

REGULATORY OVERVIEW

We are subject to various PRC laws and regulations that may impact both our business operations and the [REDACTED].

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) promulgated by the NPC on March 15, 2019, and came into effect on January 1, 2020, the state shall implement the management systems of pre-establishment national treatment and negative list for foreign investment, and shall give national treatment to foreign investment beyond the negative list.

According to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which was promulgated by the Ministry of Commerce of the PRC (the “MOFCOM”) and the State Administration for Market Regulation (the “SAMR”) on December 30, 2019 and came into effect on January 1, 2020, in relation to foreign investors carrying out investment activities directly or indirectly in PRC, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures.

Investment activities in the PRC by foreign investors are principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List**”). The Negative List became effective on November 1, 2024. Foreign investors shall not invest in any field prohibited by the Negative List and shall meet the investment conditions stipulated for any field restricted by the Negative List, while for foreign investments outside the Negative List, it shall be administered under the principle of equal treatment to domestic and foreign investment.

LAWS AND REGULATIONS RELATING TO OUR INDUSTRY AND PRODUCTS

Regulations on the IC Industry and the Software Industry

According to the Circular of “14th Five-Year Plan” for the Development of Digital Economy (《“十四五”數字經濟發展規劃的通知》), promulgated by the State Council on December 12, 2021, during the “14th Five-Year Plan” period, the promotion of digital industrialization should be accelerated to make up for key technical shortcomings. Optimizing and innovating organizational methods such as “selecting the best candidates via open competition mechanism,” focusing on breakthroughs in key core technologies in the fields of high-end chips, operating systems, industrial software, core algorithms and frameworks, and strengthening the integrated research and development of general-purpose processors, cloud computing systems, and key software technologies.

The NPC promulgated the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 2035 of the PRC (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) (the “14th Five-Year Plan and the Long-Range Objectives through the Year 2035”) on March 12, 2021, proposing to foster advanced manufacturing clusters and promote Industrial innovation and development of integrated circuits, aerospace, ship and ocean engineering equipment, robots, advanced rail transit equipment, advanced power equipment, construction machinery, high-end CNC machine tools, medicine, and medical equipment. The 14th Five-Year Plan and the Long-Range Objectives through the Year 2035 focuses on key areas such as high-end chips, operating systems, key algorithms for artificial intelligence, and sensors, and accelerating breakthroughs in research and development and iterative applications of basic theories, basic algorithms, and equipment materials. Furthermore, the 14th Five-Year Plan and the Long-Range Objectives through the Year 2035 also pointed out the need to focus on advantageous resources to address key core technologies in integrated circuits industry.

On July 27, 2020, the State Council announced Several Policies to Promote the High-quality Development of the IC Industry and the Software Sectors in the New Era (《新時期促進集成電路產業和軟件產業高質量發展的若干政策》), in order to further optimize the development environment of the integrated circuit industry and software sectors, deepen international

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cooperation in the industry, and enhance the industrial innovation capability and development quality, launch a series of supporting fiscal and taxation, investment and financing, research and development, import and export, talents, intellectual property rights, market application and international cooperation policies.

On November 19, 2017, the State Council promulgated the Guiding Opinions of the State Council on Deepening “Internet + Advanced Manufacturing” and Developing Industrial Internet (《國務院關於深化“互聯網+先進製造業”發展工業互聯網的指導意見》) (the “Guiding Opinions”). The Guiding Opinions encourage domestic and foreign enterprises to cooperate in tackling technical problems for weak links such as big data analysis, industrial data modeling, key software systems, and chips; it is recommended to implement relevant preferential tax policies, promote preferential enterprise income tax for software and integrated circuit industries, and encourage relevant enterprises to accelerate the development and application of industrial Internet.

