and orderly way, enhance product quality, and build a strong brand image in power equipment.

Regulations on Foreign Investment

The operations in China by foreign-invested companies are principally governed by the Company Law of the PRC (《中華人民共和國公司法》), the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) and the Regulations for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), and their specific

investment activities are subject to the relevant provisions of the Special Administrative Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》) and the Catalogue of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》).

According to the Company Law of the PRC (hereinafter referred to as the "**Company Law**"), which was adopted by the Standing Committee of the National People's Congress (hereinafter referred to as the "**SCNPC**") on December 29, 1993 and implemented on July 1, 1994, and last revised on December 29, 2023, and came into effect on July 1, 2024, companies established in the PRC may take form of company of limited liability or company limited by shares, and each company has the status of a legal person. The Company Law also applies to foreign-invested companies, where laws on foreign investment have other stipulations, such stipulations shall prevail.

According to the Foreign Investment Law of the PRC, which was adopted by the National People's Congress (hereinafter referred to as the "**NPC**") on March 15, 2019 and took effect on January 1, 2020, the Regulations for Implementing the Foreign Investment Law of the PRC, which was promulgated by the State Council on December 26, 2019 and took effect on January 1, 2020, and the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of the Foreign Investment Law of the PRC (《最高人民法院關於適用<中華人民共和國外商投資法>若干問題的解釋》), which was adopted by the Supreme People's Court on December 26, 2019 and took effect on January 1, 2020, the PRC shall implement the management systems of pre-establishment national treatment and negative list for foreign investment. The pre-establishment national treatment refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments except for foreign investment in restricted or prohibited fields or industries; the Negative List refers to special administrative measures for access of foreign investment in specific areas or industries, including restricted or prohibited areas or industries. The PRC accords national treatment to foreign investment outside of the Negative List. Foreign investors shall not invest in areas that are prohibited in the Negative List. Foreign investors shall meet the conditions stipulated in the Negative List in order to invest in the areas that are categorized by the Negative List as a restricted category. Foreign investors shall follow the same principle as domestic investors in order to invest in areas that are not on the Negative List.

According to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (hereinafter referred to as the "2024 Negative List"), which was promulgated by the MOFCOM and the NDRC on September 6, 2024 and took effect on November 1, 2024, and the Catalogue of Industries for Encouraging Foreign Investment (2022 version) (《鼓勵外商投資產業目錄(2022年版)》), which was jointly promulgated by the MOFCOM and the NDRC on October 26, 2022 and took effect on January 1, 2023, foreign investments in domestic industries are divided into three categories: encouraged, restricted, and prohibited. Industries not listed in the Negative List are deemed permitted for foreign investments. The industry in which we operate is not included in the 2024 Negative List.

According to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which was promulgated by the MOFCOM and the State Administration for Market Regulation on December 30, 2019 and took effect on January 1, 2020, the PRC established a foreign investment information reporting system. Foreign Investors or foreign-invested enterprises shall submit investment information in a timely manner. Reports must be truthful, accurate, and complete, avoiding false or misleading information and major omissions.

Regulations on Product Quality

According to 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 February 22, 1993, last revised on December 29, 2018, and came into effect on the same date, producers shall be responsible for the quality of the products they produce, which shall not present an unreasonable risk of endangering the safety of persons or property, and which shall have the performance for use and indicate on the product or its packaging the product standards adopted. Where a defective product causes physical injury to a person or damage to another person's property, the victim may claim compensation from the producer or from the seller of the product. Producers or sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products illegally produced or sold and be fined. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked. If it constitutes a crime, criminal responsibility will be pursued according to the laws.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》) issued by the NPC on May 28, 2020 and came into effect on January 1, 2021, a producer shall bear tort liability if its product causes damage to others due to a defect. If its product causes damage to others due to defect, the infringed party may claim compensation from the producer or from the seller of the product. Where the product defects are caused by the producers, the sellers shall have the right to recover the same from the producers after paying compensation. If the products are defective due to the fault of the seller, the producer may, after paying compensation, claim the same from the seller. If the personal and property safety of others is endangered due to a product defect, the infringed party shall have the right to request the producer and seller to undertake the tort liability such as stopping the infringement, removing the obstruction and eliminating the danger.

