REGULATORY OVERVIEW

COMPANY LAW

According to the Company Law of the People's Republic of China (《中華人民共和國公司法》) (promulgated by the Standing Committee of the National People's Congress on December 29, 1993, last amended on December 29, 2023, and effective from July 1, 2024), both limited liability companies and companies limited by shares established in the PRC in accordance with the law shall have the status of a legal person. The liability of shareholders of these two types of enterprises is limited to their respective subscribed capital contributions or the shares for which they have subscribed. The law is also applicable to foreign-invested enterprises, unless relevant specific laws provide otherwise for foreign-invested companies.

According to the Application Guidelines for Supervisory Rules — Overseas Issuance and Listing No. 1 (《監管規則適用指引 — 境外發行上市類第1號》), promulgated and implemented by the CSRC on February 17, 2023, PRC domestic enterprises intending to list overseas shall amend their articles of association by reference to the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) and other relevant rules and regulations on corporate governance promulgated by the CSRC. The CSRC promulgated the "Guidelines for the Articles of Association of Listed Companies (2025 Revision)" on March 28, 2025, which became effective on the same date. According to the Trial Administrative Measures for Overseas Listing, as a company limited by shares incorporated in the PRC and seeking to be [REDACTED], the Company must fully comply with the PRC Company Law and formulate its articles of association by reference to (rather than in accordance with) the then-applicable Guidelines for the Articles of Association of [REDACTED] Companies. The Company's [REDACTED] articles of association are required to comply with the requirements of the Guidelines for the Articles of Association of [REDACTED] Companies. The Company has abolished the supervisory committee and established an audit committee to perform the duties of the former supervisory committee.

GOVERNMENT POLICIES RELATING TO THE ARTIFICIAL INTELLIGENCE INDUSTRY

The rapid development of China's AI market is driven by the combined impetus of various factors. On August 1, 2019, the Ministry of Science and Technology released the Guidelines for the Construction of National New Generation Artificial Intelligence Open Innovation Platforms (《國家新一代人工智能開放創新平台建設工作指引》), which emphasizes that, with "openness and sharing" as the core concept, the country should advance the innovation of artificial intelligence and the construction of the industrial ecosystem, support the testing of open innovation platforms, promote the formation of standardized and modular models and middleware, and provide software and hardware resource sharing services to the public through open interfaces, algorithm libraries and software tools.

On December 21, 2021, fifteen departments including the Ministry of Industry and Information Technology and the National Development and Reform Commission issued the 14th Five-Year Plan for the Development of the Robot Industry (《「十四五」機器人產業發展規劃》), which explicitly states that research and development of cutting-edge technologies such as artificial intelligence should be intensified, the role of key laboratories, engineering technology research centers and innovation platforms in the robotics field should be fully leveraged, common technologies and basic research should be strengthened, the transformation of scientific and technological achievements should be accelerated, and an efficient and collaborative industrial technology innovation system should be constructed.

On January 18, 2023, seventeen departments including the Ministry of Industry and Information Technology issued the Implementation Plan for "Robot＋" Application Action (《「機器人＋」應用行動實施方案》), which clarifies the focus on 10 major application areas, aiming to make breakthroughs in more than 100 innovative robot application technologies and solutions, promote over 200 typical robot application scenarios with high technical levels, innovative application models and significant results, create a number of "Robot＋" application benchmark enterprises, and build a number of application experience centers and trial verification centers. To encourage various industries and regions to carry out "Robot＋" application innovation practices in line with their respective stages of industrial development and regional characteristics. The plan also aims to build international and domestic exchange platforms to create a strong atmosphere for comprehensively promoting robot applications.

On January 18, 2024, seven departments including the Ministry of Industry and Information Technology jointly issued the Implementation Opinions on Promoting the Innovative Development of Future Industries (《關於推動未來產業創新發展的實施意見》), aiming to strengthen the strategic layout and policy support for future industries, serve the construction of new-type industrialization, and accelerate the growth of new quality productive forces. The plan is to achieve a comprehensive enhancement of future industries in technological innovation, industrial agglomeration, and security governance by 2025, with some areas reaching internationally advanced levels and the industrial scale continuously expanding.

DOMESTIC CERTIFICATIONS RELATING TO ROBOTS

On December 27, 2016, the Opinions on Promoting the Construction of a Robot Testing and Certification System (《關於推進機器人檢測認證體系建設的意見》), issued by the General Administration of Quality Supervision, Inspection and Quarantine, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Certification and Accreditation Administration, and the Standardization Administration, pointed out that the construction of the robot inspection, testing and certification system follows the principles of "unified management, joint implementation, government guidance and market operation." The General Administration of Quality Supervision, Inspection and Quarantine and the Certification and Accreditation Administration, in conjunction with the National Development and Reform Commission, the Ministry of Industry and Information Technology, and the Standardization Administration, are responsible for the overall planning and management of the construction of our country's robot inspection, testing, and certification system. They have formed a robot inspection, testing, and certification coordination and promotion group, composed of relevant parties such as government departments, industry associations, inspection, testing, and certification bodies, and enterprises, to coordinate related work and promote the establishment, improvement, implementation, application, and result acceptance of the robot inspection, testing, and certification system.

To use the "China Robot Product Certification" mark, a robot product must have a type test report issued by a testing body and a certification certificate issued by a certification body, both of which must be members of the Robot Testing and Certification Alliance. Furthermore, the use of the mark must be within the scope of the certification rules filed with the alliance secretariat and within the validity period of the certification. The style and use of the mark shall comply with the "Management Requirements for Robot Product Certification Marks".

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

The Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), adopted by the Standing Committee of the National People's Congress on February 22, 1993 and last amended for the third time on December 29, 2018, is the main legal basis for regulating product quality supervision and management. According to the provisions of this law, producers shall be responsible for the quality of the products they produce, while sellers must take necessary measures to ensure the quality of the products they sell. If personal injury or damage to property other than the defective product itself is caused by a product defect, the producer shall bear corresponding liability for compensation. However, a producer may be exempted from liability for compensation if it can prove any of the following circumstances: (1) the product has not been put into circulation; (2) the defect causing the damage did not exist when the product was put into circulation; (3) the level of science and technology at the time the product was put into circulation was not sufficient to discover the existence of the defect.

