REGULATORY OVERVIEW

REGULATORY ENVIRONMENT IN THE PRC

The following provides an overview of the major PRC laws, regulations, and policies related to the Company's current daily business operations in the PRC.

Policies Related to Our Business

On November 1, 2021, the Ministry of Industry and Information Technology of the PRC (the "**MIIT**") issued the 14th Five-Year Plan for the Development of the Information and Communication Industry. It proposed that by 2025, a new type of digital infrastructure that is high-speed, ubiquitous, integrated, interconnected, intelligent, green, safe and reliable will be basically established. Focusing on the construction of new digital infrastructure and the expansion of the digital space, 26 key development areas and 21 projects have been put forward, aiming to comprehensively improve the development quality of the industry and the ability to empower the digital transformation of the economic society.

On January 22, 2022, the MIIT and the National Development and Reform Commission of the PRC (the "**NDRC**") issued the Notice on Promoting Cloud-Network Integration and Accelerating the Construction of Information Infrastructure in Small and Medium-Sized Cities. It proposed that by 2025, the cloud-network infrastructure covering small and medium-sized cities should be basically completed in the eastern region, as well as in most parts of the central, western, and northeastern regions. The construction goals of "Gigabit Connectivity in a Thousand Cities" and "A Thousand Cloud Resource Pools in a Thousand Cities" should be achieved, that is, gigabit access capabilities and cloud resource pools should cover more than 1,000 small and medium-sized cities.

On June 2, 2023, five departments including the MIIT issued the opinions on the Implementation of Reliability Improvement in the Manufacturing Industry. It proposed that in the electronics industry, priority shall be given to improving the reliability of high-end general-purpose CPUs such as SoCs, MCUs, and GPUs for electronic equipment; gallium nitride, silicon carbide, and other wide-band-gap power semiconductor devices; precision optical components; optical communication devices and etc.

On January 18, 2024, seven departments including the MIIT issued the Implementation Opinions on Promoting the Innovative Development of Industries of the Future. It proposed the construction of 5G, computing infrastructure, industrial Internet, Internet of Things, Internet of Vehicles, and Gigabit optical network shall be further promoted and a forward-looking planning shall be made for key technologies such as 6G, satellite Internet, and satellite direct-to-handset connectivity.

On April 22, 2025, the MIIT, the NDRC and the National Data Administration issued the Implementation Plan for the Digital Transformation of the Electronic Information Manufacturing Industry, which includes the chip testing and evaluation technologies for SiPh applications in the key standards development and promotion initiative.

On August 22, 2025, the MIIT and the State Administration of Market Regulation of the PRC issued the Action Plan for the Steady Growth of the Electronic Information Manufacturing Industry for 2025–2026. It proposed that technological breakthroughs shall be advanced in key segments of photonic technologies, and R&D investment shall be increased in high-speed optical chips, optical-electrical co-packaging, and related fields to promote ecosystem-level integration between optical and electronic architectures.

Regulations on Corporation

According to the Company Law of the PRC (the "**Company Law**"), promulgated by the Standing Committee of the National People's Congress (the "**NPCSC**") on December 29, 1993, lastly amended on December 29, 2023, and came into effect on July 1, 2024, limited liability companies and joint-stock limited companies established within the territory of China are subject to the Company Law. Unless otherwise specified by the laws and regulations on foreign investment, foreign-invested enterprises are also governed by the Company Law.

Regulations Related to Foreign Investment in the PRC

Foreign Investment Regulation

According to the Foreign Investment Law of the PRC (the "**Foreign Investment Law**"), promulgated by the National People's Congress on March 15, 2019 and came into effect on January 1, 2020, foreign investment refers to investment activities carried out directly or indirectly within the territory of China by foreign natural persons, enterprises, or other organizations (the foreign investors). The Foreign Investment Law further implements the pre-establishment national treatment plus negative list management system for foreign investment.

According to the Regulations for the Implementation of the Foreign Investment Law of the PRC, promulgated by the State Council on December 26, 2019 and came into effect on January 1, 2020, the state encourages and promotes foreign investment, protects the legitimate rights and interests of foreign investors, regulates the management of foreign investment, continuously optimizes the foreign investment environment, and promotes a higher level of opening up.

