

REGULATORY OVERVIEW

REGULATIONS ON FOREIGN INVESTMENT

Regulations on Company Establishment and Foreign Investment

The establishment, operation and management of corporate entities in the PRC are governed by the Company Law of the PRC (《中華人民共和國公司法》) (the “PRC Company Law”), which was promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) in December 1993 and last amended in December 2023. According to the PRC Company Law, companies are generally classified into two categories: limited liability companies and companies limited by shares.

Investment in the PRC by foreign investors is mainly regulated by the Catalogue of Industries for Encouraging Foreign Investment (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》), which was promulgated by the Ministry of Commerce of the People’s Republic of China (the “MOFCOM”) and the National Development and Reform Commission (the “NDRC”) on December 15, 2025 and took effect on February 1, 2026 and the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “Negative List”), which was promulgated by the MOFCOM and the NDRC on September 6, 2024 and took effect on November 1, 2024. The Negative List sets out several restrictive measures in a unified manner for the access of foreign investments in the industries listed in the Negative List and the industries that are prohibited for foreign investment. Any industries not falling in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. Under the Negative List, foreign investment in companies providing value-added telecommunications services, excluding e-commerce, domestic multi-party communications, storage-forwarding and call centers, should not exceed 50% of the total equity interests.

On April 8, 2024, the Ministry of Industry and Information Technology of the People’s Republic of China (the “MIIT”) issued the Circular on Implementing the Pilot Programs Work to Expand the Opening-up of the Value-Added Telecommunications Services (《工業和信息化部關於開展增值電信業務擴大對外開放試點工作的通告》) (the “MIIT Circular”). The circular states that the MIIT will launch pilot programs to expand the opening-up of value-added telecommunications services, and the pilot programs will be initially launched in several regions, including Beijing, Shanghai, Hainan and Shenzhen. In the regions approved to launch pilot programs, foreign ownership restrictions in certain value-added telecommunications services will be removed, including internet data centers services, content delivery networks services, internet access services, online data processing and transaction processing services, information publishing platforms and delivery services (excluding internet news information, online publishing, online audiovisual, and internet cultural operations) and information protection and processing services. Foreign invested enterprises conducting these services in approved pilot regions are required to obtain approval from the MIIT in accordance with applicable law and regulations.

REGULATORY OVERVIEW

On March 15, 2019, the National People’s Congress (the “NPC”) promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “FIL”), which came into effect on January 1, 2020, pursuant to which, it is applicable to the investment activities in the PRC carried out directly or indirectly by foreign natural persons, enterprises or other organizations. The Implementation Rules to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), promulgated by the State Council on December 26, 2019 and became effective on January 1, 2020, further clarify that the state encourages and promotes foreign investment. On December 30, 2019, the MOFCOM and the State Administration for Market Regulation (the “SAMR”) jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020, pursuant to which, where a foreign investor carries out investment activities in the PRC directly or indirectly, the market regulatory authorities shall forward the investment information to the competent commerce administrative authorities. On December 19, 2020, the NDRC and the MOFCOM promulgated the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》), which came into effect on January 18, 2021, pursuant to which, investments in military, national defense-related areas or in locations in proximity to military facilities, or investments that would result in acquiring the actual control of assets in certain key sectors are required to obtain approval from designated governmental authorities in advance.

REGULATIONS ON VALUE-ADDED TELECOMMUNICATION SERVICES

License for Value-added Telecommunications Services

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the “Telecommunications Regulations”), promulgated by the State Council on September 25, 2000 and last amended on February 6, 2016, require telecommunications services providers to obtain an operating license prior to the commencement of their operations. The Telecommunications Regulations categorize telecommunications services into basic telecommunications services and value-added telecommunications services. According to the Catalog of Telecommunications Business (《電信業務分類目錄》), attached to the Telecommunications Regulations, which was promulgated by the Ministry of Information Industry (“MII”, which is the predecessor of MIIT) on February 21, 2003 and last amended by the MIIT on June 6, 2019, the Internet information services and the online data processing and transaction processing services fall within the value-added telecommunications services. The Administrative Measures on Telecommunications Business Operating Licenses (《電信業務經營許可管理辦法》), which was promulgated by the MIIT on March 1, 2009 and amended on July 3, 2017, sets forth more specific provisions regarding the matters related to the licenses required to operate value-added telecommunications services.