Where a product defect is caused by the fault of the seller, resulting in personal injury or damage to the property of others, the seller shall bear the liability for compensation. If the seller cannot identify the producer of the defective product nor its supplier, the seller shall bear the liability for compensation. If a product defect causes personal injury or damage to the property of others, the victim may claim compensation from the producer of the product, and may also claim compensation from the seller of the product.

According to the Civil Code of the People's Republic of China (《中華人民共和國民法典》), adopted by the National People's Congress on May 28, 2020 and effective from January 1, 2021, where a person's rights and interests are infringed upon by a defective product, the infringed party may claim compensation from the producer or seller of the product, and has the right to demand that they bear tort liabilities such as cessation of infringement, removal of obstruction and elimination of danger.

LAWS AND REGULATIONS RELATING TO THE IMPORT AND EXPORT OF GOODS

The Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》), adopted by the Standing Committee of the National People's Congress on May 12, 1994, effective from July 1, 1994 and last amended on December 30, 2022, and the Administrative Regulations of the People's Republic of China on the Import and Export of Goods (《中華人民共和國貨物進出口管理條例》), promulgated by the State Council on December 10, 2001, last amended on March 10, 2024 and effective from May 1, 2024, both explicitly stipulate that, unless otherwise provided by laws and administrative regulations, the PRC implements a system of free import and export for goods and technologies. All entities engaged in the import and export of goods shall comply with relevant laws and regulations.

The Customs Law of the People's Republic of China (《中華人民共和國海關法》) was promulgated on January 22, 1987 and last amended on April 29, 2021. The law stipulates that consignees and consignors of import and export goods, or the customs brokerage enterprises entrusted by them, shall complete filing procedures with the customs in accordance with the law before handling customs declaration procedures. The Administrative Provisions of the Customs of the People's Republic of China on the Record-filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》), issued by the General Administration of Customs of the PRC on November 19, 2021 and effective from January 1, 2022, further specify the detailed requirements for the documents and materials to be submitted for filing and for reporting changes in information.

LAWS AND REGULATIONS RELATING TO THE PROTECTION OF CYBERSECURITY, DATA AND PRIVACY

According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), promulgated on November 7, 2016 and effective from June 1, 2017, network operators, when constructing or operating a network or providing services through a network, shall, in accordance with the provisions of laws and administrative regulations and the compulsory requirements of national standards, take technical measures and other necessary measures to safeguard the security and stable operation of the network, effectively respond to cybersecurity incidents, prevent illegal and criminal activities online, and maintain the integrity, confidentiality and availability of network data. Any individual or organization using the network shall abide by the Constitution and laws, comply with public order, and respect social morality; they shall not endanger cybersecurity, nor shall they use the network to engage in activities that endanger national security, honor, and interests, incite subversion of state power, overthrow the socialist system, incite secession, undermine national unity, advocate terrorism or extremism, promote ethnic hatred or discrimination, disseminate violent or obscene and pornographic information, fabricate or spread false information to disrupt economic and social order, or infringe upon the reputation, privacy, intellectual property, and other legitimate rights and interests of others.

On June 10, 2021, the 29th Session of the Standing Committee of the 13th National People's Congress reviewed and adopted the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) (the "**Data Security Law**"), which came into effect on September 1, 2021. The Data Security Law stipulates that data processors shall establish and implement a security management system covering the entire data lifecycle, conduct data security education and training, and take corresponding technical and other necessary measures to ensure data security. Those who carry out data processing activities via the Internet and other information networks shall also fulfill the aforesaid data security protection obligations under the framework of the multi-level cybersecurity protection system. Any violation of the obligations stipulated in the Data Security Law may result in administrative penalties for the data processor, such as an order for correction, a warning, a fine, suspension of relevant business, or revocation of permits; if the act constitutes a crime, criminal liability will be pursued in accordance with the law.

On December 28, 2021, thirteen government departments, including the Cyberspace Administration of China, jointly released the Cybersecurity Review Measures (《網絡安全審查辦法》), which came into effect on February 15, 2022. According to these measures, critical information infrastructure operators procuring network products and services, and Internet platform operators carrying out data processing activities that affect or may affect national security, shall undergo a cybersecurity review by the Cybersecurity Review Office in accordance with the law. Critical information infrastructure operators should anticipate the national security risks that may arise from the use of such products and services before procuring them; if they believe it may affect national security, they should proactively report to the Cybersecurity Review Office for a review and submit a relevant analysis report.

On December 31, 2021, the Cyberspace Administration of China, the Ministry of Industry and Information Technology, the Ministry of Public Security and the State Administration for Market Regulation jointly issued the Provisions on the Management of Algorithmic Recommendations in Internet Information Services (《互聯網信息服務算法推薦管理規定》) (the "**Provisions**"), which came into effect on March 1, 2022. These Provisions apply to providers of algorithmic recommendation services that use algorithmic technologies such as generation and synthesis, personalized push notifications, sorting and selection, search filtering, and scheduling decisions to provide Internet information services to users.

On December 8, 2022, the Ministry of Industry and Information Technology promulgated the Administrative Measures for Data Security in the Industrial and Information Technology Sectors (for Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》) (the "**Data Security Measures**"), which came into effect on January 1, 2023. The scope of the Data Security Measures covers data in the industrial and information technology sectors, specifically including industrial data, telecommunications data, and radio data, which are collectively referred to as industrial and information technology data. Based on the potential degree of harm to national security, public interests, and the legitimate rights and interests of individuals or organizations that could be caused by unauthorized tampering, destruction, leakage, or illegal access or use, the Data Security Measures classify industrial and information technology data into three categories: general data, important data and core data. For the processing of important data and core data, relevant entities are required to comply with specific filing requirements and reporting obligations. At the same time, relevant entities and information technology processors in the industry are also required, in accordance with the Data Security Measures, to establish a security management system covering the entire data lifecycle, appoint dedicated data security management personnel, reasonably manage operational authorizations, formulate emergency response plans, and organize and conduct emergency drills and related training.

