Regulations Relating to Foreign Investment

The Company Law of the People's Republic of China (《中華人民共和國公司法》) which was amended by the SCNPC on December 29, 2023 and became effective on July 1, 2024, sets forth the provisions of the incorporation, organizational structure and operation of companies, which shall also apply to foreign-invested companies incorporated in the PRC.

On January 1, 2020, 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") promulgated by the National People's Congress of the PRC came into effect repealing simultaneously the Law of the PRC on Sino-Foreign Equity Joint Ventures, the Law of the PRC on Wholly Foreign-Owned and Law of the PRC on Sino-Foreign Cooperative Joint Ventures. The Foreign Investment Law now serves as the basic law regulating foreign-invested enterprises wholly or partially invested by foreign investors, while the organization form, institutional framework and standard of conduct of foreign-invested enterprises shall be governed by Company Law and other relevant laws. The PRC government implements the administration system of pre-entry national treatment and the Negative List for foreign investment, abolishing the original approval and filing administration system for the establishment and change of foreign invested enterprises. Pre-entry national treatment ensures that foreign investors and their investments receive, at the entry stage, treatment no less favorable than that accorded to domestic investors and their investments. Negative List specifies sectors where special access measures apply; foreign investment outside the list is accorded national treatment. Restrictions on foreign-invested enterprises are primarily governed by the current Negative List, namely the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Revision) (《外商投資准入特別管理措施(負面清單)(2024年版)》) issued by the NDRC and the MOFCOM on September 6, 2024 and came into effect on November 1, 2024, which sets out special administrative measures regarding foreign investment access in a centralized manner. Foreign investors are prohibited from investing in sectors designated as "prohibited" and must satisfy the conditions stipulated for sectors designated as "restricted." Sectors not covered by the Negative List are subject to the principle of equal treatment for domestic and foreign investments. The Company confirms that none of the Company's business falls within the scope of the Negative List where foreign investment is restricted or prohibited.

While strengthening investment promotion and protection, the Foreign Investment Law further regulates foreign investment and establishes a foreign investment information reporting system that replaces the original foreign investment enterprises approval and filing system of the MOFCOM.

The foreign investment information reporting system is subject to the Foreign Investment Information Reporting Method (《外商投資信息報告辦法》) jointly developed by the MOFCOM and the SAMR, which came into effect on January 1, 2022. According to the Foreign Investment Information Reporting Method, the MOFCOM is responsible for coordinating and guiding the reporting of foreign investment information nationwide; and the competent commercial department of the local people's government at or above the county level, as well as the relevant agencies of the Pilot Free Trade Zone and the National Economic and Technological Development Zone, are responsible for the regional reporting. Foreign investors conducting direct or indirect investment in China shall submit investment information to through the Enterprise Registration System and the National Enterprise Credit Information Publicity System. Reporting includes initial, change, cancelation, and annual reports. Initial reports must be submitted via the Enterprise Registration System when establishing a foreign-invested enterprise (FIE), or acquiring a domestic non-FIE through equity merger. For changes to initially reported information that require enterprise registration or filing, FIEs shall submit change reports via the Enterprise Registration System when applying for such registration or filing. For changes not requiring registration or filing, change reports shall be submitted within 20 business days. For FIEs that are listed companies, changes in investors and shareholdings need only be reported if the cumulative change in foreign shareholding exceeds 5% or if foreign parties' shareholding or relative controlling status changes.

Besides, on December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Securities Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth the security review mechanism on foreign investment, including the types of investments subject to review, the scopes of review and procedures to review.

Regulations Relating to Robot Industry

On December 21, 2021, the MIIT, the NDRC and other 13 departments. Jointly issued the 14th Five Year Plan for the Development of China's Robot Industry (《"十四五"機器人產業發展規劃》), which seeks to promote breakthroughs in core robot technologies and high-end products. The plan raised that, by 2025, China will become a global hub for robotics innovation, a cluster for high-end manufacturing, and a new frontier for integrated applications.

On January 18, 2023, the MIIT and other 16 departments jointly issued the Implementation Plan for "Robot+" Application Action (《"機器人+"應用行動實施方案》), which sets a target to double the robot density in manufacturing by 2025 compared to 2020, while significantly enhancing the depth and breadth of applications for service robots and special purpose robots across industries.

