

REGULATORY OVERVIEW

The following sets forth a summary of the most significant rules and regulations that affect our business activities in China.

REGULATIONS RELATING TO COSMETICS

Production and Sales of Cosmetics

According to Regulation on the Supervision and Administration of Cosmetics (《化妝品監督管理條例》) (Order No. 727 of the State Council of PRC), 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 was issued on August 2, 2021 and became effective on January 1, 2022, whoever engages in the production of cosmetics within the territory of the PRC shall file an application for a cosmetics production license with the drug supervision and administration department of the people's government of the province, autonomous region, or municipality directly under the Central Government at the place where it is located. Cosmetic manufacturers and distributors shall store and transport cosmetics in accordance with the provisions of relevant laws and regulations and the requirements indicated on cosmetic labels, and inspect on a regular basis and handle in a timely manner the deteriorated or expired cosmetics. 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 cosmetics advertisements shall be authentic and legal. No cosmetic advertisement may expressly or impliedly indicate that the product has any medical effect, contain any false or misleading information, or deceive or mislead consumers. The cosmetics used for hair coloring, perming, freckle removal and skin whitening, sunscreens, and hair loss prevention, and the cosmetics with new efficacy claims are special cosmetics. The cosmetics other than special cosmetics are general cosmetics. Special cosmetics may not be produced unless they have been registered with the drug supervision and administration department of the State Council. Domestically produced general cosmetics shall be filed with the relevant drug supervision and administration departments. In addition, new cosmetic ingredients mean the natural or artificial ingredients that are used in cosmetics for the first time in the PRC. New cosmetic ingredients with functions such as preservation, sun protection, coloring, hair dyeing, and spot removal and whitening can only be used after being registered by the State Council's drug supervision and management department; other new cosmetic new ingredients should be filed with the State Council's drug supervision and management department before being used.

On March 31, 2023, the NMPA released the Measures for the Supervision and Administration of the Online Operation of Cosmetic (《化妝品網絡經營監督管理辦法》) which became effective on September 1, 2023. It requires the cosmetic operators operating through other online services to establish and execute a record-checking system for goods. The operators are also expected to fulfill their obligation to reveal the information about their cosmetics, and they should also cooperate with the e-commerce platform operator of cosmetics for the administration of quality and product safety. Once the operators spot any cosmetic with quality defects or could cause damage to the human body, they should stop the sale immediately and inform the relevant entity who made the registration or the filling. In addition, the operators should, in accordance with the relevant laws and regulations, store and transport their cosmetics, regularly check upon the cosmetics, and dispose of the ones that are deteriorated or have passed the expiry date.

According to the Safety and Technical Standards for Cosmetics (Version 2015) (《化妝品安全技術規範(2015年版)》), which became effective on the December 1, 2016, the production of cosmetics shall comply with the requirements of the specifications for the production of cosmetics, and the production process of cosmetics shall be scientific and reasonable to ensure product safety.

According to the Measures for the Administration of Cosmetics Safety Risk Monitoring and Evaluation (《化妝品安全風險監測與評價管理辦法》) which was issued on April 9, 2025 and became effective on August 1, 2025, risk monitoring and evaluation shall prioritize the following factors that may impact cosmetic quality and safety: (i) substances that are prone to be added to cosmetics and may cause harm to human health;(ii) substances in cosmetics that are prone to cause

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health hazards to key groups such as children; (iii) risk substances that may be introduced into cosmetic raw materials or packaging materials or may be generated or introduced during production, storage, or transportation of cosmetics; (iv) items involved in the development and revision of cosmetic standards; (v) other items under special monitoring.

According to the Measures for the Administration of Cosmetic Labels (《化妝品標籤管理辦法》) which was issued on May 31, 2021 and became effective on May 1, 2022, the smallest sales unit of cosmetics shall be labeled. The labels shall comply with the requirements of the relevant laws, administrative regulations, departmental rules, compulsory national standards and technical specifications. The contents of the labels shall be lawful, authentic, complete and accurate and consistent with the relevant contents registered or filed for record.

According to the Regulation on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), as amended by the State Council on February 9, 2021 and became effective on June 1, 2021, latest amended on December 6, 2024 and came into effect on January 20, 2025 an enterprise engaging in the operations of Class II medical devices is required to obtain a product filing with the food and drug supervision and administration departments of the city with districts where it is located.