According to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Edition), jointly amended by the NDRC and the Ministry of Commerce of the PRC (the "**MOFCOM**") on September 6, 2024 and became effective on November 1, 2024, which replaces the previous negative list, domestic enterprises engaged in prohibited businesses that intend to issue shares and list on overseas stock exchanges shall obtain the approval of relevant national competent authorities.

Security Review of Foreign Investment

According to the National Security Law of the PRC, promulgated by the NPCSC and came into effect on July 1, 2015, the state shall establish the rules and mechanisms for national security review and supervision system, conduct national security review of foreign investments, particular materials and key technologies, network information technology products and services, construction projects that involve national security matters, and other important matters and activities that impact or are likely to impact the national security of the PRC.

According to the Measures for the Security Review of Foreign Investment, promulgated by the NDRC and the MOFCOM on December 19, 2020 and came into effect on January 18, 2021, foreign investors or relevant parties in China must submit a security review application to the office of the working mechanism before making certain investments.

Regulations Related to Data Security

According to the Data Security Law of the PRC, promulgated by the NPCSC on June 10, 2021 and came into effect September 1, 2021, the state establishes a data classification and graded protection system, implementing data classification and graded protection based on factors such as the importance of data in economic and social development. When conducting data processing activities, entities shall, in accordance with laws and regulations, establish and improve a full-process data security management system, organize data security education and training, and adopt corresponding technical measures and other necessary measures to ensure data security.

According to the Regulations on Security Protection for Critical Information Infrastructure, promulgated by the State Council on July 30, 2021 and came into effect on September 1, 2021, critical information infrastructure means key network facilities and information systems in important industries, and the relevant government authorities are responsible for stipulating rules for the identification of critical information infrastructures. The relevant authorities must also notify operators of the determination as to whether they are categorized as critical information infrastructure operators.

According to the Measures for the Security Assessment of Outbound Data Transfer, promulgated by the Cyberspace Administration of China ("**CAC**") on July 7, 2022 and came into effect on September 1, 2022, the data processors shall apply to competent authorities for security assessment when (1) the data processors transferring important data abroad; (2) a critical information infrastructure operator ("**CIIO**") and personal information processor that has processed personal information of more than one million people, transferring personal information abroad; (3) a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals to overseas recipients, in each case as calculated cumulatively, since January 1 of the last year, and (4) other circumstances where the security assessment of outbound data transfer is required as prescribed by the CAC.

According to the Administrative Measures for Data Security in the Field of Industry and Information Technology (for Trial Implementation), promulgated by the MIIT on December 8, 2022 and came into effect on January 1, 2023, industrial data means data produced and collected in the course of research and development design, production and manufacturing, operation and management, operation and maintenance, and platform operation, among others, in various sectors and fields of industry, and the industry regulatory authorities shall promote the development and utilization of data and the construction of a system of data security standards in the field of industry and information technology, and organize the formulation, revision, promotion, and application of the relevant standards.

Regulations Related to Intellectual Property

Patent

According to the Patent Law of the PRC, promulgated by the NPCSC on March 12, 1984, lastly amended on October 17, 2020 and came into effect on June 1 2021, and the Implementing Regulations of the Patent Law of the PRC, promulgated by the State Council on June 15, 2001, amended on December 11, 2023 and came into effect on January 20, 2024, and relevant regulations, patents are divided into three categories, namely invention patents, utility model patents and design patents. The validity period of patents for inventions is 20 years, while the validity period of patents for utility models is 10 years, and the validity period of patents for designs is 15 years (applications filed on or after 1 June 2021) or 10 years (applications filed on or before 31 May 2021), all starting from the date of application.

Trademarks

According to the Trademark Law of the PRC, promulgated by the NPCSC on August 23, 1982, lastly amended on April 23, 2019 and came into effect on November 1, 2019, as well as the Implementation Regulation of the PRC Trademark Law, promulgated by the State Council on August 3, 2002, amended on April 29, 2014 and came into effect on May 1, 2014, trademark registrants shall enjoy the right to exclusive use of their trademarks and shall be protected by law. The validity period of a registered trademark is 10 years, calculated from the date of approval for registration. If the trademark registrant needs to continue using the registered trademark after the expiration of its validity period, they shall go through the renewal procedures in accordance with regulations within twelve months before the expiration.