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》) ("**Product Quality Law**") promulgated by the SCNPC on February 22, 1993 and latest amended on December 29, 2018 is the principal governing law related to the supervision and administration of product quality. According to Product Quality Law, manufacturers shall be liable for the quality of product and sellers shall ensure the quality of the products they sell. A manufacturer shall be liable for any physical injuries or damage to property (other than the defective product itself) caused by product defects, unless the manufacturer is able to prove that: (i) the product has not been put into circulation; (ii) the defects causing injuries and damage did not exist at the time of circulation; or (iii) the defect could not have been detected given the scientific and technological level at the time of circulation. A seller shall be liable for any physical injuries or damage to property of others caused by product defects. The seller shall also bear liability if the defect is attributable to its fault, or if it fails to identify the producer or supplier of the defective product. Where a defect in a product causes physical injuries to others or damages to the property of others, the victim may claim compensation from the producer of the product or from the seller of the product.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and becoming effective on January 1, 2021, in the event of damages caused to others due to the defects in a product, the infringed party may seek compensation from the manufacturer or the seller of such product and shall have the right to request the manufacturer and the seller to bear tortious liabilities, such as cessation of infringement, removal of obstruction, elimination of danger, etc.

Regulations Relating to Importation and Exportation 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》) promulgated by the SCNPC on May 12, 1994 which came into effect on July 1, 1994 and most recently amended on December 27, 2025 and the Administration 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, most recently amended on March 10, 2024, and came into effect on May 1, 2024, both stipulated that the import and export of goods and technologies to and from the PRC are free, unless otherwise in relevant laws or administrative regulations, and all entities engaging in the business of importation and exportation of goods shall comply with applicable laws and regulations. The Customs Law of the People's Republic of China (《中華人民共和國海關法》) promulgated on January 22, 1987, as most recently amended on April 29, 2021, stipulated that, among other things, the consignee or consignor of import or export goods or a customs agent shall file for record with relevant customs authority before going through any customs declaration procedures. Provisions on the

Administration of Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC on November 19, 2021, and effective from January 1, 2022, further gives detailed requirements on the documents needed for the filing and the requirements on reporting certain changes of the filed information to the relevant customs authority.

Regulations Relating to Work Safety

The Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), promulgated by the SCNPC on June 29, 2002, and last amended on June 10, 2021, took effect on September 1, 2021. The Work Safety Law applies to all entities engaging in production and business activities within the PRC. Such entities shall, according to the Work Safety Law, strengthen work safety management, establish and improve the all-staff work safety responsibility system and internal rules for work safety, increase investment in funds, materials, technologies and staff for work safety, improve working conditions, advanced the development of a standardized and information-based work safety system, and institute a dual prevention mechanism for tiered safety risk management and control, as well as for the identification and rectification of potential hazards, to enhance risk prevention and resolution mechanisms and ensure work safety. Furthermore, entities shall arrange work safety production training for employees and provide them with personal protective equipment conforming to national or industrial standards. Violations of the Work Safety Law may result in administrative penalties such as fines, suspension of operation and revocation of license.

Regulations Relating to Cybersecurity, Privacy and Data Security

On July 1, 2015, the SCNPC promulgated the National Security Law of the People's Republic of China (《中華人民共和國國家安全法》), which became effective on the same day. It provides that the state shall build an internet and information security protection system and improve internet and information security protection capability to realize the controllable security of internet information key technologies, critical infrastructure and the information systems and data in important fields. In addition, a national security review and supervision system is required to be established to review, among other things, foreign investment, key technologies and services and product in relation to internet information technologies that affect are likely to affect the national security of PRC.

The Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), initially effective on June 1, 2017, was amended on October 28, 2025 and became effective on January 1, 2026. Under the Cybersecurity Law, network service providers are required to take measures to safeguard cybersecurity by complying with cybersecurity obligations, formulating cybersecurity emergency response plans, and providing technical assistance and support to public security and national security authorities. Failure to comply with such laws and regulations may subject the network service providers to administrative penalties including, without limitation, fines, suspension of business operation, shutdown of business websites, revocation of licenses as well as criminal liabilities. The Cybersecurity Law applies to the construction, operation, maintenance and use of the network as well as the supervision and administration of cybersecurity within the territory of China.