Regulations on Compulsory Product Certification

According to the Provisions on the Administration of Compulsory Product Certification (《強制性產品認證管理規定》) promulgated by the State Administration for Market Regulation ("SAMR") on July 3, 2009, amended on September 29, 2022 and effective on November 1, 2022, the SAMR is in charge of the compulsory product certification nationwide, and is responsible for the organization, implementation, supervision, management and comprehensive coordination of the compulsory product certification of the whole country. The market supervision and administration department of the local governments at the county level

and above are responsible for the supervision and administration of compulsory product certification activities within their own administrative districts. For products that are subject to compulsory product certification, the state implements unified product catalogues, unified compulsory requirements, standards and compliance assessment procedures in technical specification, unified certification marks and unified charging standards. For the producers of products listed in the catalogue, if the seller finds that the products produced and sold by these producers have potential safety hazards, which may cause damage to human health and safety of life, it shall publish relevant information to the public, take the initiative to take relief measures such as recalling the products, and report to the relevant supervision and administration department in accordance with relevant regulations. For the producers of products listed in the catalogue, if the seller fails to fulfill the obligations specified in the preceding paragraph, the SAMR shall initiate the product recall procedure, order the producer to recall the product and the seller to stop selling the product.

According to the Announcement on the Implementation of Compulsory Product Certification Management for Lithium-ion Batteries and Other Products (《關於對鋰離子電池等產品實施強制性產品認證管理的公告》) promulgated by the SAMR on March 14, 2023 and put into effect on the same date, the lithium-ion batteries and battery packs used in electronic and electrical products, portable power supplies, as well as power adapters/chargers used in telecommunications terminal products (hereinafter collectively referred to as the "Newly Included Products") are subject to compulsory product certification (CCC certification) management. Newly Included Products without a CCC certification certificate or not marked with the CCC certification logo are not allowed to be manufactured, sold, imported, or used for other business activities since August 1, 2024.

Regulations on Import and Export of Goods

According to the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》) promulgated by the Standing Committee of the National People's Congress ("SCNPC") on May 12, 1994, last amended on December 30, 2022 and effective on the same date, and the Measures for the Archival Filing and Registration of Foreign Trade Business Operators (《對外貿易經營者備案登記辦法》) lately revised by the Ministry of Commerce ("MOFCOM") on May 10, 2021 and effective on the same date, any foreign trade dealer who engages in the export of goods or technologies was required to carry out registration for the record with MOFCOM or the body entrusted by MOFCOM before December 30, 2022, and will not be required to apply for aforementioned registration for the record since December 30, 2022.

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987, which was last amended on April 29, 2021 and came into effect on the same date, and the Provisions on the Recordation 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》) by the General Administration of Customs of the People's Republic of China promulgated on November 19, 2021, which came into effect on January 1, 2022, a customs declaration entity is the consignee or consignor of imported or exported goods or a customs

declaration enterprise, as filed with the customs in accordance with these provisions. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities; particularly where the consignee or consignor of imported or exported goods applies for recordation, it shall be filed as a foreign trade business. According to the Notice of Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《關於進出口貨物收發貨人備案有關事宜的通知》) promulgated and implemented by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs on January 3, 2023, consignees and consignees of imported and exported goods applying for recordation shall obtain the qualification of a market entity, and do not need to obtain the recordation of the foreign trade dealers.

Regulations on Production Safety and Fire Safety

Production safety

According to the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002, latest amended on June 10, 2021 and came into effect on September 1, 2021, production and business operation entities shall establish and perfect the system of responsibility for production safety and rules and regulations for production safety for all employees, meet the safety production conditions stipulated by laws and regulations, national standards or industry standards, and those who do not meet the production conditions are not allowed to engage in production and business activities. Production and business operation entities shall carry out education and training on production safety to employees, and ensure that employees have necessary knowledge on production safety and are familiar with relevant rules and regulations on production safety and safety operating procedures. The producers and operators who violate the Production Safety Law of the People's Republic of China may result in imposition of penalties, suspension of operation, an order to cease operation, or even criminal liability if causes serious consequences.

According to the Act of the People's Republic of China on Prevention and Control of Radioactive Pollution (《中華人民共和國放射性污染防治法》) promulgated by the SCNPC on June 28, 2003 and came into effect on October 1, 2003, any organization which produces, sells or uses radioisotopes or radiation-emitting devices shall, in accordance with relevant provisions of the State Council regarding the protection against radiation released by radioisotopes or radiation-emitting devices, apply for a license and go through the registration formalities. Any organization that produces, sells, uses, or stores radioactive sources shall establish a sound security and safeguard system, particularly designate a person to take charge and implement the security responsibility system, and formulate necessary accident emergency measures.

According to the Measures for the Supervision and Administration of "Three Simultaneities" of Safety Facilities in 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 (原國家安全生產監督管理總局) (now known as the Ministry of Emergency Management (應急管理部)) on December 14, 2010, latest amended on April 2, 2015 and effective from May 1, 2015, the safety facilities of new construction, reconstruction and expansion projects must be designed, constructed, put into production and use simultaneously with the main part of the project. The business entity shall comprehensively analyze its work safety conditions and facilities and form a written report for inspection, or pre-assess the safety of its construction project and make a safety pre-assessment report. In the preliminary design of a construction project, the business entity shall entrust a design entity with the corresponding qualification to simultaneously design for the safety facilities of the construction project and make a design for the safety facilities. Before a construction project is completed and put into production or use, the business entity shall organize the completion acceptance of safety facilities and form a written report for inspection. The safety facilities can only be put into production and use after they pass the completion acceptance check. If the business entity violates relevant regulations, it may be ordered to stop construction, make corrections within a time limit, and be fined.

