LAW AND REGULATIONS RELATING TO OUR GROUP'S BUSINESS AND OPERATIONS IN THE PRC

We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. The following is a summary of the most significant laws and regulations that are applicable to our current business activities within the territory of the PRC:

REGULATIONS ON CORPORATION AND FOREIGN INVESTMENT

The PRC Company Law (《中華人民共和國公司法》), which was promulgated on December 29, 1993, amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018, and December 29, 2023 respectively and came into effect on July 1, 2024, regulates the establishment, operation, corporate structure, and management of corporate entities in China and classifies companies into limited liability companies and limited companies by shares.

On March 15, 2019, the NPC approved the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), and on December 26, 2019, the State Council promulgated the Implementing Rules of the Foreign Investment Law (《中華人民共和國外商投資法實施條例》), or the Implementing Rules, to further clarify and elaborate the relevant provisions of the Foreign Investment Law. The Foreign Investment Law and the Implementing Rules both took effect on January 1, 2020 and replaced three previous major laws on foreign investments in China, namely the Sino-foreign Equity Joint Venture Law (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Law (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法》), together with their respective implementing rules. Pursuant to the Foreign Investment Law, "foreign investments" refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment of other methods as specified in laws, administrative regulations, or as stipulated by the State Council. The Implementing Rules introduce a see-through principle and further provide that foreign-invested enterprises that invest in the PRC shall also be governed by the Foreign Investment Law and the Implementing Rules.

On December 30, 2019, MOFCOM and SAMR promulgated the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) which came into effect on January 1, 2020, repealing the Provisional Administrative Measures on Establishment and Modifications (Filing) for Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Where foreign investors carry out investment activities directly or indirectly within China, foreign investors or foreign-funded enterprises shall report investment information to commerce departments. According to the Measures for the Reporting of Foreign Investment Information, foreign investors or foreign investment enterprises shall submit investment information through submission of initial reports, change reports, deregistration reports, annual reports etc. Where there is a change in information in the initial report which involves enterprise change registration (filing), the foreign investment enterprise shall submit a change report through the Enterprise Registration System at the time of completion of enterprise change registration (filing). A listed foreign-funded company may, when the change of foreign investors' shareholding ratio accumulatively exceeds 5% or the foreign party's controlling or relatively controlling status changes, report the information on the modification of investors and the shares held by them.

Investment activities in the PRC by foreign investors were 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") promulgated by the MOFCOM and the NDRC in September 2024, and the Catalogue of Industries for Encouraging Foreign Investment (2025 version) (《鼓勵外商投資產業目錄(2025年版)》) (the "Encouraging List") promulgated by the MOFCOM and the NDRC in December 2025. The Negative List, which came into effect on November 1, 2024, sets out special administrative measures (restricted or prohibited) in respect of the access of foreign investments in a centralized manner, and the Encouraging List, which came into effect on February 1, 2026, sets out the encouraged industries for foreign investment. The Negative Lists cover 11 industries, and any field not falling in the Negative Lists shall be administered under the principle of equal treatment for domestic and foreign investment. Our business as currently conducted does not fall within the confines of the Negative Lists and is not subject to special administrative measures.

Pursuant to the Measures for Security Review of Foreign Investments (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020 and effective from January 18, 2021, the NDRC and the MOFCOM shall set up the Office of Working Mechanisms under the NDRC, which is responsible for the security review of foreign investments. The Measures for Security Review of Foreign Investment define foreign investment as direct or indirect investment by a foreign investor in China, which includes (i) investing in a new domestic project or establishing a wholly foreign-owned company or a joint venture with a foreign investor; (ii) acquiring the equity or assets of a domestic enterprise by way of merger or acquisition; and (iii) investing in the country by other means. Investments in certain key areas related to national security, such as important cultural products and services, important information technology and Internet products and services, key technologies and other important areas related to national security, so as to obtain actual control of the invested enterprise, must be declared to the Office of the Working Mechanism prior to the making of the relevant investment.

REGULATIONS ON ONLINE TRADING

Online Transaction

The Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》), enacted by the SAMR on March 15, 2021, and amended on March 18, 2025 with the amendments effective from May 1, 2025, regulate all business activities involving sales of commodities or provision of services through the internet and other information networks as well as the supervision and administration thereof by market regulatory departments within the territory of mainland China. Business activities of selling goods or providing services in information network activities such as online social networking and online live streaming are also subject to the supervision of these Measures. No online transaction business may engage in business operations without a license or permit in violation of any law, regulation or decision of the State Council. In addition, an online transaction business shall disclose commodity or service information in a comprehensive, truthful, accurate and timely manner, and protect consumers' right to know and right to choose.

On August 31, 2018, the SCNPC promulgated the PRC E-Commerce Law (《中華人民共和國電子商務法》), which became effective on January 1, 2019. The PRC E-Commerce Law proposes a series of requirements on "e-commerce operators" includes e-commerce platform operators, on-platform business operators, and e-commerce operators that sell goods or provide services through self-owned websites or other network services. For example, the PRC E-Commerce Law requires e-commerce operators to respect and equally protect consumers' legitimate rights and provide options to consumers without targeting their personal characteristics, and also requires e-commerce operators to clearly point out to consumers their tie-in sales in which additional services or products are added by merchants to a purchase, and not to assume consumers' consent to such tie-in sales by default.

Cross-border E-commerce

On June 16, 2015, the General Office of the State Council promulgated the Guiding Opinions of the General Office of the State Council on Promoting Sound and Rapid Development of Cross-border E-Commerce (《國務院辦公廳關於促進跨境電子商務健康快速發展的指導意見》), proposing to support cross-border e-commerce retail export enterprises to strengthen cooperation with foreign enterprises and integrate into overseas retail system through modes such as standard "overseas warehouse".

On October 22, 2019, the State Council promulgated the Regulation on the Optimization of Business Environment (《優化營商環境條例》), which became effective on January 1, 2020. This Regulation requires relevant departments to reduce examination and approval items for imports and exports, cancel unnecessary regulatory requirements, optimize and simplify customs clearance workflow, improve customs clearance efficiency, sort out and standardize port fees, reduce Customs clearance costs, and promote the processing of the relevant businesses in the fields of ports and international trade through one single counter for international trade.