On June 10, 2021, the SCNPC promulgated 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 took effect on September 1, 2021. The PRC Data Security Law stipulates the obligations in relation to data security and privacy for entities and individuals carrying out data processing activities. The Data Security Law also introduces a classified and graded data protection based on the importance of data to socio-economic development, and the damage to national security, public interests, or the legitimate rights and interests of individuals or organizations in the event that data are tampered with, destroyed, leaked, or illegally obtained or used. Violation of the Data Security Law may be subject to an order to cease illegal activities, warnings, fines, suspension of business, and revocation of business licenses and/or operating permits, and the persons in charge or other directly responsible persons may be imposed with fines.

On December 28, 2021, the CAC and certain other PRC governmental authorities jointly promulgated the revised Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Measures**"),, which became effective on February 15, 2022 and superseded the prior version effective from June 1,2020. Under the Measures, any procurement of network products and services by a Critical Information Infrastructure Operator, or any data processing activity conducted by a Network Platform Operator, that affects or may affect national security, shall be subject to a cybersecurity review. In addition, any network platform operator possessing over one million users' individual information must apply for a cybersecurity review when seeking to list outside China. The competent governmental authorities may also initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security.

In accordance with the Administrative Measures for Data Security in the Industrial and Information Technology Field (for Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》) (the "MIIT Data Security Measures"), which was promulgated by the MIIT on December 8, 2022 and came into effect on January 1, 2023, data processing activities in the industrial and information technology sector and the regulation of the security thereof conducted within the territory of the PRC are subject to these measures. The MIIT Data Security Measures require industrial and telecommunication data processors to implement data classification and categorize, and to fulfill corresponding security obligations. These include adopting protection measures commensurate with data grades, establishing lifecycle-wide data management systems, and appointing data security personnel to oversee processing activities and assist industry authorities.

Regulations Relating to Intellectual Property

Patent

Patents in the PRC are principally protected under the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and related rules and regulations. The Chinese patent system adopts a first-to-file principle. To be patentable, an invention or a utility model must meet three criteria: novelty, inventiveness and practicability. The duration of a patent right is either 10 years, 15 years or 20 years from the date of application, depending on the type of patent right.

Copyright

Copyrights in the PRC, including software copyrights, are principally protected under the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) and related rules and regulations. Under the Copyright Law, the term of protection for software copyrights is 50 years. The Regulations on the Protection of Rights to Information Network Communication (《信息網絡傳播權保護條例》), as last amended on 30 January 2013, provides specific rules on fair use, statutory license, and a safe harbor for use of copyrights and copyright management technology and specifies the liabilities of various entities for violations, including copyright holders, libraries and internet service providers.

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》), promulgated by the National Copyright Administration on February 20, 2002, regulate registrations of software copyrights, exclusive licensing contracts for software copyrights and assignment agreements. The National Copyright Administration administers software copyright registration and the Copyright Protection Centre of China is designated as the software registration authority. The Copyright Protection Centre of China grants registration certificates to the computer software copyrights applicants which meet the relevant requirements.

Trademark

Registered trademarks are protected under the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) and related rules and regulations. Trademarks are registered with the Trademark office of National Intellectual Property Administration under the SAMR, formerly the Trademark Office of the State Administration of Industry and Commerce. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

Domain Name

Domain names are protected under the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and effective as of November 1, 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

Regulations Relating to Employment and Social Welfare

Pursuant to the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) ("**the Labour Law**") and the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) ("**the Labour Contract Law**"), employers must execute written labor contracts with full-time employees. All employers must comply with local minimum wage standards. Violations of the Labour Contract Law and the Labour Law may result in the imposition of fines and other administrative and criminal liability in the case of serious violations. Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) ("**the Social Insurance Law**") which was promulgated by the SCNPC on October 28, 2010 and became effective on July 1, 2011 and as amended on December 29, 2018, an employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated time limit and be subject to a daily 0.05% late fee since the payment is due. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times of the amount overdue. In accordance with the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999, and amended on March 24, 2019, social insurance premiums that should be paid by employees will be withheld and paid by the employer. An employer that fails to withhold and pay the social insurance premiums may be ordered to withhold and pay the required contributions within a prescribed time limit and be subject to a daily 0.2% late fee since the payment is due.