Fire safety

According to the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) published by the SCNPC on April 29 1998, last amended on April 29, 2021 and came into effect on the same date, and the Interim Provisions on the Administration of Fire Protection Design Review and Acceptance Check of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development of the People's Republic of China (MOHURD) on April 1, 2020, latest amended on August 21, 2023 and came into effect on October 30, 2023, the fire protection design or construction of a construction project must conform to the national fire protection technical standards for project construction, and shall be governed by the fire protection design review and acceptance check system for construction projects. If a construction project fails to pass the fire safety inspection before it is put into use, or fails to meet the fire safety requirements after the inspection, it will be ordered to stop construction, stop use or stop production or business, and be fined, and if it constitutes a crime, it will be held criminally liable in accordance with the law.

Regulations Relating to Environmental Protection

General provisions

According to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) passed by the SCNPC on December 26, 1989, latest amended on April 24, 2014 and came into effect on January 1, 2015, enterprises, public institutions, and other businesses that discharge pollutants shall adopt measures to prevent and control pollution and damage to the environment caused by waste gas, waste water, waste residue, medical wastes, dust, malodorous gases, radioactive substances, noise, vibration, optical radiation,

electromagnetic radiation, and other substances generated in their production, construction, and other activities. The state shall, according to the law, apply a licensing system to the discharge of pollutants. Enterprises, public institutions, and other businesses subject to pollutant discharge licensing management shall discharge pollutants according to the requirements of their respective pollutant discharge licenses; and those without a pollutant discharge license may not discharge pollutants.

According to the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》) promulgated by the SCNPC on September 5, 1987, latest amended on October 26, 2018 and came into effect on the same date, the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》) promulgated by the SCNPC on May 11, 1984, last amended on June 27, 2017 and came into effect on 1 January 2018, the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) promulgated by the SCNPC on October 30, 1995, latest amended on April 29, 2020 and implemented on September 1, 2020, the Law of the People's Republic of China on the Prevention and Control of Noise Pollution (《中華人民共和國噪聲污染防治法》) promulgated by the SCNPC on December 24, 2021 and came into effect on June 5, 2022, business operators are required to comply with various standards and requirements for the prevention and control of air, water, noise and solid waste pollution. The enterprise's failure to comply with relevant laws and regulations will result in fines, suspension of production and operation, ordered to suspend production and business, and shall be subject to criminal liability if a crime is constituted.

Regulations relating to the environmental impact assessment of construction projects and inspection and acceptance of environmental protection for completed project

According to the Law of People's Republic of China on Environmental Impact Appraisal (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002, latest amended on December 29, 2018 and came into effect on the same date, the Regulations on Environmental Management of Construction Project (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998, latest amended on July 16, 2017 and effective on October 1, 2017, the Regulations on Graded Approval of Environmental Impact Assessment Documents for Construction Projects (《建設項目環境影響評價文件分級審批規定》) promulgated by the Ministry of Environmental Protection of the People's Republic of China (later renamed as Ministry of Ecology and Environment) on November 1, 2002, amended on January 16, 2009 and implemented on March 1, 2009, and the Interim Measures for Environmental Protection Acceptance of Completed Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the Ministry of Environmental Protection of the People's Republic of China (later renamed as the Ministry of Ecology and Environment) on November 20, 2017 and implemented on the same date, China implements an environmental impact assessment system for construction projects. After the completion of the construction projects for which the environment effect report and environment effect report form was prepared, a construction unit shall, according to the standards and procedures formulated by the competent administrative department for environment protection under the State Council,

conduct inspection and acceptance of supplementary environment protection facilities, and prepare inspection and acceptance report. No supplementary facilities of such projects may be put into production or use until such facilities pass inspection and acceptance; no supplementary facilities that failed to undergo or pass the inspection and acceptance procedure may be put into production or use. For construction projects that are constructed, put into production or used in phases, the corresponding environmental protection facilities shall be inspected and accepted in phases.

Regulations relating to pollutant discharge permits

According to the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and implemented on March 1, 2021, the Measures for the Administration of Pollutant Discharge Permits (《排污許可管理辦法》) promulgated by the Ministry of Ecology and Environment on April 1, 2024 and implemented on July 1, 2024, and the Guidance for the Discharge Registration of Stationary Pollution Sources (Trial) (《固定污染源排污登記工作指南(試行)》) promulgated by the Ministry of Ecological Environment on January 6, 2020 and implemented on the same date, enterprises, public institutions and other producers or operators that are subject to the administration of permitting of pollutant discharges shall apply for a pollutant discharge permit in accordance with the provisions, and may not discharge pollutants, if a pollutant discharge permit fails to be obtained. Enterprises, institutions and other producers and operators that produce and discharge pollutants in small volumes and affect the environment at a small level shall file a pollutant discharging registration form and are exempted from being required to obtain a pollutant discharge permit.

