OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

The content disclosed in this section is an overview of the major Chinese laws, regulations and provisions related to our business and does not constitute a detailed analysis of Chinese laws. It is not all Chinese laws applicable to our business operations in China, and such Chinese laws may change in the future. As our products are also exported to overseas markets, we have also included a brief overview of certain material overseas regulations applicable to our business.

Laws and Regulations on Companies and Foreign Investment

In accordance with the *Company Law of the People's Republic of China* (《中華人民共和國公司法》) promulgated by the SCNPC on December 29, 1993, last amended on December 29, 2023 and implemented since July 1, 2024, companies are generally classified into two categories, namely, limited liability companies and joint stock limited companies.

In accordance with the *Foreign Investment Law of the People's Republic of China* (《中華人民共和國外商投資法》) promulgated by the NPC on March 15, 2019 and implemented on January 1, 2020 and the Regulations on Implementing the *Foreign Investment Law of the People's Republic of China* (《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 implemented on January 1, 2020, the foreign investment refers to investment activities carried out directly or indirectly by foreign natural persons, enterprises or other organizations in China, including the following: (1) Foreign Investors establishing foreign-invested enterprises in China alone or collectively with other investors; (2) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (3) Foreign Investors investing in new projects in China alone or collectively with other investors; and (4) Foreign Investors investing through other ways prescribed by laws and regulations or the State Council. Foreign-invested enterprises refer to enterprises that are wholly or partly invested by foreign investors and registered under the PRC laws within China. Foreign investment enterprises may obtain financing in China or overseas pursuant to the law via public offering of securities such as shares and corporate bonds, as well as public or non-public offering of other financing instruments and borrowing foreign debts. Foreign investors' capital contributions, profits, capital gains, income from asset disposal, licensing fees of intellectual property rights obtained, legally obtained compensation or indemnification, and liquidation income that are made or obtained in China, may be freely remitted in or out of China in RMB or foreign exchange according to law. The State Council adopts the management system of pre-establishment national treatment and Negative List for foreign investment. Foreign investors shall not invest in areas that are not on the Negative List.

The *Encouraged Industry Catalogue for Foreign Investment (2025 Version)* (《鼓勵外商投資產業目錄(2025年版)》)(the "**Encouraging Catalogue**"), which was promulgated by the NDRC and the MOFCOM on December 15, 2025 and implemented on February 1, 2026, further expanding the scope of encouraged industry catalogue for foreign investment. The *Special Administrative Measures for the Entry of Foreign Investment* (Negative List) (2024 version)(《外商投資准入特別管理措施(負面清單)(2024年版)》)(hereinafter referred to as the "**Negative List**") jointly issued by the NDRC and the MOFCOM on September 6, 2024, which became effective on November 1, 2024, uniformly listed the special administrative measures for the entry of foreign investment, such as shareholding requirements and senior management requirements, as well as the industries that are prohibited for foreign investment. The Negative List covers 11 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment for domestic and foreign investment. Our business does not involve any category listed in the Negative List. According to the Encouraging Catalogue, the State actively guides foreign investment into advanced manufacturing and modern services.

In accordance with the *Measures for the Reporting of Foreign Investment Information* (《外商投資信息報告辦法》) promulgated by the MOFCOM and the SAMR on December 30, 2019, which came into effect on January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the competent commerce authorities through the enterprise registration system and the National Enterprise Credit Information Publicity System.

Pursuant to the *National Security Law of the People's Republic of China* (《中華人民共和國國家安全法》) promulgated by the SCNPC and implemented on July 1, 2015, the state shall establish the rules and mechanisms for national security review and supervision, and conduct national security review of foreign investment, particular materials and key technologies, network information technology products and services that affect or may affect national security, construction projects that involve national security matters, and other major matters and activities.

Pursuant to the *Measures for the Security Review of Foreign Investment* (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020, which came into effect on January 18, 2021, the Office of the Working Mechanism for Security Review of Foreign Investment was set up under the NDRC. Under the leadership of the NDRC and the MOFCOM, the office is responsible for the routine work of the security review of foreign investment. Foreign investor or relevant parties in the PRC who intend to invest in the following areas should proactively apply for a security review of foreign investment prior to implementation of the investment: (1) the investments in the military industry, military industrial supporting and other fields relating to the security of national defence, and investments in areas surrounding military facilities and military industry facilities; (2) investments in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transport services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and other important fields relating to national security, and obtain control in the target enterprise.