INDUSTRY STANDARDS RELATING TO DATA IN THE INDUSTRIAL SECTOR

The Guidelines for the Identification of Important Data in the Industrial Sector (《工業領域重要數據識別指南》), officially released by the Ministry of Industry and Information Technology on December 10, 2024 and effective from April 1, 2025, provide the basic principles, procedures and considerations for industrial data processors to identify important data in the industrial sector. It is applicable to industrial data processors for identifying important data and can also serve as a reference for industry regulators in formulating catalogs of important data in the industrial sector.

The Requirements for Data Security Protection of Industrial Enterprises (《工業企業數據安全防護要求》), officially released by the Ministry of Industry and Information Technology on October 24, 2024 and effective from February 1, 2025, stipulate the basic data security protection requirements, data full-lifecycle security protection requirements and other protection requirements for industrial enterprises. It guides industrial enterprises in carrying out data security protection work and can also serve as a reference for conducting data security risk assessments.

The Specification for Data Security Risk Assessment in the Industrial Sector (《工業領域數據安全風險評估規範》), officially released by the Ministry of Industry and Information Technology on May 9, 2025 and effective from August 1, 2025, stipulates the basic principles, elements, procedures and methods for data security risk assessment in the industrial sector. It applies to data security risk assessments for data processing activities conducted within the territory of the PRC by processors of important data and core data in the industrial sector. It can also be used to guide general data processors in the industrial sector in assessing the data security risks of their data processing activities.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademarks

The Trademark Law of the People's Republic of China (《中華人民共和國商標法》) (the "**Trademark Law**") came into effect on March 1, 1983 and was last amended on April 23, 2019; its supporting Regulations for 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》) (the "**Trademark Law Implementation Regulations**") came into effect on September 15, 2002 and was last amended on April 29, 2014. The Trademark Law and the Trademark Law Implementation Regulations establish the fundamental legal framework for trademark administration in the PRC. This framework covers regulations concerning registered trademarks, including trademarks for goods, services, collective marks, and certification marks. Among them, registered trademarks are protected by the Trademark Law and its supporting rules and regulations. Applications for trademark registration must be filed with and processed by the Trademark Office of the China National Intellectual Property Administration. If a trademark for which registration is applied is identical or similar to another trademark that has already been registered or has passed preliminary examination and been approved for use on the same or similar goods or services, the application for registration of that trademark is likely to be rejected. The validity period of a registered trademark is ten years. Except in cases of cancellation in accordance with the law, the registration may be renewed upon expiration.

Patents

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), promulgated by the Standing Committee of the National People's Congress on March 12, 1984, last amended on October 17, 2020 and effective from June 1, 2021, and the Implementing Regulations of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), promulgated by the State Council on June 15, 2001 and last amended on December 11, 2023, PRC law specifies three types of patents: invention patents, utility model patents and design patents. The term of protection for invention patents is 20 years, for utility model patents is 10 years, and for design patents is 15 years, with all terms calculated from the date of application. The PRC patent system follows the "first-to-file" principle, which specifies that if two or more entities apply for a patent for the identical invention, the patent administration department will grant the patent right to the entity that filed the application first. An application for a patent for an invention or utility model must meet three core conditions: novelty, inventiveness, and practical applicability. Unless otherwise stipulated by relevant laws and regulations, a third party must obtain prior permission from the patentee or acquire a legally valid license to use the patent; if a patent is used without following the aforementioned procedures, such use will constitute an infringement of the patent right.

Copyright and Software Copyright

The protection of copyright (including software copyright) is primarily based on the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), promulgated by the Standing Committee of the National People's Congress on September 7, 1990 and last amended on November 11, 2020, and the Regulations for the Implementation of the Copyright Law of the People's Republic of China (《中華人民共和國著作權法實施條例》), promulgated by the State Council on August 2, 2002 and last amended on January 30, 2013. The aforementioned law and regulations explicitly stipulate that works created by PRC citizens, legal persons, or other organizations in the fields of literature, art, and science, whether published or not, shall enjoy copyright protection.

In addition, Internet-related activities, products disseminated via the Internet, and software products are also protected by copyright. According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), promulgated by the National Copyright Administration on February 20, 2002 (as amended), and the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), promulgated by the State Council on June 4, 1991 and last amended on January 30, 2013, the National Copyright Administration is the primary department responsible for the registration and administration of software copyright in the PRC. It has designated the Copyright Protection Center of China as the software registration body. The Copyright Protection Center of China is required to issue registration certificates to applicants for computer software copyright in accordance with the provisions of the Measures for the Registration of Computer Software Copyright (as amended) and the Regulations on the Protection of Computer Software.

Domain Names

The registration of and matters related to Internet domain names are primarily regulated by the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and effective from November 1, 2017, and the Implementing Rules for National Top-Level Domain Name Registration (《國家頂級域名註冊實施細則》), issued by the China Internet Network Information Center and effective from June 18, 2019. The legal holder of a domain name must complete the domain name registration process, for which the Ministry of Industry and Information Technology is responsible for the administration of Internet domain names in the PRC. The domain name service sector follows the "first-come, first-served" basic principle, whereby an applicant becomes the holder of a domain name upon completion of the entire registration process.

LAWS AND REGULATIONS RELATING TO LABOR PROTECTION, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

General Rules on Labor Contracts

According to the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), promulgated on June 29, 2007 and last amended on December 28, 2012, entities such as enterprises, individual economic organizations and private non-enterprise units that intend to establish or have established a labor relationship with an employee shall conclude a labor contract in writing. The law explicitly prohibits employers from forcing employees to work overtime or requiring them to do so in a disguised form, and employers are required to pay employees overtime wages in accordance with state regulations. In addition, the wages paid by an employer to an employee shall not be lower than the local minimum wage standard and must be paid in full and in a timely manner.