LAWS AND REGULATIONS ON DATA SECURITY AND CYBER SECURITY

Regulations on Data Security

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (《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 introduces a data classification and hierarchical protection system based on the materiality of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of persons or entities when such data is tampered with, destroyed, divulged, or illegally acquired or used. It also provides for a security review procedure for the data activities which may affect national security. Violation of Data Security Law may subject the relevant entities or individuals to warnings, fines, suspension of operations, revocation of permits or business licenses, or even criminal liabilities.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the “**Personal Information Protection Law**”), released by the SCNPC on August 20, 2021 and effective from November 1, 2021, stipulates the scope of personal information and establishes rules for processing personal information onshore and offshore. The Personal Information Protection Law sets forth certain specific personal information protection requirements, including but not limited to more specific information and consent requirements in various contexts, strengthened and classified obligations of personal information processors, and more limitations and rules on process of personal information.

According to the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), the “**Security Assessment Measures**”), which was promulgated by the Cyberspace Administration of China (國家互聯網信息辦公室, the “CAC”) on July 7, 2022 and came into effect on September 1, 2022, data processors shall apply for cross-border security assessment with the CAC through the local provincial-level cyberspace administration department under any of the following circumstances: (i) cross-border transfer of important data by data processors; (ii) cross-border transfer of personal information by critical information infrastructure operators and data processors that process more than 1 million personal information; (iii) cross-border transfer of personal information by data processors that have made cross-border transfer of personal information of 100,000 people or sensitive personal information of 10,000 people cumulatively since January 1 of the previous year; and (iv) other circumstances where an application for security assessment of cross-border data transfer is required as prescribed by the CAC.

On March 22, 2024, the CAC issued the Provisions on the Promotion and Regulation of Cross-border Data Flows (《促進和規範數據跨境流動規定》). According to these provisions, the transfer of data collected and generated during specific activities such as international trade, cross-border transport, transnational manufacturing, and marketing, which do not involve personal information or important data, is exempted from the requirements to undergo data export security assessment, the need to enter into standard contracts for the transfer of personal information abroad, or obtaining personal information protection certification. These provisions also stipulate that, if a data processor, who is not a critical information infrastructure operator, transfers personal

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information of less than 100,000 individuals cumulatively as of January 1 of the current year, it may be exempted from the requirement to undergo a data export security assessment, entering into a standard contract for transferring personal information abroad, or obtaining personal information protection certification.

Regulations on Cyber Security

The Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the “**Cyber Security Law**”), which was promulgated on November 7, 2016 and came into effect on June 1, 2017, requires that when constructing and operating a network, or providing services through a network, technical measures and other necessary measures shall be taken in accordance with laws, administrative regulations and the compulsory requirements set forth in national standards to ensure the secure and stable operation of the network, to effectively cope with cyber security events, to prevent criminal activities committed on the network, and to protect the integrity, confidentiality and availability of network data.

On December 28, 2021, thirteen government departments including the CAC jointly issued the Cybersecurity Review Measures (2021) (《網絡安全審查辦法(2021)》) which came into effect on February 15, 2022. The Cybersecurity Review Measures provide that, to ensure the security of the supply chain of critical information infrastructure and safeguard national security, a cybersecurity review is required when national security has been or may be affected where critical information infrastructure operators (關鍵信息基礎設施運營者) purchase network product or service and network platform operators (網絡平台運營者) process data. When an operator in possession of personal information of over one million users applies for a listing abroad (國外上市), it must apply to the CAC for a cybersecurity review.

On July 30, 2021, the State Council promulgated the Security Protection Regulations for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the “**CII Regulations**”), which became effective on September 1, 2021. Pursuant to the CII Regulations, “critical information infrastructures” refers to important network facilities and information systems of key industries such as, among others, public communications and information services, energy, transportation, irrigation, finance, public services, e-government and science, technology and industry for national defense, as well as other important network facilities and information systems that may seriously endanger national security, national economy and citizen’s livelihood and public interests if they are damaged or suffer from malfunctions, or if any leakage of data in relation thereto occurs. The CII Regulations also stipulate the procedures for determining critical information infrastructure. It provides that competent authorities shall promulgate detailed rules in designating critical information infrastructure, identify critical information infrastructure in the relevant industries, and notify operators of such critical information infrastructure in a timely manner.