Laws and Regulations on Artificial Intelligence

The rapid growth of China's artificial intelligence (AI) market is driven by various favorable factors, including government policies. On May 8, 2015, the State Council issued the *Notice of the State Council on Issuing "Made in China 2025"* (《國務院關於印發〈中國製造2025〉的通知》), which emphasized on acceleration of the integrated development of new-generation information technology and manufacturing technology, positioning smart manufacturing as the main direction for the comprehensive integration of informatization and industrialization. Meanwhile, it emphasized to focus on the development of smart hardware and products, promote the intelligentization of production processes, cultivate new production methods, and comprehensively enhance the intelligentization level of enterprise R&D, production, management, and services.

On July 8, 2017, the State Council issued the *Notice on Issuing the "Development Plan on the New Generation of Artificial Intelligence*" (《關於印發〈新一代人工智能發展規劃〉的通知》), which outlined three strategic steps for developing new-generation artificial intelligence technology, and specified the goal for China's artificial intelligence technology to reach a world-leading level and for China to become a major global artificial intelligence innovation center.

On July 29, 2022, the Ministry of Science and Technology and five other relevant government departments jointly issued the *Guiding Opinions on Accelerating Scenario Innovation and Promoting High-quality Economic Development with High-level Application of Artificial Intelligence* (《關於加快場景創新以人工智能高水平應用促進經濟高質量發展的指導意見》), which proposed to encourage in-depth exploration of application scenarios for artificial intelligence technology in key industries.

Laws and Regulations on Production Safety

Pursuant to the *Production Safety Law of the People's Republic of China* (《中華人民共和國安全生產法》) promulgated by the SCNPC on June 29, 2002, last amended on June 10, 2021, and implemented on September 1, 2021, the emergency management department of the State Council shall implement comprehensive supervision and management of production safety nationwide. Production and operation entities must implement national or industry standards for ensuring production safety formulated in accordance with the law, establish and improve a production safety responsibility system for all employees and production safety rules and regulations. Production and operation entities that fail to meet production safety conditions shall not engage in production and operation activities. Production and operation entities shall conduct production safety education and training for their employees, ensure that employees possess necessary production safety knowledge, and provide them with labor protective equipment that complies with national or industry standards.

Regulations on Radio Transmission Equipment

According to the *Radio Regulation of the People's Republic of China* (《中華人民共和國無線電管理條例》) promulgated by the State Council and the Central Military Commission on September 11, 1993 and revised on November 11, 2016, which came into effect on December 1, 2016, the production or import of radio transmission equipment for sale and use in China shall comply with laws and regulations regarding product quality, national standards, and relevant provisions of national radio management. For the production or import of radio transmission equipment that requires type approval, in addition to complying with the aforementioned provisions, it shall also meet the technical specifications approved in the radio transmission equipment type approval certificate, and the type approval code shall be marked on the equipment. Except for micro-power short-range radio transmission equipment (devices with low transmission power and short transmission distance, intended to cover radio transmitters providing unidirectional or bidirectional communication and having a low capability of causing interference to other radio equipment), the production or import of other radio transmission equipment for domestic sale and use requires application for type approval from the national radio regulatory authority. The catalog of type-approval of radio transmission equipment is published by the national radio regulatory authority.

Regulations on Compulsory Product Certification

According to the *Regulations on Certification and Accreditation of the People's Republic of China* (《中華人民共和國認證認可條例》) promulgated by the State Council on September 3, 2003 and last amended on July 20, 2023, and the *Administrative Regulations on Compulsory Product Certification* (《強制性產品認證管理規定》) promulgated on July 3, 2009 and last amended by the SAMR on September 29, 2022, the PRC government has implemented a compulsory product certification system for products related to human health and safety, animal and plant life and health, environmental protection, and public security. For products listed in the compulsory product certification catalog, they must pass the certification by the designated certification bodies, obtain the compulsory product certification certificates, and be applied with the certification mark (the "**CCC Mark**") before they can be shipped out of the factory, sold, imported or used in other business activities. As our business involves the manufacturing and sales of mobile terminals and wearable smart hardware with telecommunication functions, which are included in the compulsory product certification catalog, we are required to obtain the CCC certificates for such products before they are sold in the PRC market.

Laws and Regulations on Cyber security, Data Privacy and Protection of Minors

As our business involves the operation of mobile applications (APPs) and mini-programs, we are subject to relevant data and privacy laws. *The Cyber security Law of the PRC* (《中華人民共和國網絡安全法》) promulgated on November 7, 2016, last amended on October 28, 2025 and implemented on January 1, 2026, the *Data Security Law of the PRC* (《中華人民共和國數據安全法》) promulgated on June 10, 2021 and implemented on September 1, 2021, and the *Personal Information Protection Law of the PRC* (《中華人民共和國個人信息保護法》) promulgated on August 20, 2021 and implemented on November 1, 2021, set forth the general framework regulating the collection, use, and storage of personal information and data security. App operators must obtain user consent before collecting personal information and shall not collect information irrelevant to the services provided.