Environmental protection tax law

According to the Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護税法》), which was promulgated by the SCNPC on December 25, 2016, latest amended on October 26, 2018 and came into effect on the same date, and the Regulation on the Implementation of the Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護税法實施條例》) promulgated by the State Council on December 25, 2017 and came into effect on January 1, 2018, enterprises, public institutions and other producers or operators that discharge taxable pollutants directly to the environment in the territory of the People's Republic of China and other sea areas under the jurisdiction of the People's Republic of China shall be the payers of environmental protection tax and shall pay the environmental protection tax according to provisions of the aforesaid laws and regulations.

Regulations on Energy Conservation

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), which was promulgated by the SCNPC on November 1, 1997, latest amended on October 26, 2018, and came into effect on October 26, 2018, the investment projects for fixed assets shall be subject to energy conservation assessment and examination. For projects that are

not in compliance with the mandatory standards for energy conservation, the construction entity shall not commence construction, and for those already completed, the construction entity shall not be put into production or use. For government-invested projects that do not comply with the mandatory energy conservation standards, the authorities responsible for project approval in accordance with the law shall not approve the construction. The specific measures shall be formulated by the department administering energy conservation under the State Council together with the relevant departments of the State Council.

According to the Measures for Energy Conservation Review and Carbon Emission Assessment of Fixed Asset Investment Projects promulgated by the NDRC on July 1, 2025, and effective from September 1, 2025, the opinions on energy conservation reviews of fixed-asset investment projects are an important basis for the commencement of construction, completion and acceptance, and operation and management of the projects. For enterprise-invested projects, the construction entity is required to obtain an energy conservation review opinion from the energy conservation review authority before commencing the construction. Projects that have not conducted an energy conservation review, or have not passed the energy conservation review, the construction entity shall not commence the construction. Projects that have already been built shall not be put into production or use.

Regulations on Intellectual Property

Patent rights

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984, latest amended on October 17, 2020 and came into effect on June 1, 2021, and the Implementing Regulations of the PRC Copyright Law (《中華人民共和國專利法實施細則》), which was promulgated by the State Council on June 15, 2001, latest amended on December 11, 2023 and came into effect on January 20, 2024, there are three types of patents, namely invention patents, utility model patents and design patents. Invention patents are valid for twenty years, while utility model patents and design patents are valid for ten years and fifteen years, respectively, all calculated from the date of application.

Copyright

In accordance with the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), which was promulgated by the NPCSC on September 7, 1990, latest amended on November 11, 2020, and came into effect on June 1, 2021, copyrights include personal rights such as the right of publication and that of authorship, as well as property rights such as the right of reproduction and that of distribution, copyright protection is extended to Internet activities, products disseminated over the Internet and software products. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the

relevant right owner would constitute an infringement of copyright, unless otherwise provided in the Copyright Law of the People's Republic of China. The infringer shall bear civil liabilities such as ceasing the infringement, eliminating the impacts, making an apology, and compensating for the loss.

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated by the National Copyright Administration on February 20, 2002, and the Regulation on Computers Software Protection (《計算機軟件保護條例》), as amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration is primarily responsible for the registration and management of national software copyrights and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant registration certificates to computer software copyright applicants that conform to the provisions of both the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Trademark rights

Pursuant to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) promulgated by the Standing Committee of the NPC on August 23, 1982, last amended on April 23, 2019 and took effect on November 1, 2019, and the Regulation on the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, amended on April 29, 2014 and took effect on May 1, 2014, in China, registered trademarks include goods trademarks, service trademarks, collective trademarks and certification trademarks. The valid period of a registered trademark shall be 10 years, commencing from the date of approval of the registration. Where a registered trademark needs to continue to be used after the expiration of the validity, the trademark registrant shall go through the formalities for renewal within 12 months prior to the expiration of the validity in accordance with the regulations. Each renewal of the registration shall be valid for ten years, commencing from the day after the expiration of the previous validity of the trademark.