Foreign Investment in Value-Added Telecommunications Services

In December 2001, the State Council promulgated the Provisions on the Administration of Foreign-invested Telecommunications Enterprises (《外商投資電信企業管理規定》), which was last revised in March 2022 and took effect on May 1, 2022 (the “2022 FITE Regulations”). The 2022 FITE Regulations removed the qualification requirement on the primary foreign

REGULATORY OVERVIEW

investor in a foreign invested value-added telecommunications enterprise for having a good track record and operational experience in the value-added telecommunications industry as stipulated in the previous version. Pursuant to the 2022 FITE Regulations, foreign investors may hold an aggregate of no more than 50% of the total equity in any value-added telecommunications business in China. Pursuant to the MIIT Circular, MIIT launched pilot programs to expand the opening-up of value-added telecommunications services, in the regions approved to launch pilot programs (including Shenzhen), foreign ownership restrictions in certain value-added telecommunications business are removed, including internet data centers services, content delivery networks services, internet access services, online data processing and transaction processing services, information publishing platforms and delivery services (excluding internet news information, online publishing, online audiovisual, and internet cultural operations) and information protection and processing services.

In July 2006, the MII released the Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) (the “MII Notice”), pursuant to which, domestic telecommunications enterprises are prohibited to rent, transfer or sell a telecommunications business operation license to foreign investors in any form, or provide any resources, premises, facilities and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in China.

REGULATIONS ON ONLINE TRADING

On August 31, 2018, the SCNPC promulgated the E-Commerce Law of the PRC (《中華人民共和國電子商務法》) (the “E-Commerce Law”), effective on January 1, 2019, which aims to regulate the e-commerce activities conducted within the territory of the PRC. Pursuant to the E-Commerce Law, an e-commerce business shall, in business operation, abide by the principles of voluntariness, equality, equity and good faith, fairly participate in market competition.

In order to further regulate online transaction activities, on March 15, 2021, the SAMR issued the Online Trading Supervision Measures (《網絡交易監督管理辦法》), effective on May 1, 2021, and amended by the SAMR on March 18, 2025. The Online Trading Supervision Measures shall apply to the business activities of selling commodities or providing services in social networking, internet live streaming or other information network activities and it further regulates the operations of online trading.

REGULATORY OVERVIEW

REGULATIONS ON CONSUMER PROTECTION

According to the Consumers Rights and Interests Protection Law of the PRC (《中華人民共和國消費者權益保護法》) (the “Consumer Protection Law”), which was promulgated by SCNPC, latest amended on October 25, 2013 and effective on March 15, 2014, business operators shall guarantee that the products and services they provide satisfy the requirements for personal or property safety, and provide consumers with authentic information of the products or services, failure of which may subject business operators to civil liabilities such as refunding purchase prices, exchange of commodities, repairing, and even subject the business operators or the responsible individuals to criminal penalties if business operators commit crimes by infringing the legitimate rights and interests of consumers. Where the operators of the online trading platforms are unable to provide the real names, addresses and valid contact details of the sellers or service providers, the consumers may also claim damages against the providers of the online trading platforms. Operators of online trading platforms that clearly knew or should have known that sellers or service providers use their platforms to infringe upon the legitimate rights and interests of consumers but fail to take necessary measures must bear joint and several liabilities with the sellers or service providers. Moreover, if business operators deceive consumers, they should not only compensate consumers for their losses, but also pay additional damages equal to three times the price of the goods or services.

REGULATIONS ON CYBERSECURITY

On November 7, 2016, the SCNPC promulgated the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the “Cyber Security Law”), which became effective on June 1, 2017, latest amended on October 28, 2025 and effective on January 1, 2026. In accordance with the Cyber Security Law, network operators must comply with applicable laws and regulations and fulfill their obligations to safeguard network security in conducting business and providing services.

On July 30, 2021, the State Council issued the Critical Information Infrastructure Security Protection Regulations (《關鍵信息基礎設施安全保護條例》), which took effect on September 1, 2021. These regulations stipulate that the operators of critical information infrastructure shall undertake cybersecurity protection duties to ensure the secure and stable operation of critical information infrastructure. Meanwhile, critical information infrastructure operators shall undergo a security review according to national cybersecurity regulations if the network products and services they purchase may influence national security.

On December 28, 2021, Cyberspace Administration of China (the “CAC”), the NDRC, the MIIT and other ten PRC regulatory authorities jointly issued the Cybersecurity Review Measures (《網絡安全審查辦法》), which became effective on February 15, 2022, providing that, (i) any procurement of network products and services by critical information infrastructure operators, which affects or may affect national security, (ii) any data processing activities by network platform operators, which affects or may affect national security, or (iii) any network platform operators which has personal information of more than one million users and is going to be listed abroad, shall be subject to cybersecurity review. However, there still exists uncertainties with respect to their interpretation and implementation.