As certain of our smart hardware and applications (such as domestically sold children's smartwatches) are designed for or may be used by minors within the PRC, we are subject to strict regulations regarding the protection of minors. According to *the Regulation on the Protection of Minors in Cyberspace* (《未成年人網絡保護條例》) promulgated by the State Council on October 16, 2023 and implemented on January 1, 2024, and the *Provisions on the Cyber Protection of Children's Personal Information* (《兒童個人信息網絡保護規定》) promulgated by the Cyberspace Administration of China on August 22, 2019 and implemented on October 1, 2019, personal information processors must obtain explicit consent from the parents or other guardians before collecting, using, transferring, or disclosing the personal information of children under the age of 14. Personal information processors shall establish specialized personal information processing rules for children, designate specific personnel to be in charge of the protection of children's personal information, and adopt measures such as encryption to store children's personal information to ensure information security.

In addition, according to *the Notice on Carrying out the Filing of Mobile Internet Applications* (《關於開展移動互聯網應用程序備案工作的通知》) issued by the Ministry of Industry and Information Technology (MIIT) on July 21, 2023, APP sponsors engaged in internet information services within the PRC shall fulfill the filing procedures in accordance with the law. We have completed the ICP (Internet Content Provider) filing procedures for our operating APPs and mini-programs.

Laws and Regulations on Environmental Protection

The Environmental Protection Law and the Ecological Environment Code

According to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989, last amended on April 24, 2014 and implemented on January 1, 2015, the environmental protection administrative department of the State Council shall generally supervise and administer the national environmental protection work. An environmental impact assessment shall be conducted as legally required for the construction of a project impacting the environment. The construction of a construction project that has not undergone environmental impact assessment as legally required may not be commenced. Pollution prevention and control facilities in construction projects shall be designed, constructed, and put into operation simultaneously with the main project. Pollution prevention and control facilities shall meet the requirements of the approved environmental impact assessment documents and shall not be dismantled or left idle without authorization. The state implements a pollutant discharge permit management system in accordance with legal provisions.

Furthermore, on March 12, 2026, the National People's Congress promulgated the Ecological Environment Code of the People's Republic of China (《中華人民共和國生態環境法典》), which will come into effect on August 15, 2026. As a comprehensive and fundamental legal framework for ecological and environmental protection, the Ecological Environment Code systematically integrates existing environmental laws and consists of five parts: general provisions, pollution prevention and control, ecological protection, green and low-carbon development, and legal liabilities. It strengthens the legal mechanisms for environmental impact assessments, pollution control, and the promotion of green and low-carbon transformation. Upon the implementation of the Ecological Environment Code on August 15, 2026, the current Environmental Protection Law of the People's Republic of China will be concurrently repealed.

Pollutant Discharge Permit Management

According to the Regulation on the Administration of Pollutant Discharge Permitting (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and implemented on March 1, 2021, enterprises, public institutions and other producers and operators subject to pollutant discharge permit management in accordance with the law shall apply for and obtain a pollutant discharge permit; without a pollutant discharge permit, no pollutant may be discharged.

According to the Measures for Pollutant Discharge Permitting Administration (《排污許可管理辦法》) promulgated by the Ministry of Ecology and Environment on April 1, 2024 and implemented on July 1, 2024, enterprises, public institutions and other producers and operators subject to pollutant discharge permit management in accordance with the law (hereinafter referred to as the "**pollutant discharging entities**") shall apply for and obtain a pollutant discharge permit in accordance with the law and discharge pollutants in accordance with the provisions of the pollutant discharge permit. Enterprises, public institutions, and other producers and operators that are required by law to fill out a pollutant discharge registration form (hereinafter referred to as "**pollutant discharge registration entities**") shall register their pollutant discharge on the national pollutant discharge permit management information platform. Pollutant discharging entities shall, before the actual act of discharging pollutants occurs, apply to the ecological environment department of the local people's government at or above the municipal level of a districted city where their production and operation site is located to obtain a pollutant discharge permit. Pollutant discharge registration entities shall, before the actual act of discharging pollutants occurs, fill out the pollutant discharge registration form through the national pollutant discharge permit management information platform. After submission, a registration number and receipt will be generated in real time, which shall be retained by the pollutant discharge registration entity.

According to the Classification Administration List of Pollutant Discharge Permitting for Fixed Pollution Sources (2019 Edition)(《固定污染源排污許可分類管理名錄(2019年版)》) promulgated and implemented by the Ministry of Ecology and Environment on December 20, 2019, the state implements key management, simplified management, and registration management for pollutant discharge permits based on the generation volume, discharging volume and the degree of impact on the environment of the pollutants of the pollutant discharging entity.