Copyrights

According to the Copyright Law of the PRC, promulgated by the NPCSC on September 7, 1990, lastly amended on November 11, 2020, and came into effect on June 1, 2021, and the Detailed Regulations on the Implementation of the Copyright Law of the PRC, promulgated by the State Council on August 2, 2002, amended on January 30, 2013, and came into effect on March 1, 2013, copyright owners enjoy various personal rights and property rights, including the right of publication, the right of authorship, the right of reproduction, and the right of information network dissemination.

According to the Regulations on the Protection of Computer Software, promulgated by the State Council on June 4, 1991, lastly amended on January 30, 2013, and came into effect on March 1, 2013, and the Measures for the Registration of Computer Software Copyrights, promulgated by the National Copyright Administration on February 20, 2002, and partially amended on July 1, 2004, Chinese citizens, legal persons, or other organizations shall enjoy copyrights for the software they develop, regardless of whether it has been published.

Domain Names

According to the Measures for the Administration of Internet Domain Names, promulgated by the MIIT on August 24, 2017 and came into effect on November 1, 2017, the MIIT shall be responsible for managing internet domain names in the PRC. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Regulations Related to Land Use

According to the Land Administration Law of the PRC, lastly amended by the NPCSC on August 26, 2019 and came into effect on January 1, 2020, and the Regulations on the Implementation of the Land Administration Law of the PRC, lastly amended by the State Council on July 2, 2021 and came into effect on September 1, 2021, the land in the PRC is either State-owned or collectively-owned. Except for land which is legally owned by the State or has been expropriated as State-owned according to law, all of the land is collectively-owned. The State-owned land use rights may be used by third parties through grant, allocation, lease, capital contribution and other forms. Third parties who have obtained the State-owned land use rights may legally use, profit from and dispose of the State-owned land use rights within the statutory term of use and scope of planned uses.

According to the Provisional Regulations of the PRC on Grant and Transfer of the Right to Use State-Owned Urban Land, lastly amended by the State Council on November 29, 2020 with immediate effect, the grant of land use rights refers to the State as the land owner assigns the land use right to land users within a certain period of time, and the land users pay the State grant fees for obtaining the land use right. The grant contract of the land use right shall be signed. The land user shall develop, use and operate the land in accordance with the grant contract of the land use right and the requirements of the urban planning.

Regulations Related to Planning

According to the Urban and Rural Planning Law of the PRC, lastly amended by the NPCSC on April 23, 2019 with immediate effect, if the construction of buildings, structures, roads, pipelines and other projects is carried out in the planned area of a city or a town, the construction entity or individual shall apply to the competent authority of urban and rural planning of the people's government of the city or county or the people's government of the town as determined by the people's government of the province, autonomous region or municipality directly under the central government for a construction project planning permit.

Regulations Related to Construction

According to the Urban and Rural Planning Law of the PRC which was promulgated by the NPCSC and lastly amended with immediate effect on April 23, 2019, the Construction Law of the PRC which was promulgated by the NPCSC and lastly amended with immediate effect on April 23, 2019 and the Regulation on Quality Management of Construction Projects which was promulgated and lastly amended with immediate effect on April 23, 2019, the construction activities carried out in the built-up areas of cities, towns and villages as well as areas that must be under planning control for urban and rural construction and development shall be in compliance with the relevant requirements of the Urban and Rural Planning Law of the PRC.

Regulations Related to Fire Prevention

According to the Fire Prevention Law of the PRC promulgated by the NPCSC on April 29, 1998, lastly amended on April 29, 2021, and came into effect on the same date, together with the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design for Construction Projects promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, lastly amended on August 21, 2023, and came into effect on October 30, 2023, the fire prevention design and construction work of a construction project must conform to the national fire prevention technical standards. Construction projects that are subject to fire prevention acceptance checks in accordance with the laws are prohibited from being put into use if they do not go through or fail the fire prevention acceptance check. Other construction projects that fail the random inspections according to laws shall be suspended from using.

Regulations Related to Environmental Prevention

According to the Environmental Protection Law of the PRC, promulgated by the NPCSC on December 26, 1989, lastly amended on April 24, 2014 and came into effect on January 1, 2015, the Environmental Impact Assessment Law of the PRC, promulgated by the NPCSC on October 28, 2002, lastly amended with immediate effect on December 29, 2018, and the Administrative Regulations on the Environmental Protection of Construction Project promulgated by the State Council on November 29, 1998, lastly amended on July 16, 2017 and came into effect on October 1, 2017, enterprises which plan to construct projects shall engage qualified professionals to provide the assessment reports, assessment form, or registration form on the environmental impact of such projects. The assessment reports, assessment form, or registration form shall be filed with or approved by the relevant environmental protection bureau prior to the commencement of any construction work.