REGULATORY OVERVIEW

On September 24, 2024, the State Council issued the Cyber Data Security Administration Regulations (《網絡數據安全管理條例》) (the “Administration Regulations”), which took effect on January 1, 2025. The Administration Regulations introduce several key obligations, clarify definitions for important data, outline the obligations of those handling important data, and introduces a new exemption for regulatory obligations regarding cross-border data transfers.

REGULATIONS ON DATA SECURITY AND PERSONAL INFORMATION PROTECTION

Regulations on Data Security

On June 10, 2021, the Data Security Law of the PRC (《中華人民共和國數據安全法》) was promulgated by the SCNPC and took effect on September 1, 2021, providing that the conduct of data processing activities shall be in compliance with the provisions of laws and administrative regulations, establishing and completing a data security management system, adopting corresponding measures to ensure data security. Processors of important data shall implement data security protection responsibilities, periodically conduct risk assessments of such data handling activities as provided and submit risk assessment reports to the relevant authorities.

On December 8, 2022, the MIIT promulgated the Administrative Measures for Data Security in the Field of Industry and Information Technology (for Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》) (the “Measures for the Industrial Data Security Management”), which became effective on January 1, 2023. According to the legal requirements of such Measures, the data processor shall file the catalog of its important and core data with the local industry regulatory authority for the record.

On August 16, 2021, the CAC, the MIIT, the NDRC, the MPS, the Ministry of Transport promulgated the Several Provisions on Automotive Data Security Management (for Trial Implementation) (《汽車數據安全管理若干規定(試行)》). Pursuant to the Automobile Data Security Provisions, which became effective on October 1, 2021, automobile data operators shall conduct risk assessment for its important data operating activities, and report the annual situation on automobile data processing activities to relevant government authorities.

Regulations on Personal Information Protection

On December 29, 2011, the MIIT issued 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》), which provide that an Internet information service provider shall not collect any user’s personal information or provide any such information to third parties without such user’s consent. Pursuant to the Several Provisions on Regulating the Market Order of Internet Information Services, Internet information service providers are required to, among others, (i) expressly inform the users of the method, content and purpose of the collection and processing of such users’ personal information and may only collect such information necessary for the provision

REGULATORY OVERVIEW

of its services; and (ii) properly maintain the users’ personal information, and in case of any leak or possible leak of a user’s personal information, Internet information service providers must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

The Cyber Security Law stipulates a series of regulations for network operators regarding the collection and use of personal information, including that network operators shall not divulge, tamper with or damage the personal information they have collected, and shall not provide the personal information to others without the consent of the persons whose data is collected.

On November 28, 2019, the CAC, the MIIT, the MPS and the SAMR promulgated the Identification Method of Illegal Collection and Use of Personal Information Through APP (《APP違法違規收集使用個人信息行為認定方法》), which provides guidance for the regulatory authorities to identify illegal collection and use of personal information through mobile apps. On March 12, 2021, the CAC, the MIIT, the MPS and the SAMR jointly issued the Notice on Promulgation of the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》), effective on May 1, 2021, specifying that the operator of an internet application shall not refuse a user to use the App’s basic functional services on the ground that the user disagrees with the collection of unnecessary personal information.

On August 20, 2021, the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the “Personal Information Protection Law”) was issued by the SCNPC and effective on November 1, 2021, provides rules on processing personal information and corresponding legal responsibilities, including but not limited to the scope of personal information and the ways of processing personal information, the requirements for separate consent and the processing requirements of sensitive personal information. Processors of personal information shall, based on the purpose and methods of personal information processing, categories of personal information, the impacts on individuals’ rights and interests and potential security risks, take relevant measures to ensure that personal information processing activities comply with the provisions of laws and administrative regulations. Companies that violate the Personal Information Protection Law in processing personal information may face penalties, fines, suspension of relevant business or revocation of the business license.

Regulations on Data/Personal Information Cross-border Transfer Mechanism

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》), which took effect on September 1, 2022. The Measures for the Security Assessment of Outbound Data Transfer requires the data processor providing data overseas and falling under any of the following circumstances apply for the security assessment of cross-border data transfer by the national cybersecurity authority through its local counterpart: (i) where the data processor intends to provide important data overseas; (ii) where the critical information infrastructure operator and any data processor who

REGULATORY OVERVIEW

has processed personal information of more than 1,000,000 individuals intend to provide personal information overseas; (iii) where any data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 people to overseas recipients accumulatively since January 1 of the preceding year intends to provide personal information overseas; and (iv) other circumstances prescribed by the CAC. Furthermore, the data processor shall conduct a self-assessment on the risk of cross-border data transfer prior to applying for the foregoing security assessment.