As our manufacturing operations have a relatively low environmental impact, our main manufacturing subsidiary, Sichuan Yijing, is subject to the registration management. During the Track Record Period, Sichuan Yijing has completed the fixed pollution source pollutant discharge registration (固定污染源排污登記) in compliance with the relevant PRC environmental laws.

Construction Project Environmental Protection

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 most recently revised and implemented on December 29, 2018, and 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 last amended on July 16, 2017, and implemented on October 1, 2017, the state practices the construction project environmental impact evaluation system. Catalog for the classified control of construction project environmental impact evaluation shall be compiled and published by the competent department of environmental protection administration under the State Council based on expert argumentation and solicitation of opinions from relevant authorities, industry associations, enterprises, public institutions, and the public. After the environmental protection facilities of a construction project pass the acceptance inspection, the construction project can be officially put into production or use.

According to the *Interim Measures for the Environmental Protection Acceptance upon Completion of Construction Projects* (《建設項目竣工環境保護驗收暫行辦法》), promulgated and implemented by the Ministry of Ecology and Environment on November 20, 2017, the construction entity is the responsible entity for the environmental protection acceptance upon completion of a construction project. It shall organize the acceptance of the supporting environmental protection facilities in accordance with the procedures and standards stipulated in these measures, prepare an acceptance report, disclose relevant information, accept public supervision, and ensure that the environmental protection facilities required for the construction project are put into operation or use simultaneously with the main project. Where the environmental protection facilities are not completed simultaneously with the main project, or where a pollutant discharge permit is required but not obtained, the construction entity shall not commission the environmental protection facilities of the construction project.

Laws and Regulations on Fire Protection

According to the *Fire Protection Law of the People's Republic of China* (《中華人民共和國消防法》), promulgated by the SCNPC on April 29, 1998, last amended and implemented on April 29, 2021, and the *Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects* (《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, last amended on August 21, 2023, and implemented on October 30, 2023, the construction entity shall assume primary responsibility for the fire protection design and construction quality of construction projects in accordance with the law. Special construction projects are subject to a fire protection acceptance system. Those that have not undergone fire protection acceptance or have failed the fire protection acceptance are prohibited from being put into use. Apart from special construction projects, other construction projects are subject to a recordation and spot-check system. After the acceptance of other construction projects, the construction entity shall report to the competent department of housing and urban-rural construction for fire protection acceptance recordation. The competent department of housing and urban-rural construction conducts random spot checks for fire protection acceptance of recorded other construction projects. If a project fails the spot check, the relevant construction project shall cease to be used.

Laws and Regulations on the Import and Export of Goods

According to the *Foreign Trade Law of the People's Republic of China* (《中華人民共和國對外貿易法》)("**the Foreign Trade Law**"), last revised by the SCNPC on December 27, 2025 and implemented on March 1, 2026, the Chinese government implements a system of free import and export of goods and technology, except as otherwise provided by laws and administrative regulations. The revised Foreign Trade Law formally establishes a negative list management system for cross-border trade in services, explicitly encourages the development of digital trade and green trade, and strengthens the legal framework for safeguarding national security and development interests in foreign trade activities, including the authorization of countermeasures against foreign entities that endanger China's trade interests.

According to the *Provisions on the Recordation of Customs Declaration Entities of the People's Republic of China* (《中華人民共和國海關報關單位備案管理規定》), promulgated by the General Administration of Customs on November 19, 2021 and implemented from January 1, 2022, a customs declaration entity is the consignee or consignor of imported or exported goods or a customs declaration enterprise, as filed with the customs. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities. In addition, where the consignee or consignor of imported or exported goods applies for recordation, it shall be put on record as a foreign trade operator. The recordation of customs declaration entities shall be valid for a long time. Temporary recordation is valid for one year, and a new recordation application may be made after the expiration of the period.

Laws and Regulations on Product Quality

According to the *Product Quality Law of the People's Republic of China* (《中華人民共和國產品質量法》), promulgated by the SCNPC on February 22, 1993, and last amended and implemented on December 29, 2018, quality of products shall pass standard examinations and no sub-standard products shall be used as standard ones. Producers shall be responsible for the quality of the products they produce. Sellers shall be responsible for repair, replacement or return and compensate for the damages done to end-users or consumers if one of the following cases occurs: (1) The product does not possess the performance it should have, and no prior explanation was given; (2) the product does not conform to the product standards indicated on the product or its packaging; or (3) the product does not conform to the quality status indicated by product descriptions, physical samples, etc.