REGULATIONS RELATING TO ADVERTISING

The Advertising Law of the PRC (《中華人民共和國廣告法》), which was promulgated by the Standing Committee of the National People's Congress, or the SCNPC, on October 27, 1994 with effect on February 1, 1995, latest amended with immediate effect from April 29, 2021, regulates commercial advertising activities in the PRC and sets out the obligations of advertisers, advertising operators, advertising publishers, and advertisement endorser. Advertisers shall be responsible for the veracity of their advertisement content. Any advertiser in violation of the foregoing requirements will be ordered to stop publishing of advertisement, and a fine of not more than RMB100,000 may be imposed. Except for medical, pharmaceutical and medical machinery advertisements, no other advertisements shall involve illness treatment function, use medical jargon or jargon which misleads readers to confuse the promoted product with medicine or medical machinery. Any advertiser in violation of such requirements will be ordered to cease publishing such advertisements and imposed a heavy fine, the business license of the offender may be revoked in severe circumstances, and the relevant authorities may revoke the approval document for examination and refuse to accept applications submitted by such advertiser for one year.

The Measures for the Administration of Internet Advertising (《互聯網廣告管理辦法》) which was promulgated by the SAMR, on February 25, 2023 with effect from May 1, 2023, regulates that in internet advertising activities, advertisers are responsible for the authenticity of the content of advertisements and all online advertisements must be marked "Advertisement" so that viewers can easily identify them as such.

On November 5, 2020, the SAMR promulgated the Guiding Opinions of the 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》). According to the Guiding Opinions, commodity operators selling commodities or providing services through online live-streaming shall abide by the relevant laws and regulations, and establish and implement system for inspection and acceptance of Purchased Goods. On April 16, 2021, the CAC and other six PRC regulatory authorities jointly issued the Administrative Measures for Online Live-Streaming Marketing (Trial Implementation) (《網絡直播營銷管理辦法(試行)》), which effective on May 25, 2021. According to these measures, operators of live studios and live-streaming marketing personnel engaging in online live-streaming marketing activities shall comply with laws and regulations, follow public order and good customs, and truthfully, accurately and comprehensively release information on goods or services. On March 25, 2022, the Cyberspace Administration of China, or the CAC, the State Administration of Taxation, or the SAT and the SAMR jointly issued the Circular on Opinions on Further Regulating the Profit-making Behavior of Online Live Streaming to Promote the Healthy Development of the Industry (國家互聯網信息辦

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公室、國家稅務總局、國家市場監督 管理總局印發《關於進一步規範網絡直播營利行為促進行業健康發展的意見》的通知)。The aforementioned Opinions put forward some detailed requirements for market entities related to online live-streaming services to further regulate the relevant behaviors and maintain the market order, which shows a strengthening regulatory trend on online live streaming and e-commerce platforms.

REGULATIONS RELATING TO FOREIGN INVESTMENT

Foreign Investment Laws

The Company Law of the People’s Republic of China (《中華人民共和國公司法》), or the PRC Company Law, was passed by the SCNPC on December 29, 1993 and came into effect on July 1, 1994. It was revised for several times afterwards, and the latest version was promulgated on December 29, 2023 and will come into effect on July 1, 2024. According to the PRC Company Law, companies may adopt 2 forms: limited liability company or joint stock company. The PRC Company Law is also applicable to the limited liability companies and joint stock companies invested by foreigners, unless otherwise specified in the relevant laws and regulations. The latest version of the PRC Company Law made systematic changes to the existing PRC company law, such as it stipulated that the capital contributions subscribed for by all shareholders shall be fully paid within five years from the establishment of the company in accordance with the company’s articles of association.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), or the Foreign Investment Law, was formally adopted by the National People’s Congress, the NPC, on March 15, 2019 and became effective on January 1, 2020. The Foreign Investment Law is formulated to further expand opening-up, vigorously promote foreign investment and protect the legitimate rights and interests of foreign investors. Foreign investments are entitled to pre-entry national treatment and are subject to negative list management system. Foreign investors shall not invest in any forbidden fields stipulated in the negative list and shall meet the conditions stipulated in the negative list before investing in any restricted fields. On December 26, 2019, the State Council promulgated the Implementation Regulations on the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which came into effect on January 1, 2020, and it further requires that foreign invested enterprises and domestic enterprises be treated equally with respect to policy making and implementation.

On December 30, 2019, the MOFCOM and the State Administration for Market Regulation issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020. Since January 1, 2020, for carrying out investment activities directly or indirectly in PRC, the foreign investors or foreign invested enterprises shall submit investment information to the commerce administrative authorities through the Enterprise Registration System (企業登記系統) and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) pursuant to these measures.

Foreign Investment Industrial Policy

Investment activities in China by foreign investors are principally governed by the Catalog of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》), or the Encouraging Catalog, and the Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)》), or the Negative List, which were promulgated and are amended from time to time by the Ministry of Commerce and the NDRC, and together with the Foreign Investment Law and their respective implementation rules and ancillary regulations. The Encouraging Catalog and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: “encouraged”, “restricted”, and “prohibited”. Industries not listed in the Encouraging Catalog are generally deemed as falling into a fourth category “permitted” unless specifically restricted by other PRC laws.