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), promulgated on July 5, 1994 and last amended on December 29, 2018, employers shall establish and improve their labor safety and health systems, strictly abide by national regulations and standards on labor safety and health, and provide employees with labor safety and health education to prevent safety accidents at work and reduce occupational hazards. Among these, labor safety and health facilities must comply with the standards stipulated by the state. At the same time, employers are also required to provide employees with labor safety and health conditions that meet national standards, as well as necessary labor protection equipment.

Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), adopted by the Standing Committee of the National People's Congress on October 28, 2010 and amended on December 29, 2018, every employer and individual within the territory of the PRC is required to pay social insurance premiums in accordance with the law, which include basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. For employers who fail to pay social insurance premiums in full and in a timely manner, the relevant authorities shall order them to pay or make up the shortfall within a specified period, and a late payment fee shall be charged at a daily rate of 0.05% from the due date; if the employer fails to make the payment within the aforementioned specified period, the relevant administrative authorities will impose a fine of one to three times the amount of the overdue payment.

According to the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) enacted by the Supreme People' Court on July 31,2025 and implemented on September 1, 2025, where private agreements made between an employer and an employee to waive mandatory social insurance payments is legally invalid and the workers are now granted the right to unilaterally terminate their employment contracts and claim compensation if their employers fail to make the mandatory social insurance contributions. Such interpretation also provides that where an employee is alternately or simultaneously employed by multiple related entities and requests confirmation of the labor relationship, the people's court shall support the employee's claim to confirm that the employer that signed written employment contract with the employee has established a labor relationship. If none of the affiliated entities has entered into a labor contract with the employee, the labor relationship is to be determined principally by reference to acts of employment management, taking into account factors such as working hours, job content, wage payment, and social-insurance premium contributions. Considering that (i) no employee has brought a lawsuit or arbitration to terminate the employment in respect of failing to make the mandatory social insurance contribution; and (ii) our Single Largest Shareholders have undertaken to indemnify us against all of outstanding shortfalls, penalties or damages in the event that we are required to pay any of outstanding contributions, or any overdue charges or penalties imposed by the relevant PRC authorities, our PRC Legal Adviser is of the view that (i) the aforementioned judicial interpretation does not expand our Company's penalty exposure; (ii) the aforementioned judicial interpretation does not repeal the social insurance laws and regulations currently in force of the PRC; and (iii) no employee has brought a lawsuit or arbitration in respect of payment of social insurance and therefore no pending litigation or arbitration of the Company is applicable to the aforementioned judicial interpretations.

Pursuant to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), adopted by the State Council on April 3, 1999 and last amended on March 24, 2019, every employer and individual within the territory of the PRC is required to pay housing provident fund contributions in accordance with the law. If an employer violates the provisions of these regulations by failing to pay or being delinquent in paying housing provident fund contributions, the housing provident fund administration center shall order it to make the deposits within a specified period; if the employer still fails to make the deposits after the deadline, the housing provident fund administration center may apply to the people's court for compulsory enforcement.

LAWS AND REGULATIONS RELATING TO PROPERTY LEASING

According to the Civil Code of the People's Republic of China, adopted by the National People's Congress on May 28, 2020 and effective from January 1, 2021, a property service contract is a contract under which a property service provider provides property services, such as maintenance and repair of buildings and their ancillary facilities, environmental sanitation, and management and maintenance of relevant order within a property service area, and the owner pays the property fees.

According to the Civil Code of the People's Republic of China, adopted by the National People's Congress on May 28, 2020 and effective from January 1, 2021, a lease contract generally includes clauses on the name, quantity, and use of the leased property, the lease term, rent, payment term and method, and repair of the leased property. With the consent of the lessor, the lessee of a lease may sublet the leased property to a third party.

According to the Administrative Measures for the Leasing of Commercial Housing (《商品房屋租賃管理辦法》), promulgated by the Ministry of Housing and Urban-Rural Development of the People's Republic of China on December 1, 2010 and effective from February 1, 2011, a commercial housing lease contract shall be filed for registration with the competent construction (real estate) department of the people's government of the municipality directly under the Central Government, city or county where the leased premises are located within 30 days of its conclusion.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal legal basis for the regulation of foreign currency exchange in the PRC is 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》), promulgated on January 29, 1996 and last amended on August 5, 2008. Pursuant to the currently effective foreign exchange regulations, international payments and transfers of foreign currency under the current account are not subject to state control or restrictions; however, foreign currency transactions under the capital account (such as direct investment and capital contributions) remain subject to regulatory restrictions and require approval from or registration with the foreign exchange administration authorities.

Pursuant to the Circular of the State Administration of Foreign Exchange on Relevant Issues Concerning Foreign Exchange Administration for Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), promulgated by the State Administration of Foreign Exchange (SAFE) on February 1, 2005 and amended on December 26, 2014, SAFE and its branches and administrative offices shall supervise, manage and inspect the business registration, account opening and use, cross-border receipts and payments, and fund conversion of domestic companies, as well as other activities related to overseas listing. Domestic companies are required to complete overseas listing registration with the foreign exchange administration authority at their place of registration by submitting the required materials within 15 working days after the completion of an overseas public offering.

Pursuant to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies for the Management of Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), effective from June 9, 2016, and as amended by the Circular of the State Administration of Foreign Exchange on Further Deepening Reform and Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》), foreign exchange income of domestic institutions under the capital account is subject to the provisions of the discretionary settlement policy. Among these, for foreign exchange income under the capital account explicitly included in the scope of discretionary settlement management by relevant policies (including foreign exchange capital, foreign debt funds, and repatriated funds raised through overseas listing), domestic institutions may handle foreign exchange settlement with banks based on their actual business operational needs. When handling each foreign exchange settlement transaction for a domestic institution under the "settlement-for-payment system", the bank is required to review the authenticity and compliance of the use of funds from the institution's previous foreign exchange settlement (including both discretionary settlement and settlement-for-payment). In addition, there are explicit restrictions on the use of foreign exchange income of domestic institutions under the capital account and the Renminbi funds obtained from its settlement: they shall not be directly or indirectly used for expenditures outside the enterprise's business scope or for expenditures prohibited by national laws and regulations; unless otherwise provided, they shall not be directly or indirectly used for securities investment, other investments, or wealth management activities other than principal-guaranteed bank products; they shall not be used for granting loans to non-affiliated enterprises (except where such business is explicitly permitted within the enterprise's business scope); and they shall not be used for the construction or purchase of real estate other than for self-use (except for real estate enterprises).