Overseas Product Safety and Environmental Regulations

Although this section primarily outlines the PRC laws and regulations, as our products are exported to overseas markets, including Europe and the United States, we are also subject to the local product safety, environmental protection, and quality standards of the respective jurisdictions. For instance, electronic products exported to the European Union must comply with the *Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment* (《關於限制在電子電器設備中使用某些有害成分的指令》)(the "**RoHS Directive**"), which restricts the use of specific hazardous materials found in electrical and electronic products. Furthermore, exported products shall also comply with the *Registration, Evaluation, Authorization and Restriction of Chemicals* (《化學品註冊、評估、授權和限制法規》)(the "**REACH Regulation**") adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals. In the United States, electronic equipment is often subject to product safety certifications, such as the UL (Underwriters Laboratories) certification, to demonstrate compliance with recognized safety standards.

Laws and Regulations on Product Sales

Anti-Unfair Competition

Pursuant to the *Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》), promulgated by the Standing Committee of the National People's Congress on September 2, 1993 and last amended on June 27, 2025 and implemented on October 15, 2025, the state has formulated a series of measures to curb unfair competition and safeguard market order. The latest revision specifically strengthens the regulation of the digital economy, strictly prohibiting the use of data, algorithms, and platform rules to engage in network unfair competition, such as illicit data scraping. Furthermore, it expands the scope of prohibited "confusing behaviors" to include the unauthorized use of App names, icons, and search engine keywords, and explicitly outlaws the fabrication of false online user reviews. Violators may be subject to severe penalties, including a fine of up to RMB5,000,000 for severe network unfair competition behaviors, and their business licenses may be revoked.

Anti-Money Laundering

Pursuant to the *Anti-Money Laundering Law of the People's Republic of China* (《中華人民共和國反洗錢法》), promulgated by the Standing Committee of the National People's Congress on October 31, 2006, most recently amended on November 8, 2024, and implemented on January 1, 2025, anti-money laundering refers to the adoption of measures prescribed by this Law to prevent money laundering activities, namely, the concealment or disguise of the origin and nature of proceeds derived from drug-related crimes, organized crime, terrorist activities, smuggling, corruption and bribery, crimes disrupting financial management order, financial fraud, and other crimes through various means. Violations of this Law that constitute crimes shall be prosecuted for criminal responsibility in accordance with the law.

Laws and Regulations on Intellectual Property Rights

Trademarks

In accordance with the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》) promulgated by the Standing Committee of the National People's Congress on August 23, 1982, last amended on April 23, 2019, and implemented on November 1, 2019, and the *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》) issued by the State Council on August 3, 2002, last amended on April 29, 2014, and implemented on May 1, 2014, a registered trademark refers to a mark approved and registered by the Trademark Office of China National Intellectual Property Administration, including product trademarks, service trademarks, collective trademarks, and certification trademarks; the trademark registrant enjoys exclusive rights to the trademark, which are protected by law. The validity period of a registered trademark is 10 years, calculated from the date of registration. The trademark may be renewed for an additional 10-year period, with the renewal term commencing on the day following the expiration of the previous validity period. Additionally, the Trademark Law of the People's Republic of China adopts the "first-to-file" principle for trademark registration.

Patents

Under the *Patent Law of the People's Republic of China* (《中華人民共和國專利法》) promulgated by the Standing Committee of the National People's Congress on March 12, 1984, last amended on October 17, 2020, and implemented on June 1, 2021, and the *Implementing Regulations 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》) issued by the China National Intellectual Property Administration on January 19, 1985, last amended by the State Council on December 11, 2023, and implemented on January 20, 2024, the term "invention-creation" refers to inventions, utility models, and designs. The duration of invention patent rights is 20 years, the duration of utility model patent rights is 10 years, the duration of design patent rights is 15 years, and all are calculated from the date of application. Patent holders' rights are protected by law, and others may use the patent only with proper authorization. Except as provided by law, exploiting a patent without the patentee's permission constitutes patent infringement.

Copyright and Software Products

The *Copyright Law of the People's Republic of China (《中華人民共和國著作權法》)*("**Copyright Law**"), promulgated by the Standing Committee of the National People's Congress on September 7, 1990, last amended on November 11, 2020, and implemented on June 1, 2021, stipulates that works created by Chinese citizens, legal entities, or other organizations, including literary, artistic, natural science, social science, engineering, and computer software works, enjoy copyright protection regardless of publication.

Under the *Regulations on Computer Software Protection* (《計算機軟件保護條例》) issued by the State Council on June 4, 1991 and last amended on January 30, 2013, software copyright owners may register their works with software registration agencies recognized by the copyright administrative department under the State Council. Software copyright owners may license their rights to others and are entitled to royalties.