Domain names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and took effect on November 1, 2017, and the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) promulgated by the MIIT on November 27, 2017 and took effect on January 1, 2018, the MIIT supervises and manages the domain name services nationwide. The domain name used by an internet information service provider in providing internet information services must be registered and owned by such provider in accordance with the laws and regulations. Registrations of domain names are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Trade secret

Pursuant to the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) promulgated by the Standing Committee of the NPC on September 2, 1993, last amended on June 27, 2025 and effective from October 15, 2025, and the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Civil Cases Involving Infringements upon Trade Secrets (《最高人民法院關於審理侵犯商業秘密民事案件適用法律若干問題的規定》) promulgated by the Supreme People's Court on September 10, 2020 and took effect on September 12, 2020, trade secret refers to the technical information, operating information and other business information that is not known to the public, has commercial value, and has been subject to appropriate confidentiality measures taken by the obligee. Business operators shall not commit the following acts of infringement of trade secrets: (1) acquiring a trade secret from the obligee by theft, bribery, fraud, coercion, electronic intrusion or other illicit means; (2) disclosing, using or allowing another person to use a trade secret acquired from the obligee by any means as specified in the preceding subparagraph; (3) disclosing, using or allowing another person to use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the obligee for keeping the trade secret confidential; (4) abetting, tempting or aiding a person in acquiring, disclosing, using or allowing another person to use the trade secret of the obligee in violation of his or her confidentiality obligation or the requirements of the obligee for keeping the trade secret confidential.

Regulations on Labor and Social Insurance and Housing Provident Fund

Labor contract

Pursuant to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) promulgated by the Standing Committee of the NPC on July 5, 1994, last amended on December 29, 2018 and took effect on the same date, and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) promulgated by the Standing Committee of the NPC on June 29, 2007, last amended on December 28, 2012 and took effect on July 1, 2013, employers shall enter into written labor contracts with their employees to establish labor relations. Employers are prohibited from forcing employees to work overtime, and where the employers arrange overtime work, they shall pay employees for overtime work in accordance with relevant national regulations. The remuneration of each employee shall be no less than the local standard on minimum wages. If the employer fails to comply with the above laws and regulations, the labor administrative department has the right to give a warning, order to rectify, fine, require suspending business for rectification and take other measures; If any harm is caused to employees, the employer shall be liable for compensation; If the relevant illegal action constitutes a crime, criminal responsibility shall also be investigated.

Social insurance

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) promulgated by the Standing Committee of the NPC on October 28, 2010, last amended on December 29, 2018 and took effect on the same date, and other relevant provisions, employers and individuals within the People's Republic of China shall pay social insurance charges in accordance with the law. If the employer fails to pay social insurance charges in full and on time, the social insurance charge collection agency has the right to order it to pay or make up the amount within a time limit, and add a late fee on a daily basis from the date of default. If the employer fails to pay within the time limit, the relevant administrative authorities shall impose a fine.

Housing provident fund

According to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, last amended on March 24, 2019 and took effect on the same day, employers should register with the competent housing provident fund administration center and pay the housing provident fund for their employees. Where the employer fails to make a payment or has a shortfall in payment of housing provident fund, the housing provident administration center will order it to make the payment within the time limit; if the employer fails to pay within the time limit, the housing provident administration center may apply for compulsory enforcement to the People's Court.

Regulations on Tax

Corporate income tax

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) promulgated by the NPC on March 16, 2007, last amended on December 29, 2018 and took effect on the same date, and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, last amended on December 6, 2024 and took effect on January 20, 2025, domestic enterprises established in China according to the law shall be regarded as resident enterprises. Resident enterprises shall pay the enterprise income tax at the rate of 25% on their income derived from China, the enterprise income tax shall be levied at the reduced rate of 20% for qualified small and low-profit enterprises, and 15% for qualified high-tech enterprises.

Value-added tax

According to the Interim Regulation of the People's Republic of China on Value Added Tax (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993, last amended on November 19, 2017 and took effect on the same date, and the Detailed Rules for the Implementation of the Interim Regulation of the People's Republic of China on Value Added Tax (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF

and the SAT on December 25, 1993, last amended on October 28, 2011 and took effect on November 1, 2011, entities and individuals that sell goods or labor services of processing, repair or replacement, sell services, intangible assets or immovables, and import goods within the PRC are taxpayers of value-added tax ("VAT"), and shall pay VAT. Unless otherwise stipulated by the above regulations, the rate of VAT for taxpayers engaging in sale or importation of goods shall be 17%.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) jointly promulgated by the MOF and the SAT on April 4, 2018 and took effect on May 1, 2018, the tax rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) jointly promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and took effect on April 1, 2019, the tax rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

Regulations on Anti-Unfair Competition and Anti-monopoly

According to the Anti-Monopoly Law of the People's Republic of China (《中華人民共和國反壟斷法》) promulgated by the Standing Committee of the NPC on August 30, 2007, last amended on June 24, 2022, and took effect on August 1, 2022, prohibited monopoly conducts include the monopoly agreements by business operators, abusing of dominant market position and concentration of business operators that may have the effect of eliminating or restricting competition. The anti-monopoly law enforcement agencies designated by the State Council are responsible for the enforcement of the anti-monopoly law in accordance with the provisions of the Anti-Monopoly Law. Business operators who violate the provisions of the Anti-Monopoly Law of the People's Republic of China will be ordered by the anti-monopoly law enforcement agencies to stop the illegal act and be imposed a fine.