On September 24, 2024, the State Council promulgated the Regulations on the Security Management of Network Data (《網絡數據安全管理條例》) (the “**Network Data Regulations**”), which became effect on January 1, 2025. The Network Data Regulations supplement the requirements on several aspects of the PRC Personal Information Protection Law regarding notification, consent, and the exercise of personal rights, provide more detail on compliance requirements for processors of important data, and also provide more guidance to streamline cross-border data transfers.

LAWS AND REGULATIONS RELATING TO LAND, PLANNING AND PROJECT CONSTRUCTION

Regulations on Land

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated by the SCNPC on June 25, 1986 and latest amended on August 26, 2019, and the Regulations for the Implementation of the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》) promulgated by the State Council on December 27, 1998 and latest revised on July 2, 2021, the land in the PRC is either State-owned or collectively owned. The

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State-owned land use rights may be used by third parties through grant, allocation, lease, capital contribution and other forms. Third parties who have obtained the State-owned land use rights may legally use, profit from and dispose of the State-owned land use rights within the statutory term of use and scope of planned uses.

Regulations on Planning

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007 and latest amended on April 23, 2019, if the construction of buildings, structures, roads, pipelines and other projects is carried out in the planned area of a city or a town, the construction entity or individual shall apply to the competent authority of urban and rural planning of the people’s government of the city or county or the people’s government of the town as determined by the people’s government of the province, autonomous region or municipality directly under the Central Government for a construction project planning permit.

Regulations on Project Construction

According to the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by the SCNPC on November 1, 1997 and amended on April 23, 2019, prior to the commencement of construction work, the construction entity shall apply to the competent construction administrative authority of the people’s government at or above the county level where the project is located for a construction permit in accordance with the relevant provisions of the State, except for small-scale projects under the quota as determined by the construction administrative authority under the State Council. A construction project shall be delivered for use only after it has passed the acceptance examination. A construction project shall not be delivered for use without conducting or passing the acceptance examination.

REGULATIONS RELATING TO LEASING

We lease properties for our offices. Pursuant to the Law of the PRC on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》) which took effect in January 1995 with the latest amendment on August 26, 2019, which became effective on January 1, 2020, lessors and lessees are required to enter into a written lease contract, containing such provisions as the term of the lease, the use of the premises, rental price, liability for repair, and other rights and obligations of both parties. Both lessor and lessee are also required to file for registration and record the lease contract with the real estate administration department. Pursuant to implementing rules stipulated by certain provinces or cities, if the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines.

REGULATIONS RELATING TO IMPORT AND EXPORT OF GOODS AND TECHNOLOGY

Regulations on Foreign Trade

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) (the “**Foreign Trade Law**”) promulgated by the SCNPC on May 12, 1994, and subsequently amended on December 30, 2022 and the PRC Regulations on the Administration of 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.

Regulations on Customs Law

In addition, according to the Customs Law of the PRC (《中華人民共和國海關法》) enacted by the SCNPC on January 22, 1987, and subsequently amended on April 29, 2021, effective from the same date, the Customs of the PRC is vested with the authority for the supervision and administration of entry and exit points. Under the framework of pertinent laws and administrative regulations, the Customs exercises its jurisdiction over various aspects, including the inspection and regulation of vehicles, goods, luggage, postal articles, and other items entering and departing the country. This mandate encompasses the assessment and collection of customs duties, taxes, and fees, as well as the prevention and detection of smuggling activities, compilation of customs statistics, and execution of related customs procedures.

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Furthermore, as delineated in the Regulations of PRC Customs on Administration of Recordation of Declaration Entities (《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 on November 19, 2021, and implemented from January 1, 2022, the term “customs declaration entities” pertains to consignees and consignors of import and export goods, as well as customs declaration enterprises officially registered with the customs authorities. Entities seeking recordation are required to hold valid market entity qualifications.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Regulations on Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》), the “**Copyright Law**”) which was promulgated by the SCNPC on September 7, 1990 and latest amended on November 11, 2020 and came into effect on June 1, 2021, copyright includes personal rights such as right of publication and right of authorship, as well as property rights such as reproduction rights and distribution rights. Works include, among others, computer software, works of fine art, drawings of engineering designs and product designs and other graphic works as well as model works. Except as otherwise provided by the Copyright Law, copying, distributing, performing, projecting, broadcasting, compiling or editing a work or disseminating the work to the public through information network without the permission of the copyright owner constitutes a copyright infringement. The infringer shall, bear civil liabilities such as ceasing the infringement, eliminating the impacts, making an apology, and compensating for the loss.