Domain Name

Pursuant to the *Administrative Measures for Internet Domain Names* (《互聯網域名管理辦法》) issued by the MIIT on August 24, 2017 and implemented on November 1, 2017, domain name registration services shall generally follow the "first-come, first-served" principle, unless otherwise stipulated in the detailed implementation rules for corresponding domain name registrations. The maximum validity period for domain name registration shall not exceed ten years. An applicant shall be deemed the domain name holder upon completion of registration.

Laws and Regulations on Construction

Land Administration

Under the *Land Management Law of the People's Republic of China* (《中華人民共和國土地管理法》) promulgated by the Standing Committee of the National People's Congress on June 25, 1986, last amended on August 26, 2019, and implemented from January 1, 2020, construction entities that acquire the right to use state-owned land through paid means such as land grants shall pay land grant premium and other land use fees and charges in accordance with the standards and methods stipulated by the State Council before they may use the land. The construction entity using state-owned land shall utilize the land in accordance with the stipulations of the paid-use contract such as the land use rights transfer agreement, or the provisions of the land use rights allocation approval document.

According to the *Regulations for the Implementation of the Land Management Law of the People's Republic of China* (《中華人民共和國土地管理法實施條例》), promulgated on January 4, 1991, last amended on July 2, 2021, and implemented on September 1, 2021, construction entities using state-owned land shall obtain the land through paid-use methods, unless laws or administrative regulations permit allocation. The paid-use methods for state-owned land include: (1) Grant of state-owned land-use rights; (2) Lease of state-owned land; (3) Capital contribution or equity participation with state-owned land-use rights.

Construction Engineering Planning Permit

Pursuant to the *Urban and Rural Planning Law of the People's Republic of China* (《中華人民共和國城鄉規劃法》), promulgated by the Standing Committee of the National People's Congress on October 28, 2007 and last amended on April 23, 2019, any construction entity or individual carrying out building, structure, road, pipeline, or other engineering projects within urban or town planning areas shall apply for a Construction Engineering Planning Permit from the urban and rural planning authority of the city/county people's government or the town people's government designated by the people's government of the province, autonomous region, or municipality directly under the Central Government.

Construction Work Permit

Pursuant to the *Construction Law of the People's Republic of China* (《中華人民共和國建築法》), promulgated by the Standing Committee of the National People's Congress on November 1, 1997 and last amended and implemented on April 23, 2019, prior to commencing construction, the construction entity shall apply for a Construction Work Permit from the competent construction administrative department of the local people's government at or above the county level in accordance with national regulations, except for small-scale projects below the threshold set by the State Council's construction administrative department. According to the *Measures for the Administration of Construction Permits for Construction Projects* (《建築工程施工許可管理辦法》), issued and implemented by the Ministry of Housing and Urban-Rural Development of the People's Republic of China on March 30, 2021, construction projects with an investment amount below RMB300,000 or a floor area below 300 square meters are exempt from applying for a Construction Work Permit.

Completion Acceptance of Construction Projects

Pursuant to the *Regulations on the Quality Management of Construction Projects* (《建設工程質量管理條例》) promulgated on January 30, 2000, amended and implemented by the State Council on April 23, 2019, the construction entity shall, prior to commencement, complete the formalities for construction quality supervision in accordance with national regulations. The quality supervision formalities may be processed together with the Construction Work Permit or commencement report. A construction project may be delivered for use only after passing the completion acceptance inspection.

Laws and Regulations on Property Leasing

According to the *Administrative Measures for the Leasing of Commercial Housing* (《商品房屋租賃管理辦法》) issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China on December 1, 2010, within 30 days after signing a lease contract, the parties involved shall register the lease with the competent construction (real estate) authority of the people's government of the municipality directly under the Central Government, city, or county where the leased property is located. Violations of the above provisions may result in fines not less than RMB1,000 but not more than RMB10,000 per lease agreement imposed by the competent authority.

Laws and Regulations on Labor

Labor Law and Labor Contract

Pursuant to the *Labor Law of the People's Republic of China* (《中華人民共和國勞動法》) promulgated by the Standing Committee of the National People's Congress on July 5, 1994 and last amended and implemented on December 29, 2018, workers are entitled to rights including equal employment and choice of occupation, remuneration for labor, rest and leave, occupational safety and health protection, vocational skills training, social insurance and welfare, resolution of labor disputes, and other labor rights prescribed by law. Employers shall establish and improve rules and regulations in accordance with the law to safeguard workers' labor rights and ensure the fulfillment of labor obligations.