According to the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) promulgated by the Standing Committee of the NPC on September 2, 1993, last amended on April 23, 2019 and took effect on the same date, business operators shall, in their production and operation activities, abide by the principles of voluntariness, equality, fairness and good faith, and comply with laws and business ethics. Business operators shall not use improper means to engage in market transactions and harm competitors. Any business operator who violates the Anti-Unfair Competition Law of the People's Republic of China by engaging in the foregoing unfair competition activities shall be ordered to cease such illegal activities, eliminate the influence of such activities or compensate for the damages caused to any party. The supervision and inspection authorities may also confiscate the illegal gains or impose fines on such business operators.

The Standing Committee of the NPC reviewed and adopted the revised Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) on June 27, 2025. The revised law will take effect from October 15, 2025. The revision focuses on further specifying the types of other traditional unfair competition behaviors and improving the regulatory system for unfair online competition.

Regulations on Cybersecurity and Data Protection

Regulations on cybersecurity

Pursuant to the Cybersecurity Law of the PRC, which was promulgated by the SCNPC on November 7, 2016 and came into effect on June 1, 2017, the PRC has implemented a hierarchical network security protection system, and network operators shall comply with the provisions of laws and regulations as well as the mandatory requirements of the national and industry standards, formulate an internal security management system, and adopt technical measures and other necessary measures to protect the security of the network, stable operation. Personal information and important data collected and generated by the critical information infrastructures during their operations shall be stored within the PRC. Where they are required to be provided outside the PRC due to business needs, security assessments shall be conducted in accordance with the requirements of the relevant departments. Network operators violating the provisions of such law will be ordered to rectify, given a warning, fined, confiscated the illegal income, ordered to suspend business, suspend for rectification, shut down the site, revoke the business license and other penalties.

Pursuant to the Data Security Law of the PRC, which was adopted by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, the PRC has formulated a system for data classification and grading protection. Where data processing activities are carried out through the Internet and other information networks, the above-mentioned data security protection obligations shall be performed based on the hierarchical network security protection system. A processor of important data is required to evaluate the risk of its data activities periodically and file assessment reports with relevant regulatory authorities.

Pursuant to the Measures for Cybersecurity Review, which was jointly promulgated by the Cyberspace Administration of China, the NDRC, the MIIT, the Ministry of Public Security, the Ministry of National Security, the Ministry of Finance, the Ministry of Commerce, the People's Bank of China, the State Administration for Market Regulation, the National Radio and Television Administration, the China Securities Regulatory Commission, the National Administration of State Secrets Protection, and the State Cryptography Administration on November 16, 2021 and came into effect on February 15, 2022, a network platform operator with personal information of more than 1 million users which seek listing in a foreign country is obliged to apply for a cybersecurity review by the Cybersecurity Review Office. As the [**REDACTED**] does not constitute a "listing in a foreign country", the Company is not obliged to apply for a cybersecurity review in accordance with the above provisions of the Measures for Cybersecurity Review.

Regulations on Data Protection

Pursuant to the Measures on Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》) promulgated by the Cyberspace Administration of China on July 7, 2022 and effective on September 1, 2022, to provide data abroad under any of the following circumstances, a data processor shall declare security assessment for its outbound data transfer to the national cyberspace administration through the local cyberspace administration at the provincial level: (1) the data processor provides important data abroad; (2) the critical information infrastructure operator or the data processor that has processed the personal information of over one million individuals provides personal information abroad; (3) the data processor that has provided the personal information of 100,000 individuals or the sensitive personal information of 10,000 individuals cumulatively since January 1 of the previous year provides personal information abroad; (4) any other circumstance where an application for the security assessment of outbound data transfer is required by the national cyberspace administration.

Pursuant to the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) promulgated by the State Council on September 24, 2024 and effective on January 1, 2025, where cyber data processing activities carried out by a cyber data processor affect or may affect national security, a national security review shall be conducted in accordance with the relevant provisions issued by the State. If a cyber data processor handles the personal information of over 10 million individuals, it shall also comply with the regulations on cyber data processors handling important data.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》) adopted by the NPC on May 28, 2020 and effective on January 1, 2021, the personal information of natural persons is protected by law. Any organization or individual shall legally obtain relevant personal information of others and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or disclose personal information of others.