Pursuant to the Notice on Improving Supervision over Cross-border E-commerce Retail Imports (《關於完善跨境電子商務零售進口監管有關工作的通知》) promulgated by MOFCOM, NDRC, the Ministry of Finance, the General Administration of Customs, SAT and SAMR on November 28, 2018 and implemented on January 1, 2019, "cross-border e-commerce retail imports" refers to the consumption behavior where domestic consumers in China purchase goods from abroad through third-party cross-border e-commerce platform operators and have such purchased goods transported into China under the "Bonded Import Model for Online Shopping" (網購保税進口) or "Direct Express Import Model" (直購進口). Such imported goods shall meet the following requirements: (i) the goods are products that fall within the List of Imported Goods in Cross-border E-commerce Retail (《跨境電子商務零售進口商品列表》) and are limited to personal use only and meet the conditions set forth in the tax policies for cross-border e-commerce retail imports; (ii) the goods with a verified customs declaration form, payment list and bill of freight containing electronic information on transaction, payment and logistics are traded via the e-commerce transaction platforms connected to the customs system; (iii) for the goods which are not traded via the e-commerce transaction platforms connected to the customs system, cross-border express delivery operators and postal enterprises may accept the entrustment of e-commerce enterprises and payment enterprises, undertake to assume corresponding legal liabilities, and transmit electronic information on transactions and payments to the Customs. Cross-border e-commerce enterprises are responsible for ensuring the quality and safety of goods, protecting the rights and interests of consumers, reminding and notifying consumers, establishing a risk prevention and control mechanism for the quality and safety of goods, as well as establishing and improving a quality traceability system for the goods subject to the "Bonded Import Model for Online Shopping". Such enterprises shall also transmit real-time electronic data regarding transactions for cross-border e-commerce retail imports with electronic signature affixed to the Customs, declare the list either themselves or by proxy to the Customs and assume corresponding responsibilities. Cross-border e-commerce enterprises shall entrust an enterprise registered in the PRC to register with the Customs, assume the responsibility for truthful declaration, accept supervision from relevant authorities in accordance with law, and assume civil joint liability.

According to the Announcement on Regulatory Matters concerning Cross-Border E-commerce Retail Imports and Exports (《關於跨境電子商務零售進出口商品有關監管事宜的公告》) promulgated by the General Administration of Customs on December 10, 2018 and implemented on January 1, 2019, cross-border e-commerce platform enterprises, logistics enterprises, payment enterprises and other enterprises involved in cross-border e-commerce retail import business shall, in accordance with the regulations on the administration of registration of customs declaration entities, undergo registration procedures with the local customs. Overseas cross-border e-commerce enterprises shall entrust domestic agents to undergo registration procedures with the customs where the agents are located. Cross-border e-commerce direct purchase imports and goods applicable to the import policy of "Bonded Import Model for Online Shopping" (網購保税進口) are regulated as inbound items for personal use and not subject to the requirements for licensing, registration and filing of relevant goods for first-time import. However, it does not apply to the goods from epidemic areas, the import of which is temporally banned under the explicit order from relevant authorities; and it is also not applicable when emergency response scheme is activated to deal with material quality and safety risks arising to the goods.

Online Live Streaming Marketing

According to the Guiding Opinions of State Administration for Market Regulation on Strengthening the Regulation of Online Live-streaming Marketing Activities (《市場監管總局關於加強網絡直播營銷活動監管的指導意見》) issued by SAMR on November 5, 2020 and became effective on the same day, when selling goods or providing services through online live-streaming, a commodity operator shall abide by relevant laws and regulations, and establish and implement a system for inspection and acceptance of purchased goods. It is prohibited to sell through online live-streaming any goods or services whose production and sale are prohibited by laws and regulations; to release through online live-streaming any commercial advertisement prohibited by laws and regulations in mass media; and to sell through online live-streaming any goods or services prohibited from online trading.

According to Administrative Measures for Online Live-Streaming Marketing (for Trial Implementation) (《網絡直播營銷管理辦法(試行)》) promulgated by the Cyberspace Administration of China and other six relevant departments on April 23, 2021, and became effective on May 25, 2021, operators of live studios and live-streaming marketing personnel engaging in online live-streaming marketing activities shall comply with laws and regulations and the relevant provisions, follow public order and good customs, and truthfully, accurately and comprehensively release information on goods or services, and shall not commit any of the following acts: (i) violating Articles 6 and 7 of the Provisions on the Ecological Governance of Network Information Contents (《網絡信息內容生態治理規定》); (ii) publicizing false or misleading information to cheat or mislead users; (iii) marketing counterfeit or shoddy goods or goods that infringe upon intellectual property rights, or goods that fail to meet the requirements for personal and property safety; (iv) fabricating or tampering with data traffic such as transactions, attention, number of views, number of comments, etc.; (v) still making promotion or diversion for a person even the existence of any illegal or irregular act or act with high risk committed by the person is known or should have been known; (vi) harassing, slandering, vilifying or intimidating others, or infringing upon the legitimate rights and interests of others; (vii) pyramid marketing, fraud, gambling, or selling prohibited or controlled goods, etc.; and (viii) other acts in violation of the laws, regulations and relevant provisions. Operators of live-streaming studios and live-streaming marketing personnel shall perform their responsibilities and obligations of protecting consumers' rights and interests in accordance with laws and regulations, and shall not deliberately delay or refuse without justifiable reasons the legitimate and reasonable requests put forward by consumers. Provisions on the Supervision and Administration of the Implementation of the Primary Responsibility for Food Safety by Live-Streaming E-commerce Operators (《直播電商經營者落實食品安全主體責任監督管理規定》), issued on December 28, 2025, and effective as of March 20, 2026. The Provisions specify 13 categories of food that are prohibited from being marketed via live-streaming, and set forth the requirements for live-streaming e-commerce operators (including live-streaming e-commerce platform operators, live room operators, live-streaming marketers, and agencies serving live-streaming marketers) to implement their primary responsibility for food safety.

Medical Device Operation

In accordance with Regulations on Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), promulgated by the State Council on January 4, 2000 and last amended on December 6, 2024, business operators engaging in online sales of medical devices shall notify the drug regulatory department of the people's government of the city divided into districts where it is located of the relevant information of online sales of medical devices, except for Class I medical devices and Class II medical devices whose safety and effectiveness are not affected by the circulation process may be exempted from record-filing for business operation.