According to the Regulations on Management of Housing Fund (《住房公積金管理條例》) ("**the Regulations on Management of Housing Fund**") which was promulgated by the State Council on April 3, 1999 and became effective on April 3, 1999 and as lastly amended on March 24, 2019, an employer that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated time limit; otherwise, an application may be made to a local court for compulsory enforcement. Pursuant 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 31 July 2025 and implemented on 1 September 2025, any agreement or employee undertaking to waive social insurance contributions shall be deemed null and void by the people's court. In the event of an employer's failure to make legal social insurance contributions, the employee shall be entitled to rescind the labor contract and request economic compensation in accordance with the PRC Labor Contract Law.

Regulations relating to Leasing

Pursuant to the Law of the People's Republic of China on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》) and Administrative Measures for Commodity Housing Tenancy (《商品房屋租賃管理辦法》), when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and lessee are also required to register the lease with the real estate administration department. If the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines.

According to the Civil Code, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. In addition, if the lessor transfers the premises, the lease contract between the lessee and the lessor will still remain valid. Where the mortgaged property has been leased and the possession thereof has been transferred before the creation of mortgage, the original lease relations shall not be affected by the mortgage.

Regulations Relating to Taxation

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) promulgated by the NPC in March 2007 and latest amended in December 2018, and the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council in December 2007 and lastly amended in December 2024, other than a few exceptions, the income tax rate for both domestic enterprises and foreign-invested enterprises is 25%. Enterprises are classified as either "resident enterprises" or "non-resident enterprises". Besides enterprises established within the PRC, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and subject to the uniform 25% enterprise income tax rate for their global income. A non-resident enterprise refers to an entity established under foreign law whose "de facto management bodies" are not within the PRC but which have an establishment or place of business in the PRC, or which do not have an establishment or place of business in the PRC but have income sourced within the PRC. An income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Value-Added Tax

Pursuant to the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》) promulgated by the Standing Committee of the National People's Congress on December 25, 2024 and took effect on January 1, 2026, entities or individuals engaged in the sales of goods, services, intangible assets, or immovable property within the PRC, or in the importation of goods, shall be identified as taxpayers of value-added tax, and shall pay value-added tax. According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) which was promulgated by the Ministry of Finance and SAT on April 4, 2018 and came into effect on May 1, 2018, the VAT rates of 17% and 11% applicable to the general VAT payers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. According to the Announcement on Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) jointly which was promulgated by the Ministry of Finance, SAT and General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively.

Dividend Withholding Tax

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Chinese mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion 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》), the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise is the beneficial owner of the dividends and directly holds at least 25% of the PRC enterprise.

Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Furthermore, the Administrative Measures for Non-Resident Taxpayer to Enjoy Treatments under Tax Treaties (《非居民納稅人享受稅收協定待遇管理辦法》) (the "SAT Circular 60"), which became effective in November 2015, require that non-resident enterprises which satisfy the criteria for entitlement to tax treaty benefits may, at the time of tax declaration or withholding declaration through a withholding agent, enjoy the tax treaty benefits, and be subject to ongoing administration by the tax authorities. In the case where the non-resident enterprises do not apply to the withholding agent to claim the tax treaty benefits, or the materials and the information stated in the relevant reports and statements provided to the withholding agent do not satisfy the criteria for entitlement to tax treaty benefits, the withholding agent should withhold tax pursuant to the provisions of the PRC tax laws. The SAT issued the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家稅務總局關於發布<非居民納稅人享受協定待遇管理辦法>的公告》) (the "SAT Circular 35") on October 14, 2019, which became effective on January 1, 2020. The SAT Circular 35 further simplified the procedures for enjoying treaty benefits and replaced the SAT Circular 60. According to the SAT Circular 35, no approvals from the tax authorities are required for a non-resident taxpayer to enjoy treaty benefits, where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, but it shall gather and retain the relevant materials as required for future inspection, and accept follow-up administration by the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. According to the Circular of the State Administration of Taxation on Several Issues regarding the "Beneficial Owner" in Tax Treaties (《國家稅務總局關於稅收協定中"受益所有人"有關問題的公告》), which was issued on February 3, 2018 by the SAT, effective as of April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This circular further provides that applicants who intend to prove his or her status of the "beneficial owner" shall submit the relevant documents to the relevant tax bureau according to the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments under Tax Treaties.