Under the *Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》) promulgated on June 29, 2007, last amended on December 28, 2012, and implemented on July 1, 2013 by the Standing Committee of the National People's Congress, and the Regulations on the *Implementation 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》) issued by the State Council on September 18, 2008 and implemented on the same day, enterprises and other employers in China shall apply this Law when establishing labor relationships with workers, as well as in the conclusion, performance, modification, termination, or discharge of labor contracts. A written labor contract shall be concluded to establish a labor relationship. A labor contract shall include the following terms: name, domicile, and legal representative or principal responsible person of the employer; name, address, and number of ID card or other valid identity document of the worker; term of the labor contract; job description and workplace location; working hours, rest, and leave; labor remuneration; social insurance; labor protection, working conditions, and occupational hazard prevention; and other matters required by laws and regulations to be included in the labor contract.

Dispatched Laborers

According to the *Provisional Regulations on Labor Dispatch* (《勞務派遣暫行規定》) issued by the Ministry of Human Resources and Social Security of the People's Republic of China on January 24, 2014 and implemented from March 1, 2014, employers may only use dispatched workers for temporary, auxiliary, or substitutable positions. The aforementioned temporary positions refer to those with a duration of no more than six months; auxiliary positions refer to non-core business positions that provide services to core business positions; substitutable positions refer to those where the employer's regular employees are unable to work for a certain period due to reasons such as study leave or vacation, and other workers may be temporarily employed to replace them. Under the *Provisional Regulations on Labor Dispatch*, employers must strictly control the number of dispatched workers, and the number of dispatched workers used must not exceed 10% of the total workforce (i.e., the sum of employees under labor contracts and dispatched workers).

Pursuant to the *Provisional Regulations on Labor Dispatch*, the *Labor Contract Law of the People's Republic of China*, and the *Regulations on the Implementation of the Labor Contract Law of the People's Republic of China*, if an employer violates the regulations on labor dispatch, the labor administration authority shall order it to rectify within a specified period; if the employer fails to rectify within the time limit, a fine ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% ratio shall be imposed.

Social Insurance and Housing Provident Fund

Under the *Social Insurance Law of the People's Republic of China* (《中華人民共和國社會保險法》) promulgated by the Standing Committee of the National People's Congress on October 28, 2010, and last amended and implemented on December 29, 2018, as well as the *Provisional Regulations on Collection and Payment of Social Insurance Premiums* (《社會保險費徵繳暫行條例》) issued by the State Council on January 22, 1999, and last amended and implemented on March 24, 2019, the state establishes social insurance systems including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance, employees shall participate in these insurance schemes, with both employers and employees contributing to basic pension, medical, and unemployment insurance, while employers solely shall contribute to work-related injury and maternity insurance, with employees exempt from these contributions.

Under the *Social Insurance Law of the People's Republic of China and the Provisional Regulations on Collection and Payment of Social Insurance Premiums*, employers shall complete social insurance registration simultaneously with business registration. If an employer fails to register its employees for social insurance, the social insurance agency shall determine the social insurance premiums that the employer should pay. If an employer fails to complete social insurance registration, the social insurance administrative department shall order it to rectify within a specified period. If the employer fails to rectify within the time limit, it shall be fined one to three times the amount of social insurance premiums payable, and its directly responsible supervisors and other liable personnel shall be fined between RMB500 and RMB3,000. If an employer fails to pay social insurance premiums on time and in full, the social insurance premium collection agency shall order it to pay or make up the amount within a specified period and impose a late fee of 0.05% per day from the date of default. If the employer still fails to pay within the time limit, the relevant administrative department may impose a fine ranging from one to three times the amount of arrears.

In accordance with the *Interpretation II of the Supreme People's Court on 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 was promulgated by the Supreme People's Court on July 31, 2025, and effective as of September 1, 2025, if an employer and an employee agree or the employee undertakes that social insurance contributions need not to 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 in accordance with the *Labor Contract Law of the People's Republic of China*, the People's Court shall support such claims in accordance with the law. Where an employer subsequently makes up the unpaid social insurance contributions in accordance with the law and requests the employee to return the compensation already paid for social insurance contributions, the People's Court shall support such claims in accordance with the law.

According to the *Opinions of the General Office of the State Council on the Comprehensive Implementation of Merging Maternity Insurance and Basic Medical Insurance for Employees* (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) issued on March 6, 2019 and implemented on the same day, employees participating in basic medical insurance for employees shall simultaneously participate in maternity insurance, and the maternity insurance fund shall be merged into the basic medical insurance fund and collected uniformly.