The Measures on the Supervision and Administration of the Business Operations of Medical Devices (《醫療器械經營監督管理辦法》) (the "**Measures on Medical Devices**"), which was promulgated by China Food and Drug Administration on July 30, 2014 and last amended by SAMR on May 1, 2022, applies to any business activities concerning medical devices as well as the supervision and administration thereof conducted within the territory of the PRC. Pursuant to the Measures on Medical Devices, business operations of medical devices are under classified administration according to their degrees of risks. Business operations of Class III medical devices are subject to licensing administration, business operations of Class II medical devices are subject to record-filing administration, and licensing or record-filing is not required for business operations of Class I medical devices.

On December 20, 2017, the CFDA promulgated the Administration and Supervision Measures of Online Sales of Medical Devices (《醫療器械網絡銷售監督管理辦法》) (the "**Online Medical Devices Sales Measures**"), which became effective on March 1, 2018. According to the Online Medical Devices Sales Measures, business operators undertaking online sales of medical equipment shall be medical equipment manufacturing and business enterprises which have obtained a medical equipment manufacturing permit or business permit or completed filing pursuant to the law, except where the laws and regulations stipulate that it is not necessary to obtain a permit or to complete filing. Information such as the name, model number, specifications, structure and composition of medical equipment, scope of application, medical equipment registration certificate reference number or filing certificate reference number, information of registrant or filing applicant, manufacturing permit or filing certificate reference number, product technical requirement reference number, contraindications etc which are published online by an enterprise undertaking online sales of medical equipment shall be consistent with the relevant registration or filing contents.

Food Trading

In accordance with the Administrative Measures for Food Operation Licensing and Record-filing (《食品經營許可和備案管理辦法》), which was promulgated by SAMR on June 7, 2023, The food operation licensing is not required under any of the following circumstances: (i) sales of edible agricultural products; (ii) sales of prepackaged food only; (iii) medical institutions and drug retailers sell specific total nutrition formula food in the formula food for special medical purposes; (iv) food producers that have been granted a food production licensing sell the food they produce at their production and processing places or via the Internet; and (v) other circumstances under which the food operation licensing is not required according to laws and regulations. The sale of prepackaged food only shall be filed for record with the local market regulatory authority at or above the county level. Where a record-filing party intends to engage in the sale of prepackaged food only, it may, at the time of going through registration formalities for a market entity, carry out record-filing of the sale of prepackaged food only and submit the information collection form for the record-filing of the sale of prepackaged food only.

REGULATIONS ON ADVERTISEMENT

According to the Advertising Law of the PRC (《中華人民共和國廣告法》) promulgated by the SCNPC on October 27, 1994 and most recently amended on April 29, 2021, advertisement shall not contain any false or misleading information, and shall not deceive or mislead customers. Each advertiser, advertising agent or advertisement publisher shall, when engaging in advertising activities, comply with laws and regulations, act in good faith, and conduct fair competition. In any advertisement, where there are statements regarding commodity's performance, function, place of origin, use, quality, ingredients, price, producer, valid period, guarantees and etc., or the content, provider, form, quality, price and guarantees of the service, such statements shall be accurate, clear and explicit. Advertisements for medical treatment, pharmaceuticals, medical devices, agricultural pesticides, veterinary medicines and healthcare food, and other advertisements required to be reviewed by laws and administrative regulations shall be reviewed by the relevant authorities before they are published. Where an advertising agent or advertisement publisher designs, produces, provides agency for or publishes an advertisement even though it knows or should know the advertisement is false, publishes any advertisement falling under any of the circumstances as prohibited by the Advertising Law, or conducts other activities in violation of the Advertising Law, the advertising fees may be confiscated and a fine may be imposed, and the relevant authority may impose the suspension of advertisement publishing business, or revocation of business license. When a crime constitutes, the criminal liability shall be investigated in accordance with the law.

On February 25, 2023, SAMR promulgated the Measures for the Administration of Internet Advertising (《互聯網廣告管理辦法》) (the "Internet Advertising Measures"), which became effective on May 1, 2023 and repealed the Interim Administrative measures on Internet Advertising (《互聯網廣告管理暫行辦法》). According to Internet Advertising Measures, before publishing an advertisement for any medical treatment, medicines, medical devices, pesticides, veterinary drug, health care food, food for special medical purpose or any other advertisement that is subject to review according to any laws or administrative regulations, the content of advertisement shall be reviewed by the advertising review authority; an advertisement that has not undergone such review must not be published. It is prohibited to publish an advertisement for any medical treatment, medicines, medical devices, health care food, food for special medical purpose in a disguised form, such as the provision of health or wellness knowledge. In addition, no entity or individual may publish any advertisement of prescription drugs unless otherwise stipulated in any laws or administrative regulations, or tobacco (including e-cigarettes) via the internet.

The Internet Advertising Measures further provides that an Internet advertisement shall be identifiable so that it can be identified by consumers as an advertisement. For any paid search advertisement for goods or services, an advertisement publisher shall prominently indicate "advertisement" to distinguish it from natural search results. When publishing an Internet advertisement in forms such as a pop-up, the advertiser and the advertisement publisher shall prominently display a Close symbol to ensure that it can be closed in one click. It is prohibited to deceive or mislead users into clicking

on or browsing an advertisement through certain means. If an advertising agent or advertisement publisher violates the Internet Advertising Measures, it may be subject to punishment, including but not limited to fines, confiscating advertising fees, suspension of the advertisement publishing business, or revocation of business license.

Pursuant to the Interim Administrative Measures for Review of Advertisements on Drugs, Medical Devices, Dietary Supplements and Formula Foods for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》) promulgated by SAMR on December 24, 2019 and implemented on March 1, 2020, no advertisement for any drug, medical device, dietary supplement or formula food for special medical purpose may be published without review by SAMR or its local branches. Advertisements on drugs, medical devices, dietary supplements and formula foods for special medical purpose shall be authentic and legal, and shall not contain any false or misleading content. An advertisement for drug, medical device, dietary supplement or formula food for special medical purpose shall prominently indicate the advertisement approval number. Advertisers, advertising agents or publishers shall publish advertisements for drugs, medical devices, dietary supplements and formula foods for special medical purpose in accordance with the approved contents upon review, and shall not make any editing, splicing or modification. In case of necessary modification to any content of an approved advertisement, a new application for advertisement review shall be submitted.