Pursuant to the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) adopted by the SCNPC on August 20, 2021 and effective on November 1, 2021, personal information refers to all kinds of information relating to identified or identifiable natural persons recorded by electronic or otherwise, excluding information processed anonymously. The personal information of natural persons shall be protected by law. No organization or individual may infringe upon natural persons' rights and interests relating to personal information. Personal information shall be processed under the principles of lawfulness, legitimacy, necessity and good faith and shall be processed for a clear and reasonable purpose, directly related to the processing purpose and in a manner that has the minimum impact on the rights and interests of individuals, and limited to the minimum scope necessary for achieving the processing purpose. It shall be processed under the principle of openness, and the quality of information shall be guaranteed and measures shall be taken to protect personal information from divulging, tampering or losing.

According to the Amendment (IX) to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》) issued by the SCNPC on August 29, 2015 and implemented on November 1, 2015, network service providers shall be subject to criminal liability if they breach the obligation of information network security management required by the relevant laws and reject the rectification ordered by relevant authorities.

Laws and Regulations Relating to Overseas Investments by Domestic Enterprise

Regulations of the Development and Reform Commission on Overseas Investment by Domestic Enterprise

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》), which was promulgated on December 26, 2017 and took effect on March 1, 2018, when domestic enterprises conduct overseas investment, they should fulfill the procedures such as approval and filing for overseas investment projects, report relevant information, and cooperate with supervision and inspection. The scope of approval management includes sensitive projects carried out by the investment entity directly or through its controlled overseas enterprises, which specifically include projects involving sensitive countries and regions and sensitive industries. The scope of filing registration management is non-sensitive projects directly carried out by investment entity, that is, non-sensitive projects involving investment entity directly investing in assets, interests or providing financing and guarantees.

In case an investment entity violates the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》), the approving and filing authorities shall have the right to adopt measures such as refusing approval or filing the project, revoking the approval document or notification of filing, ordering the investment entity to suspend or stop the implementation of the project, adopting remedial measures, making corrections within a time limit, and giving warnings to the investment entity and the principal person in charge of the project, etc. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

Regulations of the Commerce Department on Overseas Investment by Domestic Enterprises

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and the provincial competent departments of commerce shall be responsible for the filing registration and approval respectively, depending on different circumstances of overseas investment by the enterprise. An overseas investment involves sensitive countries and regions as well as sensitive industries, the overseas investment shall be subject to administration by approval; Overseas investment that falls under any other circumstances shall be subject to administration by filing registration.

For any violation of the Measures for the Administration of Overseas Investment, the competent commerce authority has the right to revoke the overseas investment registration of the enterprise, give a warning, and issue a penalty decision in accordance with the law, and the enterprise shall not apply for the approval again within one or three years and is not applicable to the incentives or supporting measures under relevant national policies within three years. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

Regulations of the Foreign Exchange Administration on Overseas Investment by Domestic Enterprises

According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration 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》), which was issued by the SAFE on February 13, 2015 and came into effect on June 1, 2015, it has cancelled the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under overseas direct investment in accordance with this notice and the attached Operational Guidelines for Foreign Exchange Business of Direct Investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

Pursuant to the Regulations on Foreign Exchange Administration of Overseas Direct Investment by Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the SAFE on July 13, 2009 and implemented on August 1, 2009, if a domestic institution violates these regulations, the SAFE shall impose penalties in accordance with the Regulations of the People's Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) and other relevant regulations; if a crime is constituted, criminal liability shall be pursued in accordance with the law.

The Guidelines on Foreign Exchange Business under the Capital Account (2024 Edition) specify the procedural requirements for registration of foreign exchange business related to overseas direct investment.

Regulations on Overseas Offering and Listing of Domestic Enterprises

Regulations Relating to Overseas Listing

According to the Securities Law of the People's Republic of China (《中華人民共和國證券法》) promulgated by the SCNPC on December 29, 1998, which was last amended on December 28, 2019 and implemented on March 1, 2020, domestic enterprises that directly or indirectly issue securities overseas or list their securities for trading overseas must comply with the relevant regulations of the State Council.

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (hereinafter referred to as the "Overseas Listing Trial Measures") and supporting guidelines promulgated by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") on February 17, 2023 and implemented on March 31, 2023, the overseas offering and listing activities of domestic enterprises shall be in strict compliance with laws, administrative regulations and relevant provisions on national security in terms of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security, shall not disrupt domestic market order, and shall not harm national interests, public interest and the legitimate rights and interests of domestic investors. If a security review is required, the relevant security review procedures shall be carried out in accordance with the law before submitting the offering and listing application to the overseas securities regulatory authorities, stock exchanges, etc.

A domestic enterprise that intends to be listed or is listed overseas may raise funds and pay dividends in foreign currencies or RMB. The use and investment of proceeds from overseas issuance by a domestic enterprise shall comply with the laws, administrative regulations and relevant national rules. The foreign exchange and cross-border flow of capitals relating to the overseas issuance and listing of a domestic enterprise shall comply with the national regulations on cross-border investment and financing, foreign exchange management, and cross-border RMB management.