Regulations Relating to Overseas Offering and Listing

On February 17, 2023, with the approval of the State Council, the CSRC promulgated 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 relevant five guidelines, which came into force on March 31, 2023.

According to the Trial Measures, (i) PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and submit relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (ii) domestic companies that seek to offer or list securities overseas directly means that PRC companies limited by shares offer or list securities in overseas securities markets; and (iii) any PRC company limited by shares are required to file with the CSRC within three business days after its application for overseas listing is submitted. Failure to complete the filing under the Trial Measures may subject a PRC domestic company to rectification ordered by the CSRC, warning, and fine of RMB1 million to RMB10 million.

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

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Companies (《關於加强境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Provision on Confidentiality"), which came into force on March 31, 2023. According to the Provision on Confidentiality, where any PRC domestic company provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic companies providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuing to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic companies shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

Full Circulation of H Shares

"Full Circulation" represents listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, CSRC announced the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》), as amended on August 10, 2023, which allows certain qualified H-share listed companies and H-share companies to be listed for the application of full circulation to CSRC.

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies, shareholders of domestic unlisted shares may, through consultation, determine the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements stipulated by relevant laws, regulations and policies on state-owned asset administration, foreign investment and industry regulation are satisfied. The corresponding H-share listed company may be entrusted to file the said application for "Full Circulation". After completing the required filing with the CSRC, the H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the transfer of registration with the China Securities Depository and Clearing Corporation Limited of the shares related to the application has been completed.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited and Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share "Full Circulation" Business (《H股"全流通"業務實施細則》), which are applicable to cross-border transfer registration, depository and holding, details maintenance, transaction entrustment and instruction transmission, settlement, clearing participant management, nominee holder services and other related operations involved in H-Share Full Circulation Business.

On September 20, 2024, the CSDC issued the H-Share Full Circulation Business Guide for CSDC Shenzhen Branch (《中國證券登記結算有限責任公司深圳分公司H股"全流通"業務指南》), which are applicable to the H-Share Full Circulation Business which includes activities such as preparation, account arrangement, cross-border transfer registration and overseas centralized depository, initial records and records of changes of onshore shareholding details, corporate actions, clearing and settlement, and risk management measures. On the same day, China Securities Depository and Clearing (Hong Kong) Co., Ltd. amended the H-Share Full Circulation Business Guide of China Securities Depository and Clearing (Hong Kong) Limited (《中國證券登記結算(香港)有限公司H股"全流通"業務指南》), which apply to the share custody and depository, nominee services, settlement arrangements and risk management measures involved in the H-Share Full Circulation Business.

Regulations Relating to Foreign Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) which was promulgated by the State Council on January 29, 1996 and lastly amended on August 5, 2008. Pursuant to these regulations and other relevant rules and regulations on currency conversion, Renminbi is freely convertible for current account items (e.g., trade, service and dividend payments) but for capital account items (e.g., direct investment, loan or investment in securities outside China), without approval from the State Administration of Foreign Exchange, ("SAFE") or its local counterpart.

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, domestic companies shall register their overseas listing with the foreign exchange control bureau located at its registered address in 15 working days after completion of the listing and issuance. The funds raised from overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the document and other public disclosure documents.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》), according to which, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review and process applications. On March 30, 2015, SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "SAFE Circular 19"). According to the SAFE Circular 19, foreign-invested enterprises shall be subject to the Discretionary Foreign Exchange Settlement, which means that foreign-invested enterprises may settle foreign exchange capital at banks on a discretionary basis, based on actual operational needs, following capital verification by the local SAFE or bank recordation. Further payments in Renminbi from such settlements shall be subject to supporting documentation and bank review.