According to the Regulation on the Supervision and Administration of Cosmetics (《化妝品監督管理條例》), which became effective on January 1, 2021, and the Measures for the Supervision and Administration of Production and Operation of Cosmetics (《化妝品生產經營監督管理辦法》), which became effective on January 1, 2022, the cosmetic distributors on the e-commerce platform shall disclose the information on the cosmetics they distribute in a comprehensive, truthful, accurate and timely manner. The content of cosmetic advertisements shall be authentic and legal. No cosmetic advertisement may expressly or impliedly indicate that the product has any medical effect, contains any false or misleading information, or deceive or mislead consumers.

REGULATIONS ON REAL ESTATES

Owned Properties

The Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), promulgated by the State Council on November 24, 2014, became effective on March 1, 2015 and amended on March 24, 2019 and March 10, 2024, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016 and amended on July 24, 2019 and May 21, 2024, provide that, among other things, the State implements a uniform real estate registration system and the registration of real estate shall follow the principles of strict administration, stability, continuity, and convenience for the masses.

Leased Properties

Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), which was promulgated by the SCNPC on July 5, 1994 and last revised on August 26, 2019, in case of house leasing, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, usage, rental and repair liabilities, as well as other rights and obligations of both parties, and go through registration and filing procedures with the real estate administration department.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property

lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) (the "**Patent Law**") promulgated by the SCNPC on March 12, 1984, which was most recently 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》) (the "**Implementation Rules of the Patent Law**") promulgated by the State Council on June 15, 2001, which was most recently amended on December 11, 2023 and came into effect on January 20, 2024, the patent administrative department of the State Council, namely China National Intellectual Property Administration is responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law and the Implementation Rules of the Patent Law provide three types of patents, "invention", "utility model" and "design". Invention patents are valid for twenty years, while design patents are valid for fifteen years and utility model patents are valid for ten years, from the date of filling application. The parties concerned shall complete filing within three months from the effective date of such patent licensing agreement. The PRC patent system follows "first come, first file" principle, which means that where more than one person file patent applications for the same invention, the patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, non-obviousness and utility. A third party must procure consent or proper licensing from the patent owner to use the patent. Otherwise, the use constitutes infringement of the patent.

Trademark

In accordance with the Trademark Law of the PRC (《中華人民共和國商標法》) (the "Trademark Law") which was promulgated by the SCNPC on August 23, 1982, and was most recently amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Regulations for the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) which was promulgated by the State Council on August 3, 2002, and was amended on April 29, 2014 and came into effect on May 1, 2014, registered trademarks in the PRC include commodity trademarks, service trademarks, collective trademarks and certification trademarks.

The Trademark Office of China National Intellectual Property Administration (the "Trademark Office") is responsible for the registration and administration of trademarks throughout the PRC and grants a term of ten years to registered trademarks. Trademarks are renewable every ten years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within twelve months prior to the expiration of the term. A trademark registrant may license its registered trademark to another party by entering into a trademark licensing agreement. Trademark licensing agreements must be filed with the Trademark Office. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. The Trademark Law follows a "first come, first file" principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by 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.

Copyright

In accordance with the Copyright Law of the PRC (《中華人民共和國著作權法》) which was promulgated by the SCNPC on September 7, 1990, and was most recently amended on November 11, 2020 and came into effect on June 1, 2021, and the Implementation Regulations of the PRC Copyright Law (《中華人民共和國著作權法實施條例》) promulgated by the State Council on August 2, 2002, last amended on January 30, 2013 and came into effect on March 1, 2013, Chinese citizens, legal persons, or other organizations shall, whether published or not, be entitled to copyrights in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software.

Computer Software

The Regulations on the Protection of Computer Software (《計算器軟件保護條例》) promulgated by the State Council on December 20, 2001, which was most recently amended on January 30, 2013 and came into effect on March 1, 2013, provide that the PRC citizen, legal person or other organization is entitled to the copyright of the software that such person, entity or organization develops, whether the software is released publicly or not. A software copyright holder is entitled to right of publication, right of acknowledgement, right of alteration, right of reproduction, right of distribution, right of leasing, right of dissemination, right of translation, and other rights to which a software copyright holder is entitled.

The Computer Software Copyright Registration Measures (《計算器軟件著作權登記辦法》), promulgated by the National Copyright Administration on February 20, 2002 and last amended on June 18, 2004, regulate registrations of software copyrights, exclusive licensing contracts for software copyrights and assignment agreements. The National Copyright Administration administers software copyrights registration, and China Copyright Protection Center is designated as the software registration authority. China Copyright Protection Center grants registration certificates to the computer software copyrights applicants which meet the relevant requirements.

Domain Name

In accordance with the Administrative Measures on 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, domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration. Domain name registration follows a "first come, first file" principle as well. The Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), which was promulgated by the MIIT on November 27, 2017 and came into effect on January 1, 2018, stipulates the obligations of internet information service providers and other entities to combat terrorism and maintain network security.

REGULATIONS ON PRODUCT QUALITY AND CONSUMER PROTECTION

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and last amended on December 29, 2018, the market supervision and administration department under the State Council is in charge of the national supervision of product quality, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes physical injury to a person or property damage, the aggrieved party may make a claim for compensation from the producer or the seller of the product. Producers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and/or fines. Earnings from sales in contravention of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

The Law on the Protection of Rights and Interests of Consumers (the "Consumer Protection Law") (《中華人民共和國消費者權益保護法》), which was promulgated by the SCNPC on October 25, 2013 and became effective on March 15, 2014, sets out the obligations of business operators and the rights and interests of the consumers in China. Pursuant to this law, business operators shall guarantee that the commodities and services they supply meet the requirements concerning personal or property safety. As for commodities and services that may endanger personal or property safety, business operators shall give consumers truthful explanations and explicit warnings, and shall explain or indicate the right way to use the commodities or receive the services as well as the way to prevent the occurrence of damage. Consumers whose legitimate rights and interests are infringed while purchasing goods or receiving services via an online trading platform shall have the right to claim compensation from the vendor of the goods or the provider of the services. Where the operator of the online trading platform cannot provide the real name, address and effective contact of the vendor or the service provider, the consumers shall have the right to claim compensation from the operator of the online trading platform; where the operator of the online trading platform has made commitments in more beneficial terms to the consumers, they shall deliver on their commitments. After compensating the consumers, the operator of the online trading platform shall in turn have the right to claim compensation from the vendor or service provider. Failure to comply with the Consumer Protection Law may subject business operators to civil liabilities such as refunding purchase prices, replacement, repairing, ceasing damages, compensation, and restoring reputation, and even subject the business operators or the responsible individuals to criminal penalties when personal damages are involved or if the circumstances are severe.