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On December 15, 2025, the Ministry of Commerce and the NDRC released the Catalog of Industries for Encouraging Foreign Investment (2025 Version), which became effective on February 1, 2026, to replace the previous Encouraging Catalog. On September 6, 2024, the Ministry of Commerce and the NDRC released the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version), which became effective on November 1, 2024, to replace the previous Negative List. According to the current Encouraging Catalog and Negative List, as of the Latest Practicable Date, our business does not fall within the scope of “encouraged”, “restricted” or “prohibited” categories.

REGULATIONS RELATING TO PRODUCT LIABILITY AND CONSUMER PROTECTION

Pursuant to the PRC Product Quality Law (《中華人民共和國產品質量法》), which was promulgated on February 22, 1993 and amended on July 8, 2000, August 27, 2009, and December 29, 2018, a manufacturer is prohibited from producing or selling industrial 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 personal injury or property damage, the aggrieved party may make a claim for compensation from the manufacturer or the seller of the product. Manufacturers 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 fines. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender’s business license may be revoked.

On May 28, 2020, the NPC promulgated the Civil Code of the People’s Republic of China (《中華人民共和國民法典》), or the PRC Civil Code, which took effect on January 1, 2021. Under the PRC Civil Code, if a product is found to be defective and to compromise the personal and property security of others, the victim may require compensation to be made by the manufacturer or the seller of the product. Where any manufacturer or seller knowingly produces or sells defective products or fails to take effective remedial measures in accordance with the PRC Civil Code and thus causes death or serious damage to the health of others, such person shall be entitled to claim punitive damages. If the transporter, storekeeper or any other third party is responsible for the defect, the manufacturer or seller shall have the right to demand compensation for its losses from such third party.

On October 31, 1993, the Consumer Protection Law of the People’s Republic of China (《中華人民共和國消費者權益保護法》) was promulgated by the SCNPC, which was amended on October 25, 2013, to protect consumers’ rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. According to the amendment, all business operators shall pay high attention to protect the customers’ personal information which they obtain during the business operation.

REGULATIONS RELATING TO PRODUCTION SAFETY

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) amended by the SCNPC on June 10, 2021, and taking into effect on September 1, 2021, an enterprise shall provide production safety conditions as stipulated in this law and other relevant laws, administrative regulations, national and industry standards, establish the responsibility system and rules and regulations for production safety, and develop production safety standards to ensure production safety. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities.

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REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), or the Anti-Unfair Competition Law, which was passed by the SCNPC on September 2, 1993, became effective on December 1, 1993 and was most recently amended on June 27, 2025 and became effective on October 15, 2025, unfair competition refers to that the operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the Anti-unfair Competition Law in the production and operating activities. Pursuant to the Anti-unfair Competition Law, operators shall abide by the principle of voluntariness, equality, impartiality, integrity, and adhere to laws and business ethics during market transactions. Operators in violation of the Anti-unfair Competition Law shall bear corresponding civil, administrative or criminal liabilities depending on the specific circumstances.

Pursuant to the PRC Anti-Monopoly Law (Revised in 2022) (the “Anti-Monopoly Law”) (《中華人民共和國反壟斷法》(2022修正)) promulgated by the SCNPC on June 24, 2022 and took effect on August 1, 2022, prohibited monopolistic conducts including monopoly agreements, abuse of dominant market position and concentration of business operators that may have the effect of eliminating or restricting competition.

REGULATIONS RELATING TO LEASING

Pursuant to the Law on Administration of Urban Real Estate of the People’s Republic of China (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994 and last amended on August 26, 2019 and became effective on January 1, 2020, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and lessee are also required to register the lease with the real estate administration department.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures for 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, landlords and tenants are required to enter into lease contracts which should generally contain specified provisions, and lease contracts should be registered with the relevant construction or property authorities at municipal or county level within 30 days after its conclusion. If the landlords and tenants fail to go through the registration procedures, both landlords and tenants may be subject to fines.

REGULATIONS RELATING TO IMPORT AND EXPORT OF GOODS

Pursuant to the Regulations of the PRC 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 which came into effect on January 1, 2002 amended on March 10, 2024, and became effective on May 1, 2024, the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC, on May 12, 1994 which came into effect on July 1, 1994 and was latest amended on December 30, 2022, the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC, on January 22, 1987 which came into effect on July 1, 1987 and was latest amended on April 29, 2021, the Measures for Record Filing and Registration by Foreign Trade Dealer (《對外貿易經營者備案登記辦法》) promulgated by MOFCOM on June 25, 2004, which came into effect on July 1, 2004 and was latest amended on May 10, 2021 and the Administrative Provisions of the PRC on the Filing of Customs 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 of the PRC on November 19, 2021 which came into effect on January 1, 2022, foreign trade business operators engaging in the import or export of goods or technology must go through the record filing and registration formalities with the MOFCOM or the agency entrusted by the MOFCOM. Unless otherwise provided by laws and regulations, the PRC government allows free export and import of goods and technologies, and protects the intellectual property rights associated with international trade. Unless