Regulations Related to Pollutant Discharge

According to the Regulations on the Administration of Pollutant Discharge Permits promulgated by the State Council on January 24, 2021 and came into effect on March 1, 2021, enterprises, institutions and other producers and operators subject to pollutant discharge permit management should apply for and obtain pollutant discharge permits in accordance with the provisions of the regulations. According to the Classified Management Catalog of Pollutant Discharge Permits for Stationary Sources of Pollution (2019 Edition) promulgated by the Ministry of Ecology and Environment on December 20, 2019 and came into effect on the same date, a pollutant discharge entity subject to registration management is not required to apply for a pollutant discharge permit.

Regulations Related to House Leasing

According to the Law on Administration of Urban Real Estate of the PRC, which was promulgated by the NPCSC on July 5, 1994, lastly amended on August 26, 2019, and came into effect on January 1, 2020, in case of house leasing, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, usage, rental and repair liabilities, as well as other rights and obligations of both parties, and go through registration and filing procedures with the real estate administration department.

According to the Administrative Measures for Commodity House Leasing, which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010 and came into effect 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 (real estate) authorities of the People's Government of the special municipality, municipality or county where the leased property is located. If a company fails to complete such procedures, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

Regulations Related to Product Quality

According to the Product Quality Law of the PRC promulgated by the NPCSC on February 22, 1993 and lastly amended with immediate effect on December 29, 2018, producers and sellers shall establish a sound internal product quality control system and strictly adhere to a job responsibility system in relation to quality standards and quality liabilities together with implementing corresponding examination and inspection measures.

Regulations Related to the Import and Export of Goods and Technologies

According to the Customs Law of the PRC, which was promulgated by the NPCSC on January 22, 1987 and lastly amended with immediate effect on April 29, 2021, unless otherwise stipulated, the declaration of import and export goods and the payment of customs duties may be handled by the consignees or consignors of imported or exported goods or entrusted customs declaration enterprises. The consignee or the consignor of imported or exported goods and the customs declaration enterprise shall go through customs declaration and filing procedures at the relevant customs in accordance with the law.

According to the Provisions on the Administration of Recordation of Customs Declaration Entities of the PRC promulgated by the General Administration of Customs of the PRC on November 19, 2021 and came into effect on January 1, 2022, consignees or consignors of imported and exported goods and customs declaration enterprises applying for recordation shall obtain market entity qualification.

According to the Foreign Trade Law of the PRC promulgated by the NPCSC on May 12, 1994, lastly amended on December 27, 2025, and came into effect on March 1, 2026, and the Notice of the Department of Enterprise Management and Inspection on Matters Related to the Record-filing of Consignors and Consignees of Import and Export Goods published by the General Administration of Customs of the PRC with immediate effect on January 3, 2023, if consignors and consignees of import and export goods apply for record-filing, they shall obtain the market entity qualification and are not required to obtain the record-filing of foreign trade business operators. For technologies that fall under the category of free import and export, the contract record-filing and registration formalities shall be handled with the foreign trade department in charge under the State Council or the institutions entrusted by it.

According to the Export Control Law of the PRC, promulgated by the NPCSC on October 17, 2020 and came into effect on December 1, 2020, and relevant laws and administrative regulations, China controls the export of dual-use items, military goods, nuclear and other goods, technologies, services and other items that are relevant to safeguarding the security and interests of China and fulfilling its international obligations in the area of non-proliferation.

Regulations Related to Labor and Employment

Labor Law and Labor Contract Law

According to the Labor Law of the PRC, promulgated by the NPCSC on July 5, 1994, lastly amended with immediate effect on December 29, 2018, and the PRC Labor Contract Law of the PRC (the "**Labor Contract Law**"), promulgated by the NPCSC on June 29, 2007, lastly amended on December 28, 2012 and came into effect on July 1, 2013, employers and workers shall sign written labor contracts when establishing labor relations. Employers shall establish and improve labor rules and regulations in accordance with the law to ensure that workers enjoy labor rights and fulfill labor obligations.