Pursuant to the Circular of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), promulgated by SAFE on April 10, 2020, eligible enterprises are permitted to use their income under the capital account (such as capital funds, foreign credit funds and proceeds from overseas listings) for domestic payments without having to provide authenticity verification materials for each transaction to the bank in advance, provided that the use of such funds is authentic and compliant and adheres to the current administrative regulations on the use of income under the capital account. Local foreign exchange administration authorities shall strengthen monitoring and analysis and enhance interim and ex-post supervision.

LAWS AND REGULATIONS RELATING TO TAXATION

PRC Enterprise Income Tax Law

Pursuant 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 on March 16, 2007 and last amended on December 29, 2018, and the Implementing Regulations for 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 on December 6, 2007 and amended on December 6, 2024, the scope of enterprise income taxpayers covers both resident enterprises and non-resident enterprises. Among these, a resident enterprise refers specifically to two situations: one is an enterprise legally established within the territory of the PRC; the other is an enterprise established under foreign (regional) law but whose place of effective management is within the territory of the PRC. Non-resident enterprises, on the other hand, include two categories: one is an enterprise established under foreign (regional) law with its place of effective management outside the territory of the PRC, but which has an establishment or premises within the territory of the PRC; the other is an enterprise that has no establishment or premises within the territory of the PRC but has income sourced from within the territory of the PRC. The statutory enterprise income tax rate is 25%, while eligible small low-profit enterprises may be subject to a reduced enterprise income tax rate of 20%.

Pursuant to the Relevant Circular of the State Administration of Taxation on the Implementation of the Administrative Measures for the Recognition of High-tech Enterprises (《國家稅務總局關於貫徹落實〈高新技術企業認定管理辦法〉的相關通知》), an entity certified as a High and New Technology Enterprise ("**HNTE**") is entitled to a preferential enterprise income tax rate of 15%. The validity period for the recognition of a High and New Technology Enterprise is three years, calculated from the date of issuance of the HNTE certificate. Upon the expiry of the recognition certificate, an enterprise may re-apply for HNTE recognition.

Relevant Income Tax on Dividend Distribution

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) and its protocol, promulgated by the State Administration of Taxation on August 21, 2006 and effective from December 8, 2006, if a Hong Kong enterprise directly holds no less than 25% of the equity in a PRC domestic company, the dividends distributed by the PRC domestic company to such Hong Kong enterprise shall be subject to tax at a rate of 5%; if the shareholding percentage of the Hong Kong enterprise in the PRC domestic company does not meet the aforementioned 25% standard, the relevant dividends shall be subject to withholding income tax at a rate of 10%.

Pursuant to the Administrative Measures for Non-resident Taxpayers to Enjoy Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》), promulgated by the State Administration of Taxation on October 14, 2019 and effective from January 1, 2020, non-resident taxpayers enjoying tax treaty benefits are required to follow a model of "self-assessment, claim for enjoyment, and retention of relevant materials for inspection." A non-resident taxpayer who self-assesses that it meets the conditions for enjoying treaty benefits may enjoy such benefits on its own accord when filing a tax return, or through a withholding agent when filing a withholding tax return; at the same time, it is required to collect and retain relevant supporting documents for inspection by the tax authorities in accordance with regulations, and to be subject to subsequent management by the tax authorities.

Pursuant to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》), promulgated on September 10, 1980, last amended on August 31, 2018 and effective from January 1, 2019, and the Implementing Regulations for the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》), last amended on December 18, 2018 and also effective from January 1, 2019, it is specified that income from interest, dividends and bonuses, income from leasing of property, income from transfer of property and incidental income are subject to a proportional tax rate, uniformly set at 20%.

In addition, pursuant to the Circular on Issues Concerning the Differentiated Individual Income Tax Policy on Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》), issued by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on September 7, 2015, the individual income tax on dividend income from stocks of listed companies acquired from the public issuance and transfer market is subject to a differentiated policy based on the holding period: if the holding period exceeds one year, the dividend income is temporarily exempt from individual income tax; if the holding period is one month or less (inclusive), the dividend income is subject to tax in full; if the holding period is between one month and one year (inclusive), 50% of the dividend income is treated as taxable income. The taxable income under all the above scenarios is subject to individual income tax calculated at a uniform rate of 20%.

Pursuant to the aforementioned Enterprise Income Tax Law of the People's Republic of China and its Implementing Regulations, the statutory enterprise income tax rate is 25%. For a non-resident enterprise that has no establishment or premises in the PRC, or has an establishment or premises but the income derived has no actual connection with such establishment or premises, its income sourced from within the PRC shall be subject to enterprise income tax at a reduced rate of 10%. A withholding-at-source system is implemented for the aforementioned withholding income tax payable by non-resident enterprises, with the entity or individual making the payment acting as the withholding agent; the withholding agent is required to withhold the corresponding tax from each payment made or due to be paid.

Pursuant to the Circular of the State Administration of Taxation on Issues Concerning the Withholding of Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to Non-resident Enterprise Shareholders of Overseas-listed H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), promulgated on November 6, 2008, the relevant collection and administration requirements are further clarified: when a Chinese resident enterprise distributes dividends for 2008 and subsequent years to non-resident enterprise shareholders of its overseas-listed H shares, it is required to withhold enterprise income tax at a uniform rate of 10%. After receiving the dividends, a non-resident enterprise shareholder may apply to the competent tax authority to enjoy the benefits under a tax treaty (or arrangement); upon verification and confirmation by the competent tax authority that the conditions are met, the difference between the tax already collected and the tax payable calculated at the rate stipulated in the tax treaty (or arrangement) will be refunded.