The SAFE Circular 19 also stipulates that the use of foreign-exchange capital and Renminbi proceeds shall be authentic and for self-use within the business scope of enterprises. Such funds shall not be used for: (i) purposes beyond the business scope of the enterprises or prohibited by relevant laws and regulations; (ii) securities investment unless otherwise permitted by the relevant laws and regulations; (iii) entrust loans in Renminbi (unless within the scope of business), repayment of interenterprise borrowings (including advances by the third-party) or repayment of Renminbi bank loans that have been sub-lent to third parties; or (iv) purchase of real estate not for self-use (except for the foreign-invested real estate enterprises).

The Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》) (the "SAFE Circular 13") which became effective on June 1, 2015 and was amended on December 30, 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

Pursuant to the Circular of the State Administration of Foreign Exchange on Reforming and Standardizing the Management Policy of Capital Account Settlement (《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》) ("SAFE Circular No. 16") issued by the SAFE on June 9, 2016, and amended on December 4, 2023, any inconsistency with the previous circular (e.g., SAFE Circular No. 19) is resolved in favor of SAFE Circular No. 16. SAFE Circular No. 16 will standardize the settlement of foreign exchange for all domestic institutions. In addition, the use of foreign exchange earnings from capital items by domestic institutions shall be authentic and for self-use within the scope of business operation. SAFE Circular No. 16 reiterates that the foreign exchange income from capital items of domestic institutions and the RMB settlement proceeds may be used for current account expenditures within the scope of their own operations, as well as for capital account expenditure as permitted by laws and regulations. The use of RMB funds derived from foreign exchange earnings from capital items and their settlement by domestic institutions shall not be applied to the following: (i) any expenditure that falls outside the enterprises' business scope or is prohibited by applicable laws and regulations; (ii) unless otherwise explicitly provided, any direct or indirect investment in securities or other investment and wealth management, excluding wealth management products and structured deposits with risk ratings not higher than Level 2; (iii) any extension of loans to non-affiliated enterprises except for cases expressly permitted under the enterprises' business scope ; (iv) any acquisition of residential properties not for self-use (except for enterprises engaging in real estate development and real estate leasing).

On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including: (i) banks must verify board resolutions on profit distribution, the original version of tax filing records, and audited financial statements based on genuineness principle; and (ii) domestic entities must cover prior-year losses with current profits before remittance. Moreover, for outbound investment registration, domestic entities must make detailed explanations of capital sources and usage, along with board resolutions, contracts, and other supporting documents.

The Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), which was promulgated by the SAFE on October 23, 2019 and amended in December 2023, among other things, allows all FIEs to use Renminbi converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》), promulgated by the SAFE on April 10, 2020, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. On condition that fund usage is authentic and compliant and under the applicable rules for capital account proceeds utilization, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, for domestic payment, without submitting veracity documentation to the bank on a transaction-by-transaction basis.

According to the Circular of the People's Bank of China and SAFE on Issues Related to the Administration of Funds Related to Overseas Listings by Domestic Enterprises (Draft for Comment) (《關於境內企業境外上市資金管理有關問題的通知(徵求意見稿)》), promulgated by People's Bank of China and SAFE on May 23, 2025, funds raised from overseas listings of a domestic enterprise shall, in principle, be promptly repatriated. Funds retained overseas for purposes such as direct investment, securities investment, or lending require prior competent authority approval/filing before completion of the overseas insurance or over-allotment, and shall comply with cross-border fund rules. Renminbi-denominated issuance proceeds shall comply with the Circular of the People's Bank of China on Further Improving the Policy of Cross-border Renminbi Business to Promote Trade and Investment Facilitation (Yin Fa [2018] No. 3) (《中國人民銀行關於進一步完善人民幣跨境業務政策促進貿易投資便利化的通知》). Foreign currency proceeds repatriated shall be deposited into their capital account-settlement accounts for retention and use and may be settle into Renminbi at their own discretion. Funds repatriated in Renminbi may be deposited into either their capital account-settlement accounts or domestic Renminbi bank settlement accounts for retention and use. Use of all overseas listings proceeds shall be consistent with disclosures in the document, or corporate bond offering circular, shareholder circular, board or shareholder resolutions or other publicly disclosed documents.