REGULATIONS ON IMPORT AND EXPORT

The Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) was promulgated by the SCNPC on May 12, 1994, which was most recently amended on December 27, 2025 and came into effect on March 1, 2026. Before December 30, 2022, any foreign trade business operator engaged in the import and export of goods or technologies must go through the record filing and registration formalities with the MOFCOM (formerly known as the Ministry of Foreign Trade and Commerce) or the agency entrusted by the MOFCOM, however, according to the latest amendment, such record filing and registration formalities are no longer required from December 30, 2022.

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) adopted by the SCNPC on January 22, 1987, which was most recently amended on April 29, 2021 and came into effect on the same date, the General Administration of Customs of the PRC (the "GACC") is the state's entry and exit customs supervision and administration authority. According to the relevant laws and administrative regulations, the Customs supervises the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and counters smuggling, compiles customs statistics and handles other customs operations. Customs declaration entities refer to the consignees and consignors of import and export goods and customs declaration enterprises recorded with the customs. The consignee or the consignor of imports or exports may complete the declaration formalities for inspection on its own or by entrusting a declaration agency enterprise to complete the declaration formalities for inspection and complete the filing formalities with the immigration inspection and quarantine authorities in accordance with the law.

According to the 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 GACC on November 19, 2021 and came into effect on January 1, 2022, customs declaration entities mean consignees or consignors of imports and exports and customs declaration enterprises which have filed record with the Customs pursuant to these Provisions. Consignees or consignors of imports and exports and customs declaration enterprises applying for filing shall obtain market entity qualification; in the case of consignees or consignors of imports and exports applying for filing, they shall also complete filing formalities for foreign trade business operators. According to the Notice by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs of Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods, promulgated on

January 3, 2023 and took effect on the same day, a consignee or consignor of imported or exported goods who applies for recordation shall be qualified as a market entity and is not required to complete such filing formalities for foreign trade business operators.

REGULATIONS ON TAX IN THE PRC

Enterprise Income Tax

On March 16, 2007, the NPC promulgated the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) which was last amended on December 29, 2018, and the State Council enacted the Regulations for the Implementation of the Law on Enterprise Income Tax of the PRC (《中華人民共和國企業所得税法實施條例》) which were last amended on December 6, 2024 (collectively, the "EIT Law"). Under the EIT Law, the rate of enterprise income tax shall be 25%, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a reduced tax rate of 15% for Enterprise Income Tax.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例》) promulgated on December 13, 1993 and last amended on November 19, 2017 and its implementation rules, entities and individuals selling goods, providing labor services of processing, repairs or maintenance, or selling services, intangible assets or real property within China, or importing goods to China, shall be identified as taxpayers of value-added tax, and shall pay 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税法》) promulgated on December 25, 2024 and came into effect on January 1, 2026, entities and individuals engaged in the sale of goods, services, intangible assets, or real estate within China, or importing goods to China, shall be identified as taxpayers of value-added tax, and shall pay value-added tax. The sale of goods, services, intangible assets, or real estate refers to the transfer of ownership of goods or real estate for a consideration, the provision of services for a fee, or the transfer of ownership or use rights of intangible assets for a consideration. For taxpayers selling goods, processing, repair or fitting services, or tangible movable property leasing services; or importing goods, the tax rate shall be 13%, unless otherwise specified; for taxpayers selling transportation, postal, basic telecommunications, construction, or real estate leasing services, selling real estate, transferring land use rights, or selling or importing specified goods, the tax rate shall be 9%, unless otherwise specified; for taxpayers selling services or intangible assets, the tax rate shall be 6%, unless otherwise specified; for taxpayers exporting goods, the tax rate shall be zero, except as otherwise provided by the State Council; for entities and individuals within China engaging in cross-border sales of services or intangible assets within the scope defined by the State Council, the tax rate shall be zero.

Dividends Distribution

Pursuant to the PRC Company Law, when a company distributes its after-tax profits for the current year, it shall set aside 10% of the profits to be included in the company's statutory reserve. A company may elect not to do so if its aggregate statutory reserve reaches 50% or more of its registered capital. If a company's statutory reserve is insufficient to cover previous years' losses, the current year's profits shall first be used to cover such losses before statutory reserve is set aside. After a company sets aside an amount for statutory reserve from its after-tax profits, it may, subject to a resolution of the shareholders' meeting, set aside an amount for discretionary reserve from its after-tax profits. Furthermore, the EIT Law provides that dividends paid by a PRC entity to a non-resident enterprise for income tax purposes is subject to PRC withholding tax at a rate of 10%, subject to reduction by an applicable tax treaty with China.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

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》) promulgated by the SCNPC on July 5, 1994, which was most recently amended and came into effect on December 29, 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, which was last 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》) promulgated by the State Council on September 18, 2008 and came into effect on the same date. Pursuant to the aforementioned laws and regulations, labor relationships between employers and employees must be executed in written forms. These series of laws and regulations set out specific provisions concerning the execution, the terms and the termination of a labor contract, and the rights and obligations of the employees and employers, respectively. Wages may not be lower than the local minimum wage level. Employers must establish a system for labor safety and sanitation, strictly abide by state standards and provide relevant training to their employees. At the time of hiring, the employers shall truthfully inform the employees of the scope of work, working conditions, working place, occupational hazards, work safety, salary, and other matters which the employees request to be informed about.

According to the Notice on Issues relating to Confirmation of Labor Relationship (《關於確立勞動關係有關事項的通知》) promulgated by the Ministry of Labor and Social Security (勞動和社會保障部), which is the predecessor of the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) (the "MOHRSS") on May 25, 2005 and came into effect on the same day, a labor relationship shall be deemed to be concluded under the following circumstances, even if the employer does not enter into a written contract with the worker, (i) the employer and the worker satisfy the requirements on eligibility prescribed by the laws and regulations, (ii) the employer has, in accordance with the law, formulated such labor regulations and requirements which apply to the worker; the worker is subject to labor management by the employer and engages in remunerated labor work arranged by the employer, and (iii) the labor provided by the worker is a component of the employer's business.