Pursuant to the Regulations on Computer Software Protection (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and latest amended on January 30, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated on February 20, 2002, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations.

Regulations on Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, and latest amended on April 23, 2019 and came into effect on November 1, 2019 and the Implementation Regulations of the Trademark Law of PRC (《中華人民共和國商標法實施條例》) which was issued on August 3, 2002 and amended on April 29, 2014, the Trademark Office under the SAMR (the “**Trademark Office**”) shall handle trademark registrations and grant a term of ten years to registered trademarks, which may be renewed for additional ten-year period upon request from the trademark owner. The Trademark Law of the PRC has adopted a “first-to-file” principle with respect to trademark registration. Any person applying for the registration of a trademark may not prejudice the existing right of others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use. A trademark registrant may, by entering into a trademark licensing contract, license another party to use its registered trademark. Where another party is licensed to use a registered trademark, the licensor shall report the license to the Trademark Office for recordation, and the Trademark Office shall publish it. An unrecorded license may not be used as a defense against a third party in good faith.

Regulations on Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》), promulgated by the SCNPC on March 12, 1984, and latest amended on October 17, 2020 and came into effect on June 1, 2021 and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), promulgated by the State Council on January 19, 1985, and latest amended on December 11, 2023 and came into effect on January 20, 2024, there are three types of patents in the PRC,

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which are invention patents, utility model patents and design patents. The protection period of a patent right for invention patents shall be 20 years, the protection period of a patent right for utility model patents shall be ten years, and the protection period of design patent right is 15 years, both commencing from the filing date.

Regulations on Domain Names

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the MIIT on August 24, 2017 and came into effect on November 1, 2017, the MIIT is responsible for supervision and administration of domain name services in the PRC. Domain name registration services shall, in principle, be subject to the principle of “first apply, first register.” After completion of the registration procedures, the applicant will become the holder of the relevant domain name.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income tax (“EIT”)

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”) promulgated by the SCNPC on March 16, 2007 and latest amended on December 29, 2018 and the Implementation Rules of the EIT Law of the PRC (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, and most recently amended on December 6, 2024 and became effective on January 20, 2025, a domestic enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign countries (regions) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the State. High and new technology enterprises which are supported by the State may enjoy a reduced EIT rate of 15%.

Value-Added Tax

The major PRC laws and regulations governing value-added tax are the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (issued on December 13, 1993 by the State Council, came into effect on January 1, 1994, and latest amended on November 19, 2017) and the Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) (issued on December 18, 2008 by the Ministry of Finance of the PRC (the “MOF”), came into effect on the same day and latest amended on October 28, 2011). According to the aforementioned regulations and rules, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of Value-added tax (the “VAT”) and shall pay the VAT in accordance with the law and regulation. With the VAT reforms in the PRC, the rate of VAT has been changed several times.

The SCNPC promulgated PRC Value-added Tax Law (《中華人民共和國增值稅法》) December 25, 2024, which will come into effect on January 1, 2026. According to the PRC Value-added Tax Law, the VAT rate for general VAT taxpayers engaging in sale of goods, services, lease of tangible and movable goods or importation of goods was adjusted to 13%, the VAT rate for general VAT taxpayers engaging in, among others, the sale of transportation services, postal services, basic telecommunications services, construction services, the lease and sale of real properties, and the transfer of land use rights was adjusted to 9%. From the effective date of the PRC Value-added Tax Law, which will be January 1, 2026, the Interim Regulations on Value-added Tax of the PRC will be repealed.