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otherwise provided for, the declaration of import or export goods and the payment of duties may be made by the consignees or consignors themselves, or by entrusted customs brokers that have been registered with the customs. Consignees and consignors of import and export goods and customs declaration enterprises that apply for record-filing shall obtain the qualification as market players.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Environmental Protection

Pursuant to the PRC Environmental Protection Law (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989, amended on April 24, 2014, and became effective on January 1, 2015, any entity which discharges or will discharge pollutants during the course of operations or other activities must implement effective environmental protection safeguards and procedures to control and properly treat waste gas, waste water, waste residue, dust, malodorous gases, radioactive substances, noise, vibrations, electromagnetic radiation, and other hazards produced during such activities.

The PRC Ecological and Environmental Code (《中華人民共和國生態環境法典》) which was promulgated by the SCNPC, on March 12, 2026 and will be effective on August 15, 2026, integrates multiple existing environmental protection laws and regulations and will replace the PRC Environmental Protection Law and the Law of the People’s Republic of China on Environmental Impact Assessment.

Environmental Impact Assessment

According to the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998 and amended on July 16, 2017 and taking effect on October 1, 2017, the construction entity shall submit an environmental impact report or an environmental impact statement, or fill in a registration form depending on the degree of impact the construction project has on environment.

According to the Law of the People’s Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002 and amended on July 2, 2016 and December 29, 2018, for construction projects that have an impact on the environment, entities shall prepare an environmental impact report, report form or registration form in accordance with the severity of the impact that the project may have on the environment.

Completion and Acceptance

The Interim Measures for Acceptance of Environmental Protection upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) was promulgated and implemented by the former Ministry of Environmental Protection (now the Ministry of Ecology and Environment) on November 20, 2017. The Measures regulates the procedures and standards for environmental protection acceptance by construction units upon the completion of construction projects.

REGULATIONS ON FIRE PREVENTION

Pursuant to the PRC Fire Safety Law (《中華人民共和國消防法》), which was promulgated by the SCNPC on April 29, 1998, and most recently amended on April 29, 2021, and the Interim Provisions on Administration of Fire Control Design Review and Acceptance of Construction Project (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, which became effective on June 1, 2020 and was amended on August 21, 2023, special construction projects that fail to undergo or pass the fire protection acceptance check are prohibited from being put into use. Construction projects other than

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special construction projects shall go through the fire safety acceptance filing, and the competent housing and urban-rural development authorities shall conduct random inspections on the fire safety acceptance of other construction projects filed. If the construction projects fail to pass the random inspection on fire safety acceptance, such projects shall be suspended from use. Any special construction projects put into use without passing the fire protection acceptance check, or failure to suspend the use of any construction projects other than special construction projects which fail to pass the random inspection on fire safety acceptance, shall be ordered to discontinue the construction, use, production or operation and be fined not less than RMB30,000 but not more than RMB300,000. Any constructing entity fails to go through the fire safety acceptance filing for any construction projects other than special construction projects shall be ordered to make corrections and imposed a fine of not more than RMB5,000 by the competent housing and urban-rural development authorities.

REGULATIONS RELATING TO DATA PRIVACY AND CYBERSECURITY

The PRC Constitution states that the PRC laws protect the freedom and privacy of communications of citizens and prohibit infringement of such rights. PRC government authorities have enacted laws and regulations with respect to internet information security and protection of personal information from any abuse or unauthorized disclosure, and which includes the Decision of the Standing Committee of the National People's Congress on Internet Security Protection (《全國人民代表大會常務委員會關於維護互聯網安全的決定》) enacted and amended by the SCNPC on December 28, 2000 and August 27, 2009, respectively, the Provisions on the Technical Measures for Internet Security Protection (《互聯網安全保護技術措施規定》) issued by the Ministry of Public Security on December 13, 2005 and took effect on March 1, 2006, the Decision of the Standing Committee of the National People's Congress on Strengthening Network Information Protection (《全國人民代表大會常務委員會關於加強網絡信息保護的決定》) promulgated by the SCNPC on December 28, 2012, the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》) promulgated by the Ministry of Industry and Information Technology, or the MIIT on December 29, 2011, and the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) released by the MIIT on July 16, 2013.