Employment of Foreigners and Hong Kong, Macao and Taiwan Residents

According to the Exit-Entry Administration Law of the PRC (《中華人民共和國出境入境管理法》), which was promulgated by the SCNPC on November 22, 1985, and was most recently amended by on June 30, 2012 and became effective on July 1, 2013, foreigners who work in the PRC shall obtain the work permit and the work-type residence permit in accordance with regulations. Foreigners who have not obtained the work permit and the work-type residence permit shall not be employed. Foreigners who have been employed in violation of the regulations may be subject to fines of RMB5,000 to RMB20,000 and may be further subject to detention for 5 to 15 days in severe circumstances. Employers who employees foreigners in violation of the regulations may be subject to fines of RMB10,000 for each such foreigner employed, but no more than RMB100,000 in aggregation, and may be further subject to confiscation of illegal gains.

According to the Administrative Provisions on Employment of Foreigners in the PRC (《外國人在中國就業管理規定》), which was promulgated by the Department of Labor on January 22, 1996, and was most recently amended by the MOHRSS and became effective on March 13, 2017, to employee a foreigner, an employer shall apply for the work permit for the foreigner, and the foreigner shall not be employed unless the employment is approved and the foreigner obtains the work permit. According to the Notice of the Ministry of Human Resources and Social Security on Matters concerning the Employment of Hong Kong, Macao and Taiwan Residents in the Mainland (《人力資源社會保障部關於香港澳門台灣居民在內地(大陸)就業有關事項的通知》), which was promulgated by the MOHRSS on August 23, 2018, and became effective on the same date, from July 28, 2018, Hong Kong, Macao and Taiwan personnel no longer need to apply for the work permit for such person's employment in the mainland China.

Social Insurance and Housing Fund

Employers in the PRC are required to contribute, for and on behalf of their employees, to a series of social insurance funds, including funds for pension, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance, and housing fund. These payments are made to local administrative authorities and employers who fail to contribute may be fined and be ordered to make up for the outstanding contributions. The various laws and regulations that govern the employers' obligations to contribute to the social insurance funds include the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010, and was amended with immediate effect on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated by the State Council on January 22, 1999, and was amended with immediate effect on March 24, 2019, the Regulations on Work-related Injury Insurance (《工傷保險條例》), which was promulgated by the State Council on April 27, 2003, and was amended on December 20, 2010, and the Regulations on Management of the Housing Fund (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999, and was most recently amended with immediate effect on March 24, 2019. According to the Notice Concerning the Safe and Orderly Collection and Administration of Social Insurance Premiums (《關於穩妥有序做好社會保險費徵管有關工作的通知》) issued by the General Office of the STA on September 13, 2018, the tax authorities will collect all social insurance premiums uniformly from January 1, 2019. Before the completion of the reform of the social insurance collection agency, the relevant local authorities shall continuously optimize the payment service and ensure the continuous improvement of the business environment and shall not organize and carry out the previous year's arrears check without permission.

According to the Interim Measures for Participation in the Social Insurance System by Foreigners Working within the Territory of the PRC (《在中國境內就業的外國人參加社會保險暫行辦法》), which was promulgated by the MOHRSS on September 6, 2011, and was most recently amended on December 23, 2024 and became effective on the same date, and the Interim Measures for Participation in Social Insurance System by Hong Kong, Macao and Taiwan Residents in the Mainland (《香港澳門台灣居民在內地(大陸)參加社會保險暫行辦法》), which was promulgated by the MOHRSS and the National Healthcare Security Administration on November 29, 2019 and became effective on January 1, 2020, employers shall participate in the basic pension insurance for employees, basic medical insurance for employees, work injury insurance, unemployment insurance, maternity insurance for foreigners and Hong Kong, Macao and Taiwan residents employed by them.

REGULATIONS ON FOREIGN EXCHANGE ADMINISTRATION

The legal currency of the PRC is Renminbi, which is currently subject to foreign exchange regulation and cannot be freely converted into foreign currency. The State Administration of Foreign Exchange (the "SAFE") with the authorization of People's Bank of China (the "PBOC"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

On January 29, 1996, the State Council promulgated the Regulations of the PRC Foreign Exchange Administration (《中華人民共和國外匯管理條例》) (the "Foreign Exchange Regulations") which became effective on April 1, 1996. The Foreign Exchange Regulations classify all international payments and transfers into current items and capital items. Most of the current items are no longer subject to SAFE's approval, while capital items remain unchanged. The Foreign Exchange Regulations were subsequently amended on January 14, 1997 and August 5, 2008. The latest amendment to the Foreign Exchange Regulations clearly states that no restriction will be imposed on international current payments and transfers.

On June 20, 1996, the PBOC promulgated the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which abolished the then-remaining restrictions on convertibility of foreign exchange under current items, while retaining the existing restrictions on foreign exchange transactions under capital items.

According to the Announcement on Improving the Reform of the Renminbi (《關於完善人民幣匯率形成機制改革的公告》), issued by the PBOC on July 21, 2005 and became effective on the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies. As a result, the Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

On August 5, 2008, the State Council promulgated the revised Foreign Exchange Regulations, which have made substantial changes to the foreign exchange supervision system of the PRC. First, the regulations have adopted an approach of balancing the inflow and outflow of foreign exchange. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities; second, the regulations have improved the RMB exchange rate floating system based on market supply and demand under management; third, in the event that international balance of payment suffer or may suffer a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures against international balance of payment; fourth, the regulations have enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to SAFE to enhance its supervisory and administrative powers.

According to the relevant laws and regulations in the PRC, PRC enterprises which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at designated banks that carry foreign exchange business, on the strength of valid receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, after paying taxes in according to the law, on the strength of resolutions of the board of directors or resolutions of shareholders on the distribution of profits, effect payment from foreign exchange accounts opened at designated banks that carry foreign exchange business, or effect exchange and payment at designated banks.

The Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and came into effect on October 23, 2014 provide to cancel the approval requirement of SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into renminbi domestic accounts.