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LAWS AND REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

Regulations on Employment

The major PRC laws and regulations that govern employment relationship are the Labor Law of the PRC (《中華人民共和國勞動法》) (the “**Labor Law**”) (promulgated by the SCNPC on July 5, 1994, came into effect on January 1, 1995 and latest amended on December 29, 2018), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (the “**Labor Contract Law**”) (promulgated by the SCNPC on June 29, 2007 and amended on December 28, 2012 and came into effect on July 1, 2013), and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) (issued by the State Council on September 18, 2008 and came into effect on the same day). According to the aforementioned laws and regulations, labor relationships between employers and employees must be executed in written form. The laws and regulations above impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. As prescribed under the laws and regulations, employers shall ensure their employees have the right to rest and the right to receive wages no lower than the local minimum wages. Employers must establish a system for labor safety and sanitation that strictly abides by state standards and provide relevant education to its employees. Violations of the Labor Contract Law and the Labor Law may result in the imposition of fines and other administrative liabilities and/or incur criminal liabilities in the case of serious violations. In addition, on July 31, 2025, the PRC Supreme People’s Court promulgated the Supreme People’s Court’s Interpretation (II) on Several Issues Concerning the Application of Law in 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)》), which took effect on September 1, 2025. Article 19(1) thereof stipulates that if an employer and an employee agree or the employee undertakes that there is no need to pay social insurance contributions, the People’s Court shall determine that such agreement or undertaking is invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People’s Court shall support such claims in accordance with the law.

Regulations on Social Insurance

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was issued by the SCNPC on October 28, 2010 and amended on December 29, 2018, enterprises and institutions in the PRC shall provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, occupational injury insurance, medical insurance and other welfare plans. According to the Social Insurance Law of PRC, employers must carry out social insurance registration at the local social insurance agency, provide social insurance and pay or withhold the relevant social insurance premiums for or on behalf of employees. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit, and shall impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; if still failing to pay within the time limit prescribed, a fine of one time to three times the amount in default will be imposed on them by the relevant administrative department. Meanwhile, the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) issued by the State Council on January 22, 1999 and amended on March 24, 2019 prescribes the details concerning the social insurance.

Regulations on Housing Provident Fund

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was implemented on April 3, 1999 and latest amended on March 24, 2019, any newly established entity shall make deposit registration at the housing accumulation fund management center within 30 days as of its establishment. After that, the entity shall open a housing accumulation fund account for its employees in an entrusted bank. Within 30 days as of the date an employee is recruited, the entity shall make deposit registration at the housing accumulation fund

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management center and seal up the employee’s housing accumulation fund account in the bank mentioned above within 30 days from termination of the employment relationship. Any entity that fails to make deposit registration of the housing accumulation fund or fails to open a housing accumulation fund account for its employees shall be ordered to complete the relevant procedures within a prescribed time limit. Any entity failing to complete the relevant procedure within the time limit will be fined RMB10,000 to RMB50,000. Any entity that fails to make payment of housing provident fund within the time limit or has a shortfall in payment of housing provident fund will be ordered to make the payment or make up the shortfall within the prescribed time limit, otherwise, the housing provident management center is entitled to apply for compulsory enforcement with the People’s Court.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE AND OVERSEAS INVESTMENT

Regulations Relating to Foreign Exchange

Pursuant to the Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996 and came into effect on April 1, 1996, and latest amended on August 5, 2008 and came into effect on the same date, and relevant regulations, there is no restriction on the recurring international payment and transfer, and the foreign exchange income and expenses of recurring items (such as goods trade, income and expenses of service trade and payments of interest and dividends) should be on true and legal transactions basis, and can be directly undertaken at the bank with true and valid transaction documents. Foreign exchange income and expenses of capital items (such as direct equity investment and loans) shall comply with the provisions of relevant laws and regulations, and where required for approval or registration by relevant regulations from foreign exchange administration authorities, such approval or registration shall be filed. Foreign exchange and settlement funds of capital items shall be used for purposes as stipulated in relevant competent departments and foreign exchange administration authorities.