The Provisions on Protection of Personal Information of Telecommunication and Internet Users regulate the collection and use of users' personal information in the provision of telecommunications services and Internet information services in the PRC. Telecommunication business operators and Internet service providers are required to institute and disclose their own rules for the collecting and use of users' information. Telecommunication business operators and Internet service providers must specify the purposes, manners and scopes of information collection and uses, obtain consent of the relevant citizens, and keep the collected personal information confidential.

On June 1, 2017, the Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》), or the Cyber Security Law, promulgated by SCNPC took effect, and was most recently amended on October 28, 2025, with the amended version effective from January 1, 2026 which is formulated to maintain the network security, safeguard the cyberspace sovereignty, national security and public interests, protect the lawful rights and interests of citizens, legal persons and other organizations, and requires that a network operator, which includes, among others, internet information services providers, take technical measures and other necessary measures to safeguard the safe and stable operation of the networks, effectively respond to the network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data.

On December 28, 2021, the CAC, together with other relevant administrative departments, jointly promulgated the Cybersecurity Review Measures (2021) (《網絡安全審查辦法(2021)》) which became effective from February 15, 2022. According to the Cybersecurity Review Measures (2021), operators of critical information infrastructure who purchase network products and services and network platform operators who carry out data processing activities that affect or may affect

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national security shall be subject to cybersecurity review. In addition, an Internet platform operator who possesses personal information of more than 1 million users shall apply for cybersecurity review before listing of the Internet platform operator’s securities in a foreign country, and the relevant governmental authorities may initiate cybersecurity review if such governmental authorities consider relevant network products or services and data processing affect or may affect national security.

On August 20, 2021, the SCNPC issued the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), which took effect on November 1, 2021. It integrates the scattered rules with respect to personal information rights and privacy protection and aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law, and promoting the reasonable use of personal information. Personal information, as defined in the Personal Information Protection Law, refers to information related to identified or identifiable natural persons and recorded by electronic or other means, but excluding the anonymized information. The Personal Information Protection Law provides the circumstances under which a personal information processor could process personal information, which include but not limited to, where the consent of the individual concerned is obtained or where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose and method of processing to the individuals, and the obligations of the third party who has access to the personal information by way of co-processing or delegation.

On June 10, 2021, the SCNPC promulgated the Data Security Law of People’s Republic of China (《中華人民共和國數據安全法》), which become effective on September 1, 2021. It is formulated so as to regulate the handling of data, ensure data security, promote the development and exploitation of data, protect the legitimate rights and interests of citizens and organizations, and preserve state sovereignty, security, and development interests. The law stipulates that the carrying out of data handling activities shall obey laws and regulations, respect social mores and ethics, comply with commercial ethics and professional ethics, be honest and trustworthy, perform obligations to protect data security, and undertake social responsibility; it must not endanger national security, the public interest, or individuals’ and organizations’ lawful rights and interests. Furthermore, the Opinions on Strictly Cracking Down on Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》), or the Opinions on Strictly Cracking Down on Illegal Securities Activities, which were issued by the General Office of the State Council and another authority on July 6, 2021, require the speedup of the revision of the provisions on strengthening the confidentiality and archives coordination between regulators related to overseas issuance and listing of securities, and improvement to the laws and regulations related to data security, cross-border data flow, and management of confidential information.

On July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) which came into effect on September 1, 2022. On February 24, 2023, the CAC promulgated the Measures on Standard Contract for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) which took effect on June 1, 2023. Following those two measures, on March 22, 2024, the CAC promulgated the Provisions on Facilitating and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), which took effect on the same day. The Provisions on Facilitating and Regulating Cross-border Data Flows optimized and reshaped the regulatory regime of the outbound transfer of data by adjusting the applicable scope of the outbound data transfer mechanisms as set forth by the previous measures. According to the Provisions on Facilitating and Regulating Cross-border Data Flows, a data handler that is not a critical information infrastructure operator, will be exempted from declaring for security assessment for outbound data transfer, signing a standard contract with overseas recipient or passing the personal protection certification (together, the “Outbound Data Transfer Mechanisms”), if such data handler accumulatively transfers overseas ordinary personal information of less than 100,000 individuals since the January 1 of the current year. The outbound transfer of personal information under certain special scenarios, such as cross-border HR management, will be also exempted from any of the Outbound Data Transfer Mechanisms.

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On September 24, 2024, the State Council promulgated the Administrative Regulations on Network Data Security Management (《網絡數據安全管理條例》) (the “**Data Security Regulations**”), which became effective on 1 January 2025. The Data Security Regulations establish the basic framework for the purposes of regulating network data (including personal information) processing activities, ensuring the security of network data, promoting the reasonable and effective use of network data in accordance with the law, protecting the lawful rights and interests of individuals and organizations, and safeguarding national security and public interest.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark

According to the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, and amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 respectively, registered trademarks are valid for ten years from the date the registration is approved. A registrant may apply to renew a registration within twelve months before the expiration date of the registration. If the registrant fails to apply in a timely manner, a grace period of six additional months may be granted. If the registrant fails to apply before the grace period expires, the registered trademark shall be deregistered. Renewed registrations are valid for ten years. On April 29, 2014, the State Council issued the revised Implementing Regulations of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》), which specifies the requirements of applying for trademark registration and renewal.