Value-added Tax

Pursuant to the Interim Regulations 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 and last amended on November 19, 2017, entities and individuals engaged in the sale of goods, provision of processing, repair and replacement services, as well as the sale of services, intangible assets, real estate and the importation of goods within the territory of the PRC shall be recognized as Value-added Tax ("**VAT**") taxpayers.

Unless otherwise specified by law, VAT rates shall be applied as follows: for taxpayers engaged in the sale of goods, provision of labor services, tangible movable property leasing services, or importation of goods, the tax rate is 17%; for taxpayers engaged in transportation, postal services, basic telecommunications, construction, real estate leasing services, as well as the sale of real estate, transfer of land use rights, or sale/import of specific goods, the tax rate is 11%; for taxpayers engaged in the sale of services or intangible assets, the tax rate is 6%; for domestic entities and individuals selling services or intangible assets cross-border within the scope prescribed by the State Council, the tax rate is 0%; and for exported goods, unless otherwise stipulated by the State Council, the tax rate is also 0%.

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Policies Regarding the Simplification of Value-added Tax Rates (《財政部、國家稅務總局關於簡並增值稅稅率有關政策的通知》), issued on April 28, 2017, from July 1, 2017, the PRC simplified its VAT rate structure and abolished the 13% VAT rate. The circular also clarified the scope of goods subject to the 11% VAT rate and the relevant rules for input tax deduction.

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), issued on April 4, 2018, from May 1, 2018, when taxpayers engage in VAT-taxable sales or import goods, the previously applicable 17% tax rate was adjusted to 16% and the 11% tax rate was adjusted to 10%.

Pursuant to the Announcement on Policies for Deepening Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》), issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on March 20, 2019 and effective from April 1, 2019, for VAT general taxpayers' accounting of VAT-taxable sales or importation of goods, the previously applicable 16% VAT rate was adjusted to 13% and the previously applicable 10% VAT rate was adjusted to 9%.

LAWS AND REGULATIONS RELATING TO GOVERNMENT PROCUREMENT AND TENDERING

Pursuant to the Government Procurement Law of the People's Republic of China (《中華人民共和國政府採購法》), promulgated by the Standing Committee of the National People's Congress on June 29, 2002 and last amended on August 31, 2014, the law specifies open tendering as the primary method for government procurement. Among these, government procurement refers to the act of state organs, public institutions, and social organizations using fiscal funds to procure goods, works, and services included in the centralized procurement catalog, or where the procurement amount exceeds the prescribed procurement limit standard, and the relevant procurement requirements shall be specified in separately announced documents. Government procurement activities must adhere to the principles of openness and transparency, fair competition, impartiality, and good faith, while collusion among parties involved in government procurement is prohibited to avoid harming national interests, the public interest, or the legitimate rights and interests of other parties.

Pursuant to the Implementing Regulations of the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法實施條例》), promulgated on December 20, 2011, last amended on and effective from March 2, 2019, for projects that are required by law to be tendered, if the tendering and bidding activities violate the provisions of the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》) and its Implementing Regulations and have a substantial impact on the bid award result, and if the irregularities cannot be corrected through remedial measures, the corresponding bid award result shall be invalid, and the tendering and bid evaluation process must be re-organized in accordance with the law.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

The Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), formulated and promulgated by the National People's Congress, officially came into effect on January 1, 2020. At the same time, three laws — the Law of the People's Republic of China on Sino-foreign Equity Joint Ventures, the Law of the People's Republic of China on Wholly Foreign-owned Enterprises, and the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures — were simultaneously repealed and retired from the historical stage. Since then, the Foreign Investment Law has become the core and fundamental law governing foreign-invested enterprises established wholly or partly with investment from foreign investors. Among these, the organizational form, organizational structure, and operational principles of foreign-invested enterprises are subject to the provisions of the Company Law of the People's Republic of China and other relevant laws. The PRC implements a management system of "pre-establishment national treatment plus a negative list" for foreign investment, and has abolished the previous approval and filing management mechanism for the establishment and alteration of foreign-invested enterprises. Here, "pre-establishment national treatment" specifically refers to the treatment given to foreign investors and their investments during the investment access stage, which is no less favorable than that given to domestic investors and their investments.

On December 30, 2019, the Ministry of Commerce and the State Administration for Market Regulation jointly issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020. Pursuant to these measures, relevant parties involved in the establishment of foreign-invested enterprises, the purchase of equity in domestic enterprises by foreign investors, or the subscription to new registered capital of domestic enterprises by foreign investors are all required to submit initial information reports through a dedicated registration system. In addition, if significant matters of the aforementioned enterprises (such as equity structure, investment amount, etc.) subsequently change, the relevant parties are required to submit a change report through the same registration system. Investment activities of foreign investors in the PRC are primarily regulated by the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"). This edition of the Negative List, which officially comes into effect on November 1, 2024, sets out special management measures for the foreign investment access stage in a unified and standardized manner: foreign investors are not allowed to invest in fields explicitly prohibited by the Negative List, and investment in fields restricted by the Negative List must meet the stipulated investment conditions; for foreign investment outside the Negative List, management is implemented following the principle of consistency between domestic and foreign investment.

According to the Negative List, the proportion of foreign investments in an entity engaging in value-added telecommunications business (excluding the e-commerce, domestic multi-party communications, storage-forwarding, and call centers) shall not exceed 50%. The Group currently operates in the software development industry, providing EIIR products and solutions, and thus none of the Group's business are considered to be falling within the value-added telecommunications services as defined in the Classification Catalogue of Telecommunications Services (《電信業務分類目錄》) or in other businesses prohibited or restricted for foreign investment under the Negative List. Our PRC Legal Advisers are of the view that the Group is not involved in the businesses prohibited or restricted for foreign investment under the Negative List.