According to the Notice on Relevant Issues 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 State Administration of Foreign Exchange (the “SAFE”) on December 26, 2014 and as amended by the SAFE Circular 16 (defined below), the domestic companies shall register the overseas listing with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

According to the Notice of the SAFE on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) promulgated on March 30, 2015, came into effect on June 1, 2015 and as amended by the SAFE Circular 16 (defined below), partially abolished on December 30, 2019 and partially amended on March 23, 2023, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment; (c) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on-lent to a third party; and (d) to purchase real estates not for self-use purposes (save for real estate enterprises).

According to the Circular of the SAFE on Optimizing Foreign Exchange Management Service in Support of Foreign Business Development (《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 the SAFE on April 10, 2020 and came into effect on the same day, on the premise of ensuring the authentic and compliant use of funds and complying with the existing regulations on the use of capital income, eligible enterprises are allowed to use capital income such as capital funds, foreign debts and proceeds from overseas listing for domestic payments without

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providing materials to the bank in advance for authenticity verification on a case-by-case basis. The concerned banks shall follow the principle of prudent development to control the relevant business risks and conduct post inspection on the use of funds under capital accounts handled in accordance with relevant requirements.

In accordance with the Circular on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which was issued and came into effect on October 23, 2019 by the SAFE and was amended on December 4, 2023, foreign-invested enterprise engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to laws and regulations under the condition that the current Special Administrative Measures (Negative List) for Foreign Investment Access are not violated and the relevant domestic investment projects are true and compliant.

Regulations on Overseas Direct Investment

Pursuant to the Regulations on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) issued by the SAFE on July 13, 2009 and came into effect on August 1, 2009, upon obtaining approval for overseas investment, an enterprise in Mainland China shall apply for foreign exchange registration for its overseas direct investments. According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment, the administrative approval for foreign exchange registration approval under overseas direct investment has been canceled, and the banks are entitled to review and carry out foreign exchange registration under overseas direct investment directly.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which was issued by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014, the MOFCOM and the commerce departments at provincial levels shall subject the overseas investment of enterprises to recordation or confirmation management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region, or any sensitive industry shall be subject to confirmation management. Overseas investment under other circumstances shall be subject to recordation management.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018, the investing activities of enterprises in Mainland China are required to obtain approval or filing with the NDRC in accordance with the relevant conditions of the overseas investment projects.

LAWS AND REGULATIONS RELATING TO OVERSEAS SECURITIES OFFERING AND LISTING

The China Securities Regulatory Commission (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 “**Overseas Listing Trial Measures**”) and five related guidelines on February 17, 2023, which came into effect on March 31, 2023. The Overseas Listing Trial Measures introduce a new filing regime which requires PRC domestic companies to register their direct and indirect overseas listings and securities offerings with the CSRC by filing materials on key compliance issues. The Overseas Listing Trial Measures provide that overseas listing and offering are explicitly prohibited, if any of the following applies: (i) such securities offering and listing are explicitly prohibited by specific laws and regulations; (ii) the proposed securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council; (iii) the domestic company or its controlling shareholder(s) and the actual controller, have committed crimes including corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy in the past three years; (iv) the domestic company is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations which have not definitive conclusion; or (v) there are material ownership disputes over equity held by the domestic company’s controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

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The CSRC and other three relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration 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 “**Provision on Confidentiality**”) on February 24, 2023, and came into effect on March 31, 2023. Pursuant to the Provision on Confidentiality, when a domestic company provides or publicly discloses the documents and materials involving state secrets and working secrets of state organs to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses such the documents and materials through its overseas listing subjects, it shall report to the competent department with the examination and approval authority for approval, and file with the same level secrecy administration department. Domestic companies providing accounting archives or copies thereof to entities and individuals such as securities companies, securities service institutions and overseas regulatory authorities shall perform the relevant procedures according to relevant regulations. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide related services for the overseas offering and listing of domestic enterprises shall be kept within the territory of the PRC. Cross-border transferring of such working papers shall go through the examination and approval formalities in accordance with the relevant regulations.