On March 22, 2024, the CAC promulgated the Provisions on Facilitating and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》), providing that the security assessment is required before any data can be transferred out of China if: (i) a critical information infrastructure operator transfers personal information or important data overseas; (ii) a data processor other than critical information infrastructure operator transfers overseas the important data, or personal information of more than one million individuals (excluding sensitive personal information) or the sensitive personal information of more than 10,000 individuals on a cumulative basis starting from January 1 of a given year.

Other Laws and Regulations

Pursuant to the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》), issued by the SCNPC in August 29, 2015, which became effective in November 1, 2015, any Internet service provider that fails to fulfill its obligations related to Internet information security administration as required under applicable laws and refuses to rectify upon orders shall be subject to criminal penalty. Furthermore, Interpretations of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Personal Information (《關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), issued on May 8, 2017 and effective on June 1, 2017, clarified certain standards for the conviction and sentencing of the criminals in relation to personal information infringement. In addition, on May 28, 2020, the NPC adopted the Civil Code of the PRC (《中華人民共和國民法典》) (the “Civil Code”), which became effective on January 1, 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information.

REGULATIONS ON ALGORITHM TECHNOLOGY

On September 17, 2021, the CAC, together with eight other governmental authorities, jointly issued the Guidelines on Strengthening the Comprehensive Regulation of Algorithm for Internet Information Services (《關於加強互聯網信息服務算法綜合治理的指導意見》), which provides that an algorithm filing system shall be established and classified security management of algorithms shall be promoted. On December 31, 2021, the CAC, together with other governmental authorities jointly issued Administrative Provisions on Algorithm Recommendation of Internet Information Services (《互聯網信息服務算法推薦管理規定》), which became effective from March 1, 2022 and clearly requires algorithm recommendation

REGULATORY OVERVIEW

service providers: (i) not to use algorithms to block information, over-recommend; (ii) not to set up algorithm models such as inducing users to indulge, over-consumption; or (iii) not to use algorithms to implement unreasonable differential treatment on transaction prices or other transaction conditions. In addition, an algorithm recommendation service provider with public opinion attribute or social mobilization ability shall, within ten working days from the date of provision of services, fill in such information as the service provider’s name, service form, application field, algorithm type, algorithm self-assessment report and content to be disclosed via the internet information service algorithm record-filing system to go through record-filing formalities.

REGULATIONS RELATING TO ANTI-MONOPOLY AND ANTI-UNFAIR COMPETITION IN CHINA

According to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), which took effect on December 1, 1993 and was last amended on June 27, 2025, operators shall abide by the principle of voluntariness, equality, impartiality, integrity and adhere to laws and business ethics during market transactions.

The PRC Anti-Monopoly Law (《中華人民共和國反壟斷法》), which took effect on August 1, 2008 and was last amended on June 24, 2022, prohibits monopolistic conduct such as entering into monopoly agreements, abusing market dominance and concentration of undertakings that may have the effect of eliminating or restricting competition. On June 26, 2019, the SAMR issued the Interim Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為暫行規定》), which took effect on September 1, 2019 and was revised on March 24, 2022 to further prevent and prohibit the abuse of dominant market positions, which was replaced by the Prohibitions of Acts of Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為規定》) issued by the SAMR on March 10, 2023 and came into effect on April 15, 2023. On February 7, 2021, the Anti-Monopoly Commission of the State Council promulgated the Guidelines to Anti-Monopoly in the Field of Internet Platforms (《關於平台經濟領域的反壟斷指南》) (the “Anti-Monopoly Guidelines”), which took effect on the same date and operate as a compliance guidance for platform economy operators under the existing PRC anti-monopoly laws and regulations.

REGULATIONS RELATING TO THE LEASING OF PROPERTY

Pursuant to the Law of the PRC on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》), which was most recently amended by the SCNPC on August 26, 2019 with effect as of January 1, 2020, when leasing premises, the lessor and the lessee are required to enter into a written lease contract. Both the lessor and the lessee are required to register the lease contract with the real estate administration department for filing. According to the Civil Code, failure to register and file the lease contract in accordance with the provisions of laws and administrative regulations shall not affect the validity of the lease contract.

REGULATORY OVERVIEW

Pursuant to the Administrative Measures for the Leasing of Commodity Housing (《商品房屋租賃管理辦法》) issued by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010 and coming into force on February 1, 2011, within 30 days after the execution of the housing lease contract, parties to the leasing of housing shall handle the registration and filing procedure of the leasing of housing at the competent construction (real estate) department. In the event that parties to the leasing of housing fail to handle the registration and filing procedure of the leasing of housing, the competent construction (real estate) department shall order rectification within a time limit. If the rectification is not made by an entity within the time limit, a fine shall be imposed.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Trademarks

Trademarks are protected by the PRC Trademark Law (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, latest amended on April 23, 2019 and effective on November 1, 2019, as well as the Implementation Regulations of the PRC Trademark Law (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002 and amended on April 29, 2014.