Social Insurance and Housing Provident Funds

According to the Social Insurance Law of the PRC, promulgated by the NPCSC on October 28, 2010, lastly amended with immediate effect on December 29, 2018, and the Provisional Regulations on Collection and Payment of Social Insurance Premiums, promulgated by the State Council on January 22, 1999, lastly amended with immediate effect on March 24, 2019, a social insurance system consisting of a basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance, and maternity insurance has been established. An employer shall, within 30 days from the date of incorporation of the entity, proceed with the business license, registration certificate or entity seal to the local social insurance agency to apply for social insurance registration. An employer shall, within 30 days after taking on labor, proceed to the social insurance agency to apply for social insurance registrations on behalf of the employees.

On July 31, 2025, the PRC Supreme People's Court promulgated the Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases, which became effective on September 1, 2025. It stipulates that if an employer and an employee agree or the employee undertakes to waive social insurance contributions, the People's Court shall deem such agreement or undertaking invalid. This clarifies that employees are entitled to terminate their labor contracts and receive corresponding economic compensation under the PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.

According to the Regulations on the Management of Housing Provident Fund, promulgated by the State Council on April 3, 1999, lastly amended with immediate effect on March 24, 2019, an employer shall go to the housing provident fund management center to undertake registration of payment and deposit of the housing provident fund and go through the formalities of opening housing provident fund accounts on behalf of its staff.

Regulations Related to Taxation

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (the "**EIT Laws**") promulgated by the NPCSC, lastly amended and came into effect on December 29, 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC promulgated by the State Council on December 6, 2024 and amended with immediate effect on January 20, 2025, a uniform enterprise income tax rate of 25% is imposed to both foreign invested enterprises and domestic enterprises, but tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The Chinese government provides key support to high-tech enterprises, which are subject to a reduced enterprise income tax rate of 15%.

Value-added Tax

According to the Value-Added Tax Law of the PRC, promulgated by the NPCSC on December 25, 2024 and came into effect on January 1, 2026, and the Regulation on the Implementation of the Value-Added Tax Law of the PRC, promulgated by the State Council on December 25, 2025 and came into effect on January 1, 2026, entities and individuals (including individual industrial and commercial proprietors) selling goods, services, intangible assets, real estate and importing goods within the territory of the PRC are taxpayers of VAT and shall pay VAT in accordance with the provisions of the law. Unless stated otherwise, for payers who sell goods, and provide processing, repairs and replacement services and rental services of tangible movable assets as well as import goods, the tax rate shall be 13%, and be, in certain specified circumstances, 9%, 6% and 0%.

According to the Notice of the Additional Value-Added Tax Credit Policy for Advanced Manufacturing Enterprises, promulgated by the Ministry of Finance and the State Taxation Administration on September 3, 2023 and came into effect on January 1, 2023, from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises may claim an additional tax deduction equal to 5% of their current-period deductible input tax.

Dividend Withholding Tax

According to the Individual Income Tax Law of the PRC, promulgated by the NPCSC on September 10, 1980, amended on August 31, 2018 and came into effect on January 1 2019, and the Regulations on the Implementation of the Individual Income Tax Law of the PRC, promulgated by the State Council on January 28, 1994, amended on December 18, 2018 and came into effect on January 1 2019, dividends distributed by Chinese enterprises shall be subject to individual income tax at a unified rate of 20%. For foreign individuals who are non-residents of China and receive dividends from Chinese enterprises, they shall generally be subject to individual income tax at a rate of 20%, unless otherwise stipulated by the financial and taxation authorities of the State Council. According to the EIT Law and the Regulations on the Implementation of the EIT Law, the enterprise income tax rate is 25%. Non-resident enterprises that do not establish institutions or establishments within the territory of China, or that have established institutions or establishments but the income derived therefrom has no actual connection with such institutions or establishments, shall pay enterprise income tax on their income derived from sources within the territory of China at a rate of 10%. For the aforementioned enterprise income tax payable by non-resident enterprises, withholding at source shall be implemented, with the payer serving as the withholding agent. The tax shall be withheld by the withholding agent from the payment or the amount payable when due each time a payment is made or when it becomes due.

According to the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares, promulgated by the State Taxation Administration with immediate effect on November 6, 2008, when Chinese resident enterprises distribute dividends for the year 2008 and subsequent years to non-resident enterprise shareholders holding H shares outside the territory of China, they shall uniformly withhold and pay enterprise income tax at a rate of 10%.