LAWS AND REGULATIONS RELATING TO FULL CIRCULATION OF H SHARES

“Full circulation” means listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company (the “**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, the CSRC announced the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (Announcement of the CSRC [2019] No. 22) (《H股公司境內未上市股份申請“全流通”業務指引》(中國證券監督管理委員會公告[2019]22號)) (the “**Guidelines for the ‘Full Circulation’**”), which was amended on August 10, 2023.

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

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

In order to fully promote the reform of H-shares “full circulation” and clarify the business arrangement and procedures for the relevant shares’ registration, custody, settlement and delivery, CSDC has promulgated the Circular on Issuing the Guide to the Program for Full Circulation of H-shares (《關於發佈〈H股“全流通”業務指南〉的通知》) in February 2020, the latest version of which was issued by Shenzhen Branch of the CSDC on 27 June 2025, specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, among others. In February 2020, China Securities Depository and Clearing (Hong Kong) Co., Ltd. (“**CSDC (Hong Kong)**”) also promulgated the Guide to the Program for Full Circulation of H-shares (《中國證券登記結算(香港)有限公司H股“全流通”業務指南》) to specify the relevant escrow, custody, agent service of CSDC (Hong Kong), arrangement for settlement and delivery and other relevant matters.

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According to the Trial Measures, the H-shares “full circulation” should comply with the relevant regulations of the CSRC, and the domestic company should be entrusted to file with the CSRC.

OUTBOUND INVESTMENT PROGRAM

On January 2, 2025, the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the “**Final Rule**”) issued by the US Department of the Treasury took effect. The Final Rule either prohibits or imposes notification requirements on US persons (i.e., any US citizen, US permanent resident, US company, foreign branch of a US company, or any person in the United States regardless of nationality, in connection with certain investments in, and transactions involving, Chinese and Chinese-owned entities) from engaging in certain transactions with entities or persons associated with China that perform defined activities relating to the semiconductor and microelectronics, quantum information technology, and artificial intelligence sectors.

Prohibited transactions refer to the prohibition on certain US investments in a covered foreign person engaged in covered activities pertaining to specified categories of advanced technologies and products. A US person may not engage in such transactions unless an exemption for the relevant transaction has been granted. For instance, investments by US persons in covered foreign persons engaged in the following activities in the semiconductor and AI sectors reach the threshold for “prohibited transactions” under the Final Rule: (i) developing or producing any electronic design automation software for the design of integrated circuits or advanced packaging; (ii) developing or producing specified front-end semiconductor fabrication equipment, equipment for performing volume advanced packaging, or commodity, material, software, or technology designed exclusively for use in or with extreme ultraviolet lithography fabrication equipment; (iii) designing integrated circuits that meet or exceed the performance parameters listed in ECCN 3A090.a (under the U.S. Export Administration Regulations (EAR)), or integrated circuits for operation at or below 4.5 Kelvin; (iv) fabricating certain advanced integrated circuits with specified parameters; (v) packaging any integrated circuit using advanced packaging techniques; (vi) developing AI systems designed to be exclusively used for or intended to be used for military, government intelligence, or mass-surveillance end use; or (vii) developing AI systems trained using computing power reaching a specified quantity threshold.

Notifiable transactions refer to the transactions where the business activities conducted by a covered foreign person do not reach the threshold for prohibited transactions but still require notification by a US person of their transactions to the US Department of Treasury. For instance, a US person shall file a notification of their covered transactions with the US Department of Treasury if the covered foreign person in the semiconductor sector is engaged in: (i) designing, fabricating or packaging ICs that do not meet the specific threshold mentioned above; or (ii) developing AI systems that do not meet the specific threshold mentioned above but are designed for military, government intelligence, or mass-surveillance end use; (iii) developing AI systems that do not meet the specific threshold mentioned above but are intended to be used for cybersecurity applications, digital forensic tools, penetration testing tools, or the control of robotic systems; or (iv) developing AI systems that do not meet the specific threshold mentioned above but are trained using computing power reaching a lower specified quantity threshold.