Patents

According to the PRC Patent Law (《中華人民共和國專利法》) last amended by the SCNPC October 17, 2020 and became effective on June 1, 2021, as well as the Detailed Rules for the Implementation of the PRC Patent Law (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001 and was last amended on December 11, 2023, the patent administrative department under the State Council is responsible for administering patents in the PRC.

Copyrights

Pursuant to the PRC Copyright Law (《中華人民共和國著作權法》) amended by the SCNPC on February 26, 2010, became effective on April 1, 2010, and latest amended on November 11, 2020 and took effect on June 1, 2021 and the Implementing Regulations of the PRC Copyright Law (《中華人民共和國著作權法實施條例》) promulgated by the National Copyright Administration on May 30, 1991, latest amended on January 30, 2013 and became effective on March 1, 2013, the PRC citizens, legal persons, and other organizations shall, enjoy copyright in their works, whether published or not.

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was issued by the National Copyright Administration on April 6, 1992, and latest amended on June 18, 2004 and took effect on June 1, 2004, regulates the registration of software copyright, the exclusive licensing contract and transfer contracts of software copyright. The China Copyright Protection Center will grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computers Software (《計算機軟件保護條例》).

REGULATORY OVERVIEW

Domain Names

Internet domain name registration and related matters are primarily regulated by the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and took effect on November 1, 2017, and the Implementing Rules of Registration of Country Code Top-level Domain Name (《國家頂級域名註冊實施細則》), promulgated by the China Internet Network Information Center (the “CNNIC”) on June 18, 2019 and took effect on the same day, pursuant to which, the applicants will become the holders of such domain names upon the completion of the registration procedure.

REGULATIONS ON LABOR PROTECTION

On June 29, 2007, the SCNPC promulgated the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), as amended on December 28, 2012, together with the Implementing 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》), which was promulgated by the State Council on September 18, 2008 and the PRC Labor Law (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994 and was last amended on December 29, 2018, formalized employees’ rights concerning employment contracts, overtime hours, layoffs and the role of trade unions and provides for specific standards and procedures for the termination of an employment contract.

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries of the employees as specified by the local government from time to time. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), an employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated deadline and be subject to a late fee from the original due date by the relevant authority. If the employer still fails to rectify the failure to make social insurance contributions by such stipulated deadline, it may be subject to a fine. According to the Regulations on Management of Housing Fund (《住房公積金管理條例》) issued by the State Council on April 3, 1999 and amended on March 24, 2019, an enterprise that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline; otherwise, an application may be made to a local court for compulsory enforcement.

Furthermore, on July 31, 2025, the Supreme People’s Court promulgated the Interpretation II of the Supreme People’s Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025. Article 19(1) thereof stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People’s Court shall deem such agreement or undertaking invalid. 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 Labor Contract Law, the People’s Court

REGULATORY OVERVIEW

shall support such claims in accordance with the law. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the People’s Court shall support such requests in accordance with the law.

On July 20, 2018, the General Office of the Communist Party of China and the General Office of the PRC State Council jointly issued the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), under which, starting from January 1, 2019, tax authorities are responsible for the collection of social insurance contributions in China. According to the Notice on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《關於穩妥有序做好社會保險費徵管有關工作的通知》) promulgated by the General Office of the State Administration of Taxation (the “SAT”) on 13 September 2018, which stipulates tax authorities at all levels shall adhere to the principle of not independently organizing and conducting arrears clearance. The Notice on Implementing the Several Measures to Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》), promulgated by the SAT on 16 November 2018, repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises from previous years. The Notice on Issuing the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《關於印發降低社會保險費率綜合方案的通知》) promulgated by the General Office of the PRC State Council in April 2019, requires steady advancement of the reform of the system of social security fees collection, during which the relevant governmental body is not allowed to conduct self-collection of historical unpaid arrears from enterprises.

REGULATIONS ON TAXATION

Enterprise Income Tax

Pursuant to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) (the “EIT Law”), promulgated by the SCNPC on March 16, 2007, latest amended and effective on December 29, 2018, and the Implementation Regulations of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (the “EITIR”) promulgated by the State Council on December 6, 2007, latest amended on December 6, 2024, the enterprise income tax of both domestic and foreign-invested enterprises is unified at 25% with certain exceptions. Enterprises are classified as “resident enterprises” and “non-resident enterprises”, resident enterprises typically pay an enterprise income tax at the rate of 25% while non-resident enterprises without any branches in the PRC should pay an enterprise income tax in connection with their income from the PRC at the reduced tax rate of 10%. Enterprises established under the law of foreign countries or regions whose de facto management bodies are located in the PRC are considered as PRC tax resident enterprises, and will generally be subject to enterprise income tax at the rate of 25% of their global income.