Patent

According to the Patent Law of the People’s Republic of China (《中華人民共和國專利法》), or the Patent Law, promulgated by the SCNPC on March 12, 1984 and the latest amendment took effect on June 1, 2021, respectively, and the Implementation Rules of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》), or the Implementation Rules of the Patent Law, promulgated by the State Council on June 15, 2001, last amended on December 11, 2023 and came into effect on January 20, 2024, respectively, the patent administrative department under the State Council is responsible for the administration of patent-related work nationwide and the patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within the irrespective administrative areas. The Patent Law and Implementation Rules of the Patent Law provide for three types of patents, namely “inventions,” “utility models” and “designs.” Invention patents are valid for twenty years, while utility model patents are valid for ten years, and design patents are valid for fifteen years, in each case from the date of application. The Chinese patent system adopts a “first come, first file” principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. An invention or a utility model must possess novelty, inventiveness and practical applicability to be patentable. Third Parties must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the unauthorized use constitutes an infringement on the patent rights.

Copyright

On September 7, 1990, the SCNPC promulgated the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》), or the Copyright Law, effective on June 1, 1991 and amended on October 27, 2001, February 26, 2010 and November 11, 2020, and the latest amendment took effect on June 1, 2021. The amended Copyright Law extends copyright protection to internet activities, products disseminated over the internet and software products. According to the Copyright Law, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software.

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In order to further implement the Regulations on Computer Software Protection (《計算機軟件保護條例》), promulgated by the State Council on December 20, 2001 and amended on January 8, 2011 and January 30, 2013, respectively, the National Copyright Administration issued the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) on February 20, 2002, which specify detailed procedures and requirements with respect to the registration of software copyrights.

Domain Names

Domain names are protected under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) which was promulgated by MIIT on August 24, 2017 and became effective on November 1, 2017. MIIT is the major regulatory body responsible for the administration of the PRC internet domain names. The registration of domain names generally adopts the “first to file” principle. On November 27, 2017, MIIT promulgated the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based 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 became effective on January 1, 2018. Pursuant to the notice, the domain name used by an internet-based information service provider in providing internet-based information services must be registered and owned by such provider in accordance with the law. If the internet-based information service provider is an entity, the domain name registrant must be the entity (or any of the entity’s shareholders), or the entity’s principal or senior manager.

REGULATIONS RELATING TO FOREIGN EXCHANGE

The Regulations on the Control of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on January 29, 1996, became effective on April 1, 1996 and was last amended and took effect on August 5, 2008, set out that foreign exchange receipts of domestic institutions or individuals may be remitted back to the PRC or deposited abroad and that SAFE shall specify the conditions relating to the requirements, time periods and other aspects of such remittance and deposits in accordance with the international receipts, payments status and requirements of foreign exchange administration. Domestic institutions or individuals that make direct investments abroad or are engaged in the distribution or sale of valuable securities or derivative products overseas shall register according to SAFE regulations. Such institutions or individuals subject to prior approval or record-filing with other competent authority shall complete the required approval or record-filing prior to foreign exchange registration. The exchange rate for RMB follows a managed floating exchange rate system based on market demand and supply.

On March 30, 2015, the SAFE promulgated the Notice on Reforming the Mode of Management of Settlement of Foreign Exchange Capital of Foreign-Funded Enterprises (《關於改革外商投資企業外匯資金結匯管理方式的通知》) (the “Circular 19”), which came into effect on June 1, 2015 and partially abolished on December 30, 2019. According to Circular 19, the foreign exchange capital of FIEs shall be subject to the discretionary foreign exchange settlement (the “Discretionary Foreign Exchange Settlement”) and its proportion is temporarily determined as 100%. Furthermore, Circular 19 stipulates that the use of capital by FIEs shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of an FIE and capital in RMB obtained by the FIE from foreign exchange settlement shall not be used for certain purposes as prescribed in the Circular 19. On June 9, 2016, the SAFE promulgated the Circular on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts (《關於改革和規範資本項目結匯管理政策的通知》) (the “SAFE Circular 16”) which was partially amended on December 4, 2023. The SAFE Circular 16 unifies policies on discretionary settlement of foreign exchange receipts under capital accounts of domestic institutions.