According to the Arrangement between the Chinese mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed by the State Taxation Administration and the Government of the Hong Kong Special Administrative Region on August 21, 2006 and came into effect on December 8, 2006, the mainland government may impose tax on dividends paid by Chinese resident enterprises to Hong Kong residents (including natural persons and legal entities), but such tax shall not exceed 10% of the gross amount of the dividends payable by the Chinese resident enterprises, unless the relevant Hong Kong resident directly holds 25% or more of the equity in a Chinese resident enterprise, in which case the tax shall not exceed 5% of the gross amount of the dividends payable by the Chinese resident enterprise.

Regulations Related to Foreign Exchange Supervision

The Regulations on the Foreign Exchange Administration of the PRC, promulgated by the State Council on January 29, 1996, lastly amended with immediate effect on August 5, 2008, is applicable to all activities related to the foreign exchange receipts and disbursements and transactions of domestic corporations and individuals and to the said activities of overseas corporations and individuals within the territory of the PRC.

According to the Provisions on Foreign Exchange Administration of Foreign Investors' Direct Investment in China, promulgated by the State Administration of Foreign Exchange of the PRC (the "**SAFE**") on May 10, 2013, lastly amended and became effective on December 30, 2019, the administration of direct investment in China by foreign investors by SAFE or its local branches must be conducted through registration, and banks must handle foreign exchange business related to direct investment in China based on the registration data provided by SAFE and its branches.

According to the Notice of the State Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation, promulgated and by SAFE and became effective on December 4, 2023, foreign exchange funds raised from overseas listings by domestic enterprises may be directly remitted to capital account settlement accounts, and funds in capital account settlement accounts may be freely converted and used.

According to the Notice by the State Administration of Foreign Exchange of Matters Concerning Deepening Reform of Foreign Exchange Management for Cross-border Investment and Financing, promulgated and by the SAFE with immediate effect on September 12, 2025, under the premise that the special management measures for the entry of foreign investment are not violated and the domestic investment projects are genuine and compliant, the foreign-invested enterprises can use their foreign exchange capital and the RMB funds obtained from foreign exchange settlement to carry out domestic reinvestment.

On December 24, 2025, the PBOC and the SAFE promulgated the Notice of Foreign Exchange of Issues Concerning the Administration of Funds Related to Overseas Listings of Domestic Enterprises, which will come into effect on April 1, 2026. It further regulates the administration of funds related to the overseas listings of domestic enterprises.

Regulations Related to Overseas Investment

According to the Administrative Measures for Outbound Investment promulgated by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014, the MOFCOM and provincial competent commerce departments shall carry out administration either by record-filing or by verification and approval depending on the different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by verification and approval. Outbound investment that falls under any other circumstances shall be subject to administration by record-filing.

According to the Administrative Measures for Outbound Investment by Enterprises promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018, domestic enterprises in the PRC making an outbound investment shall go through verification and approval or record-filing or other procedures applicable to outbound investment projects, report relevant information, and cooperate with the supervision and inspection. Projects involving sensitive countries and regions or sensitive industries are categorized as sensitive projects, which are subject to the management of verification and approval. The NDRC promulgated the Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition), which came into effect on March 1, 2018, to list the sensitive industries for foreign investment in detail.

According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment promulgated by the SAFE on February 13, 2015 and came into effect on June 1, 2015, the approval of foreign exchange registration for direct investment is canceled. The SAFE and its branches indirectly supervise the registration of foreign exchange for overseas direct investment through banks.

Regulations Related to Securities and Filing for Overseas Listing

Securities

The Securities Law of the PRC (the "**Securities Law**"), lastly amended by the NPCSC on December 28, 2019 and came into effect on March 1, 2020, comprehensively regulates the activities of the securities market in the PRC, including the issuance and trading of securities, acquisitions of listed companies, disclosure of information, investor protection, stock exchanges, securities companies, securities registration and clearing institutions, securities service agencies, securities associations and securities regulatory authorities.

Overseas Listing

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the "**Overseas Listing Trial Measures**") and related guidelines, which came into effect on March 31, 2023. According to the Trial Measures, overseas issuance and listing shall be prohibited under certain circumstances, and where a domestic enterprise in the PRC directly or indirectly issues or lists shares overseas, it shall file a report with the CSRC within three working days after submitting the application documents for issuance and listing overseas.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises, which came into effect on March 31, 2023. It stipulates that where a domestic enterprise provides or publicly discloses any document or material that involves 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 Chinese mainland 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 Chinese mainland. Cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.