The Overseas Listing Administrative Measures provide that an overseas offering and listing is explicitly prohibited under any of the following circumstances: (1) if the offering and listing is specifically prohibited by laws, administrative regulations and relevant national provisions; (2) if the overseas offering and listing constitutes endangers to national security as reviewed and determined by competent authorities under the State Council in accordance with law; (3) if, in the past three years, the domestic enterprise or its controlling shareholders or actual controllers have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offenses disruptive to the order of the socialist market economy; (4) if the domestic enterprise is under investigation according to law for suspected crimes or major violations of laws and regulations, but no clear conclusions have been reached; or (5) if there are material ownership disputes over the equity held by the controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller.

If any of the following material events occur after an issuer's overseas offering and listing, the issuer shall report the details to the CSRC within three working days from the date of the occurrence and announcement of the relevant event: (1) change in control; (2) investigation, penalties or other measures taken by overseas securities regulatory authorities or relevant competent authorities; (3) the conversion of listing status or the transfer of listing board; (4) voluntary or compulsory termination of listing.

If a domestic enterprise fails to perform the filing procedures in violation of the Overseas Listing Administrative Measures and violates the regulations on overseas offering and listing, or if its filing documents contain any false records, misleading statements or material omissions, the CSRC may order it to make corrections, give a warning and impose a fine. The directly responsible person in charge and other directly liable persons may be given a warning and imposed a fine. In case of a serious violation, the CSRC may impose a penalty for prohibited access to the securities market. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

According to the Provisions on Strengthening the Confidentiality and Archives Administration Concerning the Overseas Securities Offering and Listing by Domestic Enterprises (《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》) promulgated by the SFC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration of China on February 24, 2023 and implemented on March 31, 2023, where a 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 data involving state secrets and working secrets of state organs, it shall report the same to the competent department with the 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. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas offering and listing of domestic companies 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. In the overseas offering and listing activities of domestic enterprises, any unit or individual who violates the Guarding State Secrets Law of the People's Republic of China (《中華人民共和國保守國家秘密法》), the Archives Law of the People's Republic of China (《中華人民共和國檔案法》) and other laws and regulations shall be held legally accountable by the relevant authorities in accordance with the law, and shall be handled over to judicial authorities if criminal conduct might be involved.

Regulations relating to foreign exchange administration of overseas listing

According to the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Overseas Listing (Hui Fa [2014] No. 54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)) promulgated on December 26, 2014, where a joint stock limited company incorporated in the PRC issues shares overseas and is publicly listed and outstanding on overseas exchanges upon the approval by the CSRC, it shall, within 15 business days after the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment, and present its certificate of overseas listing to open a special account for overseas listing of domestic company at a local bank to handle the exchange, remittance and transfer of funds for the business concerned.

The Guidelines on Foreign Exchange Business under the Capital Account (2024 Edition) stipulate guidelines for securities investment management and other related foreign exchange business, providing guidance on foreign exchange procedures for new registration and alteration and cancellation of registration, registration of domestic shareholders' shareholdings, full circulation and other related matters of domestic companies' overseas listings.

Regulations Relating to the H Share Full Circulation

Full circulation represents listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted Domestic Shares held by domestic shareholders prior to overseas listing, unlisted Domestic Shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. According to the Guidelines for the Application for the Full Circulation of the Domestic Unlisted Shares of H-Share Companies (《H股公司境內未上市股份申請全流通業務指引》) promulgated by the CSRC on November 14, 2019 and amended on August 10, 2023, 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 the 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 submit the filing registration to the CSRC. Unlisted domestic joint stock companies may apply for the filing registration for "full circulation" to the CSRC when applying for an overseas initial public offering and listing.

Shareholders of domestic unlisted shares shall perform the share transfer registration in accordance with the relevant business rules of the China Securities Depository and Clearing Corporation Limited, perform the share registration, listing and other procedures in accordance with the relevant regulations of the Hong Kong market, and disclose information in accordance with the laws and regulations. After domestic unlisted shares are listed and circulated on the Hong Kong Stock Exchange, they may not be transferred back to China. Shareholders of domestic unlisted shares may reduce or increase their holdings of our Company's shares that are [**REDACTED**] on the Hong Kong Stock Exchange in accordance with the relevant business rules. The domestic enterprise that issues securities overseas shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the CSDC, of the shares related to the application has been completed.

In addition, the Shenzhen Branch of the CSDC released the Guidelines for the "Full Circulation" Program for H Shares by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股"全流通"業務指南》) on September 20, 2024, which clearly provides for business arrangements and procedures related to H-share full circulation business, including business preparation, cross-border transfer registration, overseas depository of shares and initial maintenance and change in maintenance of domestic holding details, corporate behavior processing, clearing and settlement, risk management and business charges.