On October 23, 2019, the SAFE promulgated the Circular of the State Administration of Foreign Exchange on Further Facilitating Cross-border Trade and Investment (《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》) (the “SAFE Circular 28”), which expressly allows

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foreign invested enterprises that do not have equity investments in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investments as long as there is an authentic investment and such investment is in compliance with the foreign investment-related laws and regulations.

Circular of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “Circular 37”), which was issued and took effect on July 4, 2014, provides that domestic residents shall register with the SAFE and its local branches in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with assets or equity interests of onshore companies or offshore assets or interests held by the domestic residents, before contributing the onshore or offshore legal assets or interests to the offshore entity. Following the initial registration, any change of basic information such as individual shareholder, name and term of operation or upon capital increase or deduction, equity transfer or swap, merger or division and other significant change, shall report to the SAFE for foreign exchange alteration of the registration formality for offshore investment in time.

REGULATIONS RELATING TO DIVIDEND DISTRIBUTIONS

The principal laws, rules and regulations governing dividends distribution by companies in the PRC are the Company Law, which applies to both PRC domestic companies and foreign invested companies, and the Foreign Investment Law and the implementing rules, which apply to foreign-invested companies. Under these laws, regulations and rules, both domestic companies and foreign invested companies in the PRC are required to set aside as general reserves at least 10% of their after-tax profit, until the cumulative amount of their reserves reaches 50% of their registered capital. Companies are not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

REGULATIONS RELATING TO STOCK INCENTIVE PLANS

According to the Notice of the State Administration of Foreign Exchange on Issues Relating to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the Share Incentive Rules, which was issued on February 15, 2012 and other regulations, directors, supervisors, senior management and other employees participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, subject to certain exceptions, are required to register with SAFE. All such participants need to authorize a qualified PRC agent, such as a PRC subsidiary of the overseas publicly-listed company to register with SAFE and handle foreign exchange matters such as opening accounts, and transfer and settlement of the relevant proceeds. The Share Incentive Rules further require an offshore agent to be designated to handle matters in connection with the exercise of share options and sales of proceeds for the participants of the share incentive plans. Failure to complete the said SAFE registrations may subject the participating directors, supervisors, senior management and other employees to fines and other legal sanctions.

REGULATIONS RELATING TO TAXATION

Income tax

According to the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》), or the EIT Law, which was promulgated on March 16, 2007, became effective from January 1, 2008 and amended on February 24, 2017 and December 29, 2018,

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respectively, an enterprise established outside the PRC with de facto management bodies within the PRC is considered a resident enterprise for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. The Implementing Rules of the Enterprise Income Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》), which was amended on December 6, 2024 and became effective on January 20, 2025 or the Implementing Rules of the EIT Law defines a de facto management body as a managing body that in practice exercises “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise. Non-PRC resident enterprises without any branches in the PRC pay an enterprise income tax in connection with their income originating from the PRC at the tax rate of 10%.

According to the Announcement on Issues Related to the Implementation of Preferential Income Tax Policies for High-Tech Enterprises (《關於實施高新技術企業所得稅優惠政策有關問題的公告》) promulgated by SAT on June 19, 2017, and Administrative Measures for the Certification of High-tech Enterprises (《高新技術企業認定管理辦法》) amended by Ministry of Science and Technology, MOF and SAT on January 29, 2016 and came into effect since January 1, 2016, upon the accreditation of the qualification of High-tech enterprises, such enterprises may apply for the entitlement of the preferential enterprise income tax treatment since the current year beginning from the valid period approved by the accreditation. Enterprises with “High-Tech Enterprise Certificate” along with its copies and relevant information may apply to competent tax authorities for tax reduction or exemption. Upon the fulfillment of those procedures, the high and new technology enterprise can make advance enterprise income tax declaration at a tax rate of 15% or enjoy a transitional preferential tax treatment.

Withholding tax on dividend distribution

The EIT Law prescribes a standard withholding tax rate of 20% on dividends and other China-sourced income of non-PRC resident enterprises which have no establishment or place of business in the PRC, or if established, the relevant dividends or other China-sourced income are in fact not associated with such establishment or place of business in the PRC. However, the Implementing Rules of the EIT Law reduced the rate from 20% to 10%, effective from January 1, 2008. However, a lower withholding tax rate might be applied if there is a tax treaty between China and the jurisdiction of the foreign holding company, for example, pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under the Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends that the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from the tax authority in charge.

Based on the Notice on Relevant Issues Relating to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, at their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. The Announcement of the State Administration of Taxation on Issues concerning “Beneficial Owners” in Tax Treaties (《國家稅務總局關於稅收協定中「受益所有人」有關問題的公告》), promulgated by the SAT on February 3, 2018 and took effect on April 1, 2018, further clarifies the analysis standard when determining one’s qualification for beneficial owner status.