While strengthening investment promotion and protection, the Foreign Investment Law further standardizes the foreign investment management process, explicitly requiring the establishment of a foreign investment information reporting system, which replaces the previous approval and filing system for foreign-invested enterprises managed by the Ministry of Commerce. The work of foreign investment information reporting is regulated by the Measures for the Reporting of Foreign

Investment Information, jointly formulated by the Ministry of Commerce and the State Administration for Market Regulation, which has been in effect since January 1, 2020. Pursuant to the Measures for the Reporting of Foreign Investment Information, when foreign investors conduct investment activities directly or indirectly within the territory, they are required to submit investment-related information to the competent commerce authorities through the enterprise registration system and the national enterprise credit information publicity system; the types of reports cover initial reports, change reports, deregistration reports, and annual reports, among others.

LAWS AND REGULATIONS RELATING TO OVERSEAS INVESTMENT BY DOMESTIC ENTERPRISES

The Ministry of Commerce promulgated the Administrative Measures for Overseas Investment (《境外投資管理辦法》) on September 6, 2014, which officially came into effect on October 6, 2014; The National Development and Reform Commission promulgated the Administrative Measures for Enterprise Outbound Investment (《企業境外投資管理辦法》) on December 26, 2017, which came into effect on March 1, 2018.

Pursuant to the provisions of the two above-mentioned measures, overseas investment refers to investment activities conducted directly by a domestic enterprise, or through an overseas enterprise under its effective control, in the form of contributing assets, transferring equity, providing financing support, issuing guarantees, etc., to acquire foreign ownership, control, management rights, and other related rights and interests. Among these, the scope of approval-based management applies to sensitive projects undertaken directly by the investing entity or through an overseas enterprise under its control. The Ministry of Commerce and provincial-level commerce authorities jointly undertake the management and supervision responsibilities for overseas investment, and implement either filing-based or approval-based management for enterprises' overseas investment activities based on the specific circumstances of the investment. If an enterprise's overseas investment involves sensitive countries and regions, or sensitive industries, such overseas investment must be subject to approval-based management by the National Development and Reform Commission; all other types of an enterprise's overseas investments are subject to filing-based management procedures in accordance with regulations.

The Ministry of Commerce and provincial-level commerce authorities carry out the management of enterprise overseas investment through the Overseas Investment Management System" and issue an "Enterprise Overseas Investment Certificate (《企業境外投資證書》) to enterprises that have completed the filing or approval procedures.

LAWS AND REGULATIONS RELATING TO OVERSEAS ISSUANCE OF SECURITIES AND LISTING BY DOMESTIC ENTERPRISES

Filing Requirements for Overseas Issuance and Listing

On February 17, 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") and its supporting guidelines, which came into effect on March 31, 2023. According to the Trial Measures, a domestic enterprise shall not engage in overseas issuance and listing activities under any of the following circumstances: I. where listing and financing are explicitly prohibited by PRC laws, administrative regulations, or relevant state provisions; II. where the overseas issuance and listing may endanger national security as determined upon review by the relevant competent departments under the State Council in accordance with the law; III. where the domestic enterprise or its controlling shareholder or de facto controller has a criminal record within the last three years for corruption, bribery, embezzlement, misappropriation of property, or disrupting the order of the socialist market economy; IV. where the domestic enterprise is under investigation for suspected criminal offenses or major violations of laws and regulations, and no definite conclusion has yet been reached; V. where there is a major ownership dispute over the equity held by the controlling shareholder, or by the de facto controller who is dominated by the controlling shareholder or de facto controller.

Confidentiality and Archives Management

On February 24, 2023, the CSRC and other relevant government departments jointly promulgated the Provisions on Strengthening Confidentiality and Archives Management of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Confidentiality Provisions**"), which came into effect on March 31, 2023. According to the requirements of the Confidentiality Provisions, if a domestic enterprise provides or publicly discloses relevant information to entities or individuals such as securities companies, securities service institutions, or overseas regulatory authorities, or provides or publicly discloses documents and materials involving state secrets or the work secrets of state organs through channels such as its overseas listed entity, it shall report to the competent authority with approval power for approval in accordance with the law, and simultaneously file with the administrative management department at the same level for the record. In addition, when a domestic enterprise provides accounting archives or copies thereof to entities or individuals such as securities companies, securities service institutions, or overseas regulatory authorities, it shall strictly follow the corresponding procedures in accordance with relevant national regulations. Securities companies and securities service institutions providing services for the overseas issuance and listing of domestic enterprises shall store their work papers created within the territory of the PRC inside the PRC; if the work papers indeed need to be transferred abroad, approval procedures must be completed in accordance with relevant national regulations.

Regulations Relating to Full Circulation of H Shares

On November 14, 2019, the CSRC issued the Guidelines on Application for Full Circulation of Unlisted Domestic 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》) (the "**Full Circulation Guidelines**"), which were revised and re-implemented on August 1, 2023. "Full circulation" specifically refers to the listing and circulation on the Stock Exchange of unlisted domestic shares held by domestic joint-stock companies ("**H-share listed companies**"), including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares issued after overseas listing, and unlisted shares held by foreign shareholders.

Pursuant to the Full Circulation Guidelines, provided that relevant laws, regulations, and policy requirements such as state-owned asset management, foreign investment, and industry supervision are met, shareholders of unlisted domestic shares may, through autonomous negotiation, determine the number and proportion of shares to apply for circulation, and entrust the corresponding H-share listed company to initiate the full circulation application. When applying for full circulation, an H-share listed company needs to submit an application to the CSRC in accordance with the administrative approval procedure for "approval of overseas public offering and listing (including additional issuance) of shares by joint-stock limited companies". An H-share listed company may submit a full circulation application separately or concurrently with an application for overseas refinancing; a domestic joint-stock company that is not yet listed overseas may initiate a full circulation application concurrently with its application for an initial public offering (IPO) overseas. After a full circulation application is approved by the CSRC, the H-share listed company is required to submit a report on the relevant situation to the CSRC within 15 days after the completion of the re-registration of the shares involved in the application with the CSDC. After unlisted domestic shares are listed and circulated on the Stock Exchange, they cannot be transferred back to the domestic market for circulation.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited and Shenzhen Stock Exchange (the "**SZSE**") jointly issued the Detailed Implementing Rules for H-share Full Circulation Business (《H股全流通業務實施細則》) (the "**Implementing Rules**"). Aspects of the H-share full circulation business such as cross-border re-registration, securities depository and holdings maintenance, trade instruction and order routing, settlement operations, settlement participant management, and nominee holder services are all subject to the regulations of the Implementing Rules. For matters not explicitly stipulated in the Implementing Rules, reference shall be made to other business rules of CSDC, China Securities Depository and Clearing (Hong Kong) Company Limited ("**CSDC (Hong Kong)**") and the SZSE.