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by SAFE and became effective on December 26, 2014, a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the branch office of SAFE located at its registered address; the proceeds from an overseas listing of a domestic company may be repatriated to China or deposited overseas, provided that the intended use of the proceeds shall be consistent with the content of the document document or other public disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a dedicated foreign exchange account at a domestic bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by SAFE on February 13, 2015 and became effective on June 1, 2015, and partially repealed on December 30, 2019, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice on Policies for Reforming and Regulating the Administration of Foreign Exchange Settlement of Capital Accounts (《關於改革和規範資本項目結匯管理政策的通知》), which was promulgated by SAFE and became effective on June 9, 2016 and was last amended on December 4, 2023, the settlement of foreign exchange proceeds under the capital account (including foreign exchange capital funds, foreign debt funds, funds transferred back from overseas listings, etc.) that are subject to discretionary settlement as already specified by relevant policies may be handled at banks based on the actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency proceeds in capital account of domestic institutions is 100%, subject to adjustment of SAFE in due time in accordance with international revenue and expenditure situations.

According to the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局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》) issued by the SAFE on January 26, 2017 and implemented on the same date, several measures are introduced, including (a) further expanding the scope of domestic foreign exchange loan settlement, allowing domestic foreign exchange loans with the background of commodity trade and exports to be settled, (b) allowing funds under domestic guarantee and foreign loans to be transferred back, (c) allowing foreign exchange settlement via the foreign exchange accounts of foreign institutions in pilot free trade zones, and (d) implementing full-coverage administration of overseas lending in both Renminbi and foreign currencies, where a domestic institution engages in overseas lending, the combined balance of foreign exchange lending in Renminbi and foreign currencies shall not exceed a maximum of 30% of the owner's equity in the audited financial statements of the preceding year.

According to the Notice on Further Facilitating Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) issued by the SAFE on October 23, 2019 and implemented on the same date, which was last amended on December 4, 2023, restrictions have been removed on the use of capital funds by non-investment foreign-invested enterprises for domestic equity investment. In addition, restrictions have also been removed on the use of funds in domestic asset realization accounts for foreign exchange settlement and the use of security deposits for foreign exchange settlement by foreign investors. Eligible enterprises in pilot areas are allowed to use capital funds, foreign debt, overseas listings and other income under capital items for domestic payments without providing the banks with proofs of authenticity in advance, provided that their use of funds shall be genuine and in compliance with the current regulations governing the use of income from capital items.

According to the Notice on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by SAFE and became effective on June 1, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, without providing materials to the bank in advance for authenticity verification on an item-by-item basis, provided that their utilized capital shall be authentic and in line with provisions, and conform to the prevailing administrative regulations related to the use of income under capital accounts. The concerned bank shall manage and control the relevant business risks under the principle of prudent business development and conduct spot checks afterwards in accordance with the relevant requirements. Local foreign exchange authorities shall strengthen monitoring and analysis and interim and ex-post supervision.

According to the Notice on Further Deepening Reforms to Promote the Convenience of Cross-border Trade and Investment (《關於進一步深化改革促進跨境貿易投資便利化的通知》) issued by the SAFE on December 4, 2023 and implemented on the same date, qualified high-tech, "professional, sophisticated, unique and new" and technology-based small and medium-sized enterprises in Guangdong (including Shenzhen) and certain other areas can borrow foreign debt on their own within an amount not exceeding the equivalent of US$10 million. The restriction that the cumulative remittance amount of up-front expenses of overseas direct investment by a domestic enterprise shall not exceed the equivalent of US$3 million was abolished, provided that the cumulative remittance amount shall not exceed 15% of the total proposed investment amount by the PRC entity. Additionally, the asset realization account of capital accounts to the settlement account of capital accounts was restructured. The equity transfer consideration

funds in foreign currency received by a domestic equity transferor (including institutions and individuals) from domestic parties, as well as the foreign exchange funds raised by domestic enterprises through overseas listing may be directly remitted to the settlement account of capital accounts. Funds in the settlement account of capital accounts may be settled and used at discretion. The equity transfer consideration funds received by a domestic equity transferor from FIEs which are paid with RMB funds derived from the settlement of foreign exchange (i.e. RMB funds derived from direct settlement of foreign exchange or from settlement account for pending payment) may be transferred directly to the RMB account of the domestic equity transferor.

REGULATIONS ON CYBER SECURITY AND DATA SECURITY

Cyber Security

On July 1, 2015, the SCNPC issued the National Security Law of the PRC (《中華人民共和國國家安全法》), (the "National Security Law") which came into effect on the same day. The National Security Law provides that the PRC shall build a network and information security guarantee system and improve network and information security protection capability to realize the controllable security of the network information key technologies and 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 network information technology products and services and other important activities that impact or are likely to impact the national security of the PRC.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "Cybersecurity Law"), which came into effect on 1 June 2017. The Cybersecurity Law applies to the construction, operation, maintenance, and use of networks as well as the supervision and administration of cybersecurity in China. Network service providers who do not comply with the Cybersecurity Law may be subject to corrective orders, warnings, fines, suspension of their businesses, shutdown of their websites, and revocation of their business licenses.

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 took effect on September 1, 2021. The Data Security Law provides for data security on entities and individuals carrying out data processing activities. The Data Security Law also introduces a data classification and grading protection system based on the importance 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 individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. 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 or operating permits, and the personnel directly in charge or other directly responsible personnel may be imposed with fines.

On December 28, 2021, the Cyberspace Administration of China (the "CAC"), together with certain other PRC governmental authorities, promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》) that replaced the previous version and took effect from February 15, 2022. Pursuant to these measures, the purchase of network products and services by a critical information infrastructure operator or the data processing activities of a network platform operator that affect or may affect national security will be subject to a cybersecurity review. In addition, network platform operators with personal information of over one million users shall be subject to cybersecurity review before listing abroad (國外上市). 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. The Cybersecurity Review Measures provide that the relevant violators shall be subject to legal consequences in accordance with the Cybersecurity Law and the Data Security Law.