REGULATORY OVERVIEW

Pursuant to the EIT Law, high-tech enterprises will be levied enterprise income tax at a reduced tax rate of 15%. In accordance with the Administrative Measures on Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》), promulgated by the Ministry of Science and Technology of the People’s Republic of China (“MOST”), the Ministry of Finance of the People’s Republic of China (the “MOF”) and the SAT on 14 April 2008, and last amended and implemented in January 2016, high-tech enterprises may declare and claim tax incentives pursuant to the EIT Law and its implementation regulations, and other implementation rules.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993, latest amended and became effective on November 19, 2017, and the Implementing Rules for the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF on December 25, 1993, latest amended on October 28, 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, the sale of services, intangible assets or immovable properties and the importation of goods within the territory of the PRC must pay the VAT. The VAT rates generally applicable are simplified as 13%, 9%, 6% and zero, and the VAT levy rate applicable to the small-scale taxpayers is 3%.

On 25 December 2024, the SCNPC promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》) (the “VAT Law”), which became effective on 1 January 2026, and the Provisional Regulations on Value-added Tax of the PRC was repealed concurrently. Pursuant to the VAT Law, entities and individuals (including individual industrial and commercial proprietors) selling goods, services, intangible assets, real estate and importing goods within the territory of the PRC are taxpayers of VAT and shall pay VAT in accordance with the provisions of the law. Unless stated otherwise, for payers who sell goods, and provide processing, repairs and replacement services and rental services of tangible movable assets as well as import goods, the tax rate shall be 13%, and be, in certain specified circumstances, 9%, 6% and 0%. Regulations for the Implementation of the Value-Added Tax Law of the People’s Republic of China (《中華人民共和國增值稅法實施條例》), promulgated on December 25, 2025, and became effective on January 1, 2026 has detailed taxpayers and scope of taxation, clarify the applicable tax rates.

Dividends Withholding Tax

Pursuant to the EIT Law and the EITIR, dividends generated after January 1, 2008 and payable by foreign-invested companies in China to their foreign investors that are non-resident enterprises as defined under the law are subject to withholding tax at a rate of 10%, unless any such foreign investor’s jurisdiction of incorporation has a tax treaty with PRC that provides for a different withholding arrangement. Pursuant to the Arrangement Between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “Double Tax Avoidance Arrangement”)

REGULATORY OVERVIEW

promulgated on August 21, 2006 and last amended on December 6, 2019, where a Hong Kong resident enterprise that holds more than a 25% equity interest in a PRC resident enterprise at any time within 12 consecutive months before receiving the dividend, the competent PRC tax authority may determine the Hong Kong resident enterprise to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement, and the withholding tax rate on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%.

However, based on the Notice of the State Administration of Taxation on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) promulgated by the SAT and took effect on February 20, 2009, where the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a transaction or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Based on the Notice of the State Administration of Taxation on relevant issues regarding the Recognition of “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》), which was promulgated by the SAT on February 3, 2018 and came into effect on April 1, 2018, a comprehensive analysis will be used to determine beneficial ownership based on the actual situation of a specific case combined with certain principles.

REGULATIONS ON FOREIGN EXCHANGE

Foreign exchange regulations in the PRC are primarily governed by the Administration Rules on the Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) (the “Exchange Rules”) promulgated by the State Council on January 29, 1996, latest amended and became effective on August 5, 2008 as well as the Administration Rules of the Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (the “Administration Rules”) issued by the People’s Bank of China (“PBOC”) on June 20, 1996 and became effective on July 1, 1996. Under the Exchange Rules, the Renminbi is convertible for current account items, including the distribution of dividends, interest and royalty payments, trade and service-related foreign exchange transactions. Conversion of Renminbi for capital account items, such as direct investment, loan, securities investment and repatriation of investment, however, is still subject to the approval of the State Administration of Foreign Exchange (the “SAFE”). Under the Administration Rules, foreign-invested enterprises may only buy, sell and/or remit foreign currencies at banks authorized to conduct foreign exchange business after providing valid commercial documents required and, in the case of capital account item transactions, obtaining approval from the SAFE. Capital investments by foreign-invested enterprises outside of China are also subject to limitations, including approval by regulatory government bodies like the MOFCOM, the SAFE and the NDRC or their local counterparts.

On May 10, 2013, the SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents (《國家外匯管理局關於印發〈外國投資者境內直接投資外匯管理規定〉及配套文件的通知》) (the “SAFE Circular 21”), and was amended on 30 December 2019. The SAFE Circular 21 specifies that the administration by the SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by

REGULATORY OVERVIEW

way of registration. Institutions and individuals shall register with the SAFE and/or its branches for their direct investment in the PRC. Banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by the SAFE and its branches.