Pursuant to the Implementing Rules, an H-share listed company approved by the CSRC to participate in the H-share full circulation business, after completing the corresponding information disclosure, needs to apply to CSDC to deregister some or all of its non-overseas listed shares; at the same time, it shall re-register the H-share full circulation shares that are free from pledges, freezes, or transfer restrictions with the Hong Kong share registrar, making them shares that can be listed and circulated on the Stock Exchange. The relevant securities are subject to centralized depository, and CSDC is responsible for handling settlement matters.

As the nominee holder of the aforesaid securities, CSDC is responsible for handling matters related to securities depository, holdings maintenance, and cross-border clearing and settlement for the H-share full circulation business, while also providing nominee holder services to investors. An H-share listed company is required to obtain authorization from the full circulation shareholders to select a domestic securities company to participate in the H-share full circulation business; the full circulation shareholders need to submit trading orders for H-share full circulation shares through their entrusted domestic securities company. The domestic securities company needs to select a Hong Kong securities company for the full circulation shareholders, and this Hong Kong securities company will submit trading orders to the Stock Exchange to complete the transactions. After a transaction is concluded, CSDC and CSDC (Hong Kong) will jointly handle the cross-border clearing and settlement procedures for the relevant shares and funds. The settlement currency for H-share full circulation trading business is uniformly the Hong Kong dollar. If an H-share listed company entrusts CSDC to distribute cash dividends, it needs to submit a written application to CSDC; in the process of distributing cash dividends, it may apply to CSDC for the detailed holdings of relevant investors on the record date for cash dividends. In addition, if investors acquire non-H-share full circulation securities listed on the Stock Exchange due to distributions, conversions, or other circumstances related to H-share full circulation securities, they may only sell such securities and are not permitted to buy them; if subscription rights for shares listed on the Stock Exchange are acquired, and such subscription rights are listed on the Stock Exchange, investors may only sell such subscription rights and are not permitted to exercise them.

To comprehensively advance the H-share full circulation reform and clarify the business arrangements and operational procedures for the registration, custody, and settlement and delivery of relevant shares, CSDC issued the Circular on the Issuance of the Business Guide for H-share Full Circulation (《關於發佈〈H股全流通業務指南〉的通知》) on February 7, 2020, which clarifies specific matters such as business preparation, account setup, cross-border equity re-registration and overseas centralized depository. In addition, the Business Guide for H-share Full Circulation of China Securities Depository and Clearing (Hong Kong) Company Limited (《中國證券登記結算(香港)有限公司H股全流通業務指南》) was also issued simultaneously, which clarifies matters such as relevant securities custody, custodian operations, CSDC (Hong Kong) agency services, settlement and delivery arrangements, and other supporting matters.

LAWS AND REGULATIONS RELATING TO U.S. EXPORT CONTROL

Under the EAR (15 C.F.R. § 734.3), an item is considered "subject to the EAR" if it meets any of the following criteria: (1)It is of U.S. origin, regardless of its location; (2)It is located in the United States, regardless of its origin; (3)It is a foreign-made item that contains U.S.-origin controlled content exceeding the applicable de minimis thresholds (typically 10% or 25%, depending on destination and content type, "***De Minimis* Rule**"); (4)It is a foreign-produced item that is the direct product of U.S.-origin technology or software, or is produced by a plant or major component of a plant that is the direct product of such technology/software, and is subject to the FDP Rules under § 734.9 ("**Foreign-Produced Direct Product Rules**").

In most cases, non-U.S.-produced items are subject to the EAR under the ***De Minimis* Rule** if they contain in excess of 25% controlled U.S.-origin content by value. However, the relevant *de minimis* threshold is in excess of 10% controlled U.S.-origin content for exports or reexports to Iran, Cuba, or North Korea. Controlled U.S.-origin content for these purposes includes items that are themselves controlled for export or reexport to the applicable destination.

Separately from the ***De Minimis* Rule** above, under the EAR's foreign-produced direct products rules, certain non-U.S.-produced items that meet the conditions to constitute "direct products" of certain types of U.S.-origin items technology also are subject to the EAR, even if those non-U.S. items were produced and are located abroad and contain less than *de minimis* controlled U.S. origin content.

Laws and Regulations Relating to U.S. Outbound Investment

On August 9, 2023, the U.S. government issued Executive Order 14105, launching efforts to regulate certain outbound investments involving China. The U.S. Department of the Treasury followed with rulemaking, culminating in a Final Rule on October 28, 2024 (effective January 2, 2025) that established the "Outbound Investment Security Program." This program focuses on investments by U.S. persons in advanced technology sectors in "countries of concern" (currently China, including Hong Kong and Macau).

Under the Final Rule, U.S. persons (including U.S. citizens and permanent residents, entities organized under U.S. law (including their foreign branches), and any person in the U.S.) are subject to investment prohibitions and notification requirements for certain transactions in three sensitive technology categories (semiconductors and microelectronics, quantum information technologies, and artificial intelligence systems). These restrictions apply when a transaction involves a "Covered Foreign Person" — generally an entity in a country of concern engaged in a "Covered Activity". Covered transactions include activities such as acquiring equity interests (including contingent equity interests), providing debt financing, forming joint ventures, or investing as a limited partner in a fund, when such activities involve a Covered Foreign Person. Certain exceptions are provided. Notably, investments in publicly traded securities that trades on a securities exchange are exempted, except to the extent that the investments would provide rights beyond minority shareholder protections.

Non-compliance can result in significant penalties: civil fines up to the greater of twice the transaction value or approximately US$377,700, and for willful violations, criminal fines up to US$1,000,000 and imprisonment for up to 20 years.