On September 24, 2024, the CAC promulgated The Regulation on Network Data Security Management (《網絡數據安全管理條例》), which became effective on January 1, 2025. The regulation aims to regulate network data processing activities, ensure the security of network data, promote the reasonable and effective use of network data in accordance with the law, protect the legitimate rights and interests of individuals and organizations, and safeguard national security and public interests. This regulation puts forward general requirements and provisions for network data security, further specifies rules concerning personal information protection, and specifies mechanisms for the management of important data.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Cross-Border Data Transfer (《數據出境安全評估辦法》), which took effect on September 1, 2022. These measures require that to provide personal information and important data abroad, a data handler falling under any of the following circumstances shall, through the local cyberspace administration at the provincial level, apply to the CAC for security assessment of outbound data: (i) where a data handler provides important data abroad; (ii) where a critical information infrastructure operator or a data handler processing the personal information of more than one million people provides personal information abroad; (iii) where a data handler has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total abroad since January 1 of the previous year; and (iv) other circumstances prescribed by the CAC for which declaration for security assessment for outbound data transfers is required. In addition, on March 22, 2024, the CAC released the Provisions on Promoting and Standardizing Cross-Border Data Transfer (《促進和規範數據跨境流動規定》), which provide several exemptions from undergoing security assessment, obtaining personal information protection certification or entering into prescribed agreement for cross-border transfer of personal information for businesses. These exemptions include, among others, scenarios where a data handler transfers personal information abroad for the necessity of implementing cross-border HR management in accordance with labor rules and regulations established by law and collective contracts signed in accordance with law and where a data handler, other than a critical information infrastructure operator, has cumulatively transferred overseas the personal information (excluding sensitive personal information) of fewer than 100,000 individuals since January 1 of the current year. The provisions also explicitly state that data handlers are not required to conduct security assessment for important data cross-border transfers if the concerning data has not been notified or published as important data by relevant departments or regions.

Personal Information Protection

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) issued on May 28, 2020 and became effective on January 1, 2021, the personal information of a natural person shall be protected by the law. An information handler shall not disclose or tamper with any personal information collected or stored thereby; and without the consent of the natural person, no personal information shall be illegally provided to any other person.

The PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) (the "Personal Information Protection Law"), which was promulgated by the SCNPC on August 20, 2021 and became effective on November 1, 2021, consolidates separate provisions on personal information protection. The Personal Information Protection Law aims to protect the personal information rights and interests, regulate the handling of personal information, safeguard the free flow of personal information in an orderly manner in accordance with the law, and promote the rational use of personal information. Personal information, as defined in the Personal Information Protection Law, refers to all kinds of information related to an identified or identifiable natural person recorded electronically or by other means, excluding the information that has been anonymized. The Personal Information Protection Law stipulates the circumstances in which a handler of personal information may process personal information, including, but not limited to, when the consent of the individual concerned has been obtained and when it is necessary for the conclusion or performance of a contract to which the individual is a party. It has also set out a number of specific rules on the obligations of handlers of personal information, such as informing individuals of the purpose and method of processing, and the obligations of third parties who obtain personal information through co-processing or entrustment.

REGULATIONS ON AI LARGE MODELS ANDALGORITHMS

On July 10, 2023, the Cyberspace Administration of China and other relevant authorities promulgated the Provisional Administrative Measures for Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) (or the Generative AI Measures), which came into effect on August 15, 2023, and imposed compliance requirements on providers of generative AI services. According to the Generative AI Measures, individuals or organizations that provide generative AI services of texts, images, audios, videos, and other content shall assume the responsibility of such network information content producers to fulfill the obligations of network information security and shall assume the responsibility of personal information processors to protect any personal information involved. Certain providers of generative AI services shall also conduct security assessments and complete regulatory filings.

Non-compliance may subject generative AI service providers to penalties, including warning, public denouncement, rectification orders, and suspension of the provision of relevant services. On December 31, 2021, the Cyberspace Administration of China and other relevant authorities promulgated the Recommended Algorithm Management Provisions for Internet Information Services (《互聯網信息服務算法推薦管理規定》), which came into effect on March 1, 2022. According to these provisions, algorithm-based recommendation service providers are responsible for the security of their algorithms. They must have a management system that includes measures for auditing, ethical review, fraud prevention, security assessment and data security emergency response. They must also have dedicated personnel and technical measures. Service providers should regularly review and evaluate their algorithmic mechanisms, models, data and results, and notify users when an algorithm-based recommendation service is active and provide effective channels for user complaints and reports.

Article 2 of the Generative AI Measures clearly defines the scope of application: services that provide generated content such as texts, images, audios and videos to the public within the territory of the People's Republic of China shall be subject to these Measures, while those that do not provide such services to the domestic public shall not fall within their scope.

REGULATIONS ON OVERSEAS SECURITIES OFFERING AND LISTING AND FULL CIRCULATION

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the "Trial Measures") (《境內企業境外發行證券和上市管理試行辦法》) and relevant five guidelines, which came into force on March 31, 2023.

According to the Trial Administrative 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 an 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 are limited by shares offer or list securities in overseas securities markets; and (iii) any PRC company limited by shares is 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 Administrative Measures may subject a PRC domestic company to rectification ordered by the CSRC, a warning and a 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 conduct overseas offering and listing shall (i) formulate their articles of association, improve their internal control system and standardize their 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, not divulge any state secret or the work secrets of state authorities, and 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 Administrative Measures also provide the circumstances where the overseas offering and listing is explicitly prohibited, including: (i) such securities offering and listing are explicitly prohibited by specific PRC laws and regulations; (ii) such securities offering and listing constitute a 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 are 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 Enterprises (the "Provision on Confidentiality") (《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》), which took effect on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise 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 enterprises 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 pursuant to the relevant provisions of the State.

"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 ("Guidelines for the 'Full Circulation'") (《H股公司境內未上市股份申請"全流通"業務指引》), which were amended on August 10, 2023. As regulated in the Guidelines for "Full Circulation," shareholders of domestic unlisted shares have the flexibility to jointly decide the amount and proportion of shares that will be included in the circulation application. This decision should be reached through mutual consultation, ensuring compliance with relevant laws, regulations and policies governing state-owned asset administration, foreign investment and industry regulation. Meanwhile, the H-share listed company corresponding to these shares may be authorized to file for "full circulation" with the CSRC. An unlisted domestic joint stock company may file with the CSRC for "full circulation" at the time of its initial public offering and listing overseas. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China. Pursuant to the Trial Administrative Measures, which came into effect on March 31, 2023, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC. Additionally, they are required to authorize the domestic company to submit the conversion application to the CSRC on their behalf.

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