On February 13, 2015, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Administration Policies on Direct Investments (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “SAFE Circular 13”), which took effect on June 1, 2015 and was amended in December 2019. The SAFE Circular 13 specifies that the administrative examination and approval procedures with the SAFE or its local branches relating to the foreign exchange registration approval for domestic direct investments as well as overseas direct investments have been canceled, and qualified banks are delegated the power to directly conduct such foreign exchange registrations under the supervision of the SAFE or its local branches.

On March 30, 2015, the SAFE issued the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “SAFE Circular 19”), which took effect and replaced relevant previous regulations from June 1, 2015 and was last amended on March 23, 2023. Pursuant to the SAFE Circular 19, up to 100% of foreign currency capital of a foreign-invested enterprise may be converted into RMB capital according to the actual operation of the enterprise within the business scope at its will and the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may be used for equity investments within the PRC provided that such usage shall fall into the business scope of the foreign-invested enterprise, which will be regarded as the reinvestment of foreign-invested enterprise. Although the SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC, the restrictions continue to apply as to foreign-invested enterprises’ use of the converted RMB for purposes beyond the business scope, for securities investments, for entrusted loans or for inter-company RMB loans.

On June 9, 2016, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the “SAFE Circular 16”), which was most recently amended on December 4, 2023. The SAFE Circular 16 reiterates some of the rules set forth in Circular 19, but changes the prohibition against using RMB capital converted from foreign currency denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-affiliated enterprises. In addition, the Notice 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 was promulgated on October 23, 2019 and amended by the Circular Regarding Further Deepening the Reform to Promote the Facilitation Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) issued on December 4, 2023, expressly allows foreign-invested

REGULATORY OVERVIEW

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 a truthful investment and such investment is in compliance with the foreign investment-related laws and regulations.

On April 10, 2020, the SAFE promulgated the Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (the “SAFE Circular 8”), according to which, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, enterprises which satisfy the criteria are allowed to use income under the capital account for domestic payment, without prior provision of proof materials for veracity to the bank for each transaction.

REGULATIONS ON DIVIDEND DISTRIBUTION

As the FIL came into effect on January 1, 2020, the principal regulations governing dividend distributions of wholly foreign-owned companies include the PRC Company Law, the EIT Law, and its implementation rules. Under the current regulatory regime in the PRC, foreign-invested enterprises in the PRC may pay dividends only out of their retained earnings, if any, determined in accordance with PRC accounting standards and regulations. A PRC company is required to set aside as statutory reserve funds at least 10% of its after-tax profit, until the cumulative amount of such reserve funds reaches 50% of its registered capital unless laws regarding foreign investment provide otherwise. A PRC company shall not distribute any profits until any losses from prior fiscal years have been offset.

REGULATIONS ON OFFSHORE INVESTMENT BY PRC RESIDENTS

On July 4, 2014, the SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Administration of Domestic Residents’ Overseas Investment, Financing and Round-Trip Investment through 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 “SAFE Circular 37”), which terminated the SAFE’s Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Round-Trip Investment via Overseas Special Purpose Vehicles (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (the “SAFE Circular 75”), and became effective on the same date. The SAFE Circular 37 and its detailed guidelines require PRC residents to register with the local branch of the SAFE before contributing their legally owned onshore or offshore assets or equity interests into any special purpose vehicle (the “SPV”) directly established, or indirectly controlled, by them for the purpose of investment or financing; and when there is any change to the basic information of the SPV, or any material change, the PRC resident must register such changes with the local branch of SAFE on a timely basis.

REGULATORY OVERVIEW

On February 13, 2015, the SAFE further enacted the SAFE Circular 13 which took effect on June 1, 2015 and was further amended on December 30, 2019. The SAFE Circular 13 has delegated to the qualified banks the authority to register all PRC residents or entities’ investment and financing in the SPVs pursuant to the SAFE Circular 37, except that those PRC residents who have failed to comply with SAFE Circular 37 will remain to fall into the jurisdiction of the local SAFE branch and must make their supplementary registration application with the local SAFE branch. In the event that a PRC resident holding interests in a SPV fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from distributing profits to the offshore parent and from carrying out subsequent cross-border foreign exchange activities. In addition, the SPV may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with various SAFE registration requirements described above would result in liability for foreign exchange evasion under PRC laws.