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Value-Added Tax

Pursuant to the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》) and the Regulations for the Implementation of the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法實施條例》), promulgated by the SCNPC on December 25, 2024 and became effective on January 1, 2026, all entities and individuals in the PRC engaging in the sale of goods, the provision of processing, repairs and replacement services, and the importation of goods are required to pay value-added tax. For taxpayers selling or importing goods, the general tax rate shall be 13% unless otherwise specified in the aforesaid regulations.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

According to the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), or the Labor Contract Law, promulgated by the SCNPC on June 29, 2007 and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》), or the Implementation Rules of the Labor Contract Law, promulgated by the State Council on September 18, 2008, a written employment contract shall be concluded in the establishment of an employment relationship. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee's salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the written employment contract.

Pursuant to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010, effective on July 1, 2011 and last amended on December 29, 2018, the Interim Regulations on the Collection of Social Insurance Fees (《社會保險費徵繳暫行條例》), issued by the State Council on January 22, 1999 and last amended on March 24, 2019, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), issued by the State Council on April 3, 1999 and last amended on March 24, 2019, enterprises in China are required to participate in certain employee benefit plans, including social insurance funds and housing provident funds, and contribute to the funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located.

Pursuant to the Social Insurance Law of the People's Republic of China, enterprises in China shall complete social security registration with the local social security agency within 30 days from the date of incorporation, and enterprises in China shall complete social security registration with the social security agency for their employees within 30 days from the date of recruitment. If the employer fails to go through the formalities for social insurance registration, the administrative department of social insurance shall order it to rectify within a prescribed time limit; where it fails to rectify within the prescribed time limit, the employer shall be subject to a fine of not less than one time but not more than three times the amount of the payable social insurance premiums. Also, enterprises in China shall declare on their own and pay social insurance premiums in full and on time, and shall not postpone, reduce or exempt the payment of social insurance premiums not due to force majeure and other statutory causes. Where an employer fails to pay social insurance premiums in full and on time, the social insurance premiums collecting agency shall order it to pay or supplement the premiums within a time limit, and shall, as of the date of default, impose an overdue fine at the rate of 0.05% per day; where the employer fails to make the payment within the time limit, the relevant administrative department shall impose a fine of not less than one time but not more than three times the amount of the arrears.

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Pursuant to the Regulations on the Administration of Housing Provident Funds, a newly established entity shall, within 30 days from the date of its establishment, undertake registration of payment and deposit of housing provident fund with a housing provident fund management center, and within 20 days from the date of the registration, go through the formalities of opening housing provident fund accounts on behalf of its staff and workers. Otherwise, it will be subject to a fine of not less than RMB10,000 but not more than RMB50,000. Also, entities shall pay housing provident funds on time and in full, and shall not be overdue in the payment and deposit or underpay. If an entity fails to pay housing fund contributions within a time limit or underpays housing fund contributions, it shall be ordered by the housing fund management center to pay the outstanding housing fund contributions within a time limit; if it fails to pay the outstanding housing fund contributions within the time limit, the housing fund management center may apply to the people’s court for enforcement.

On July 31, 2025, the PRC Supreme People’s Court promulgated the Interpretation II by the Supreme People’s Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the “New Judicial Interpretation”), which took effect on September 1, 2025. Article 19(1) of the New Judicial Interpretation stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People’s Court shall deem such agreement or undertaking 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, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.

REGULATIONS RELATING TO MERGER AND ACQUISITION

The Provisions on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, jointly promulgated by the MOFCOM and other 5 departments on 8 August 2006 and subsequently amended on 22 June 2009, require that, among others (i) the purchase of an equity interest or subscription for the increase in the registered capital of non-foreign invested enterprises, (ii) the establishment of foreign invested enterprises to purchase and operate the assets of non-foreign invested enterprises, or (iii) the purchase of the assets of non-foreign invested enterprises and the use of such assets to establish foreign invested enterprises to operate such assets, in each case, by foreign investors shall be subject to the M&A Rules. Particularly, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company through an overseas company established or controlled by it or him/her, the acquisition shall be subject to the approval of the MOFCOM.

REGULATIONS RELATING TO OVERSEAS LISTING

On February 17, 2023, the CSRC released the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》), or the Trial Measures, and five supporting guidelines, which came into effect on March 31, 2023. According to the Trial Measures, PRC domestic companies that seek overseas listing and offering, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC. If an issuer meets both the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering and listing by PRC domestic companies: (i) the operating revenue, total profits, total assets or net assets of domestic enterprises in the latest financial year account for more than 50% of the respective data in such issuer’s audited consolidated financial statements for the same period, and (ii) the main parts of such issuer’s business activities are conducted in Chinese Mainland, or its main place(s) of business are located in Chinese Mainland, or the majority of the senior management in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in Chinese Mainland.

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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 (《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”), 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.