REGULATIONS ON STOCK INCENTIVE PLANS

On December 25, 2006, the PBOC promulgated the Administrative Measures of Foreign Exchange Matters for Individuals (《個人外匯管理辦法》), setting forth the respective requirements for foreign exchange transactions by individuals (both PRC and non-PRC citizens) under either the current account or the capital account. On January 5, 2007, the SAFE issued the Implementing Rules of the Administrative Measures for Personal Foreign Exchange (《個人外匯管理辦法實施細則》), which was last amended on March 23, 2023. The Implementing Rules of the Administrative Measures for Personal Foreign Exchange specified approval requirements for certain capital account transactions such as a PRC citizen’s participation in the employee stock ownership plans or stock option plans of an overseas publicly-listed company. On February 15, 2012, the SAFE issued the Circular of the State Administration of Foreign Exchange on Issues Related to Foreign Exchange Administration in Domestic Individuals’ Participation in Equity Incentive Plans of Companies Listed Abroad (《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》) (the “Stock Incentive Plan Rules”), which terminated the Operation Rules on the Foreign Exchange Administration of the Participation of Domestic Individuals in Overseas Listed Companies’ Employee Stock Ownership Plans and Share Option Schemes (《境內個人參與境外上市公司員工持股計劃和認股期權計劃等外匯管理操作規程》) issued by SAFE on March 28, 2007. The purpose of the Stock Incentive Plan Rules is to regulate foreign exchange administration of PRC domestic individuals who participate in employee stock holding plans or stock option plans of overseas listed companies. According to the Stock Incentive Plan Rules, if PRC “domestic individuals” (both PRC residents and non-PRC residents who reside in the PRC for a continuous period of not less than one year, excluding the foreign diplomatic personnel and representatives of international organizations) participate in any stock incentive plan of an overseas listed company, a PRC domestic qualified agent, which could be the PRC subsidiary of such overseas listed company, shall, among others things, file, on behalf of such individual, an application with SAFE to conduct the SAFE registration with respect to such stock incentive plan, and obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with stock holding or stock option exercises. With the SAFE registration certificate for stock incentive plan, the PRC domestic qualified agent shall open a

REGULATORY OVERVIEW

special foreign exchange account at a PRC domestic bank to hold the funds required in connection with the stock purchase or option exercise, any returned principal or profits upon sales of stock, any dividends issued upon the stock and any other income or expenditures approved by SAFE. Such PRC individuals’ foreign exchange income received from the sale of stock and dividends distributed by the overseas listed company and any other income shall be fully remitted into a special foreign currency account opened and managed by the PRC domestic qualified agent before distribution to such individuals.

REGULATIONS ON M&A AND OVERSEAS LISTING

On August 8, 2006, six PRC regulatory authorities, including the MOFCOM and other government authorities jointly issued the Rules 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》) (the “M&A Rules”), which became effective on September 8, 2006, and was amended on June 22, 2009. The M&A Rules, and other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. On July 6, 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》), which emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings of China-based companies.

On February 17, 2023, the China Securities Regulatory Commission (“CSRC”) released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “Trial Measures”) and five supporting guidelines (collectively, the “Trial Measures and Supporting Guidelines”), which came into effect on March 31, 2023, regulate both direct and indirect overseas offering and listing of PRC domestic companies’ securities by adopting a filing-based regulatory regime.

Pursuant to the Trial Measures and Supporting Guidelines, if the issuer both meets the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering by PRC domestic companies: (i) 50% or more of any of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the main parts of the issuer’s business activities are conducted in the PRC, or its main place(s) of business are located in the PRC, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in the PRC. Where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. The Trial Measures and Supporting Guidelines provide that, an overseas offering and listing is prohibited under any of the following circumstances: if (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and

REGULATORY OVERVIEW

determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, 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 domestic company intending to make the securities offering and listing 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 domestic company’s controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.” If domestic companies fail to fulfill the above-mentioned filing procedures or offer and list in an overseas market against the prohibited circumstances, the domestic companies, controlling shareholders and actual controllers of such domestic companies as well as the directly liable persons-in-charge and other directly liable persons would be required to rectify, warned and/or fined in accordance with the Trial Measures. The Trial Measures and Supporting Guidelines also require subsequent reports to be filed with the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection and the National Archives Administration of China jointly issued the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “Confidentiality and Archives Administration Provisions”), which took effect on March 31, 2023. According to the Confidentiality and Archives Administration Provisions, overseas securities regulators and competent overseas authorities may request to inspect, investigate or collect evidence from a domestic company concerning its overseas offering and listing or from the domestic securities companies and securities service providers that undertake relevant businesses for such domestic companies. The domestic company, securities companies and securities service providers shall first obtain approval from the CSRC or other competent Chinese authorities before cooperating with the inspection and investigation by the overseas securities regulator or competent overseas authority, or providing documents and materials requested in such inspection and investigation.