Under the *Regulations on Management of Housing Provident Fund* (《住房公積金管理條例》) issued by the State Council on April 3, 1999, and last amended and implemented on March 24, 2019, foreign-invested enterprises, urban private enterprises, and other entities shall register with the housing provident fund management center for housing provident fund contributions and handle the formalities for establishing housing provident fund accounts for their employees. Employers shall make timely and full contributions to the housing provident fund and shall not make late deposits or underpayments. If an employer fails to register for housing provident fund contributions or fails to handle the formalities for establishing housing provident fund accounts for its employees, the housing provident fund management center shall order it to complete the formalities within a specified period. If the employer fails to comply within the time limit, a fine of RMB10,000 to RMB50,000 shall be imposed. If an employer delays or underpays the housing provident fund, the housing provident fund management center shall order it to make the payment within a specified period. If the employer still fails to pay within the time limit, the center may apply to the People's Court for compulsory enforcement.

Occupational Diseases

In accordance with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* (《中華人民共和國職業病防治法》) promulgated on October 27, 2001 and subsequently amended on December 31, 2011, July 2, 2016, November 4, 2017, and December 29, 2018, employers shall provide workers with a working environment and conditions that comply with national occupational health standards and requirements. Employers shall take measures to ensure workers' access to occupational health protection, establish and improve accountability systems for occupational disease prevention and control, strengthen management of occupational disease prevention, enhance the level of occupational disease prevention, and bear responsibility for occupational hazards arising within their operations.

Laws and Regulations on Taxes

Corporate Income Tax

Under the *Enterprise Income Tax Law of the People's Republic of China* (《中華人民共和國企業所得稅法》) promulgated by the Standing Committee of the National People's Congress on March 16, 2007, and last amended and implemented on December 29, 2018, as well as the *Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China* (《中華人民共和國企業所得稅法實施條例》) issued by the State Council on December 6, 2007, amended on December 6, 2024, and implemented on January 20, 2025, enterprises are classified as resident enterprises and non-resident enterprises. A resident enterprise refers to an enterprise established in China under Chinese law or an enterprise established under foreign (regional) law but with its actual management institution located in China. Resident enterprises shall pay enterprise income tax at a rate of 25% on their income derived from both within and outside China. Eligible small and low-profit enterprises shall be subject to corporate income tax at a reduced rate of 20%. High-tech enterprises that are key to national support shall be subject to corporate income tax at a reduced rate of 15%.

According to the *Administrative Measures for the Recognition of High-Tech Enterprises* (《高新技術企業認定管理辦法》) jointly issued by the Ministry of Science and Technology of the People's Republic of China, the Ministry of Finance, and the State Taxation Administration on April 14, 2008, amended on January 29, 2016, and implemented from January 1, 2016, enterprises recognized as high-tech enterprises under these measures may declare and enjoy preferential tax policies in accordance with the *Enterprise Income Tax Law of the People's Republic of China* and its implementation regulations, the *Tax Collection and Administration Law of the People's Republic of China* (《中華人民共和國稅收徵收管理法》) and its implementation rules, and other relevant provisions. The high-tech enterprise qualification is valid for three years from the date of certificate issuance. After obtaining the recognition as a high-tech enterprise, an enterprise may enjoy preferential tax treatment from the year in which the high-tech enterprise certificate is issued and may handle the formalities for preferential tax treatment with the competent tax authority.

Value-Added Tax (VAT)

Under the *Value-Added Tax Law of the People's Republic of China* (《中華人民共和國增值稅法》) promulgated by the SCNPC on December 25, 2024, and implemented on January 1, 2026, which officially replaced the *Provisional Regulations on Value-Added Tax of the People's Republic of China*, entities and individuals engaged in the sale of goods, provision of services, sale of intangible assets or real estate, or import of goods within China are taxpayers of value-added tax and shall pay VAT. The statutory VAT rates are generally set at 13%, 9%, 6%, or 0%, depending on the specific categories of taxable items. Furthermore, according to the Announcement on Relevant Tax Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Businesses (《關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》) jointly issued by the Ministry of Finance and the State Taxation Administration, eligible small and micro enterprises are entitled to reduction policies on resource tax, urban maintenance and construction tax, real estate tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), and educational surcharges and local educational surcharges (collectively referred to as the "**Six Taxes and Two Fees**").

Dividend Distribution

Pursuant to the *Company Law of the People's Republic of China* promulgated by the Standing Committee of the National People's Congress on December 29, 1993, last amended on December 29, 2023, and implemented from July 1, 2024, when a company distributes its after-tax profits for the current year, it shall allocate 10% of the profits to the company's statutory reserve fund until the cumulative amount of such reserve reaches 50% of the company's registered capital. If the company's statutory reserve is insufficient to cover prior years' losses, the current year's profits shall first be used to offset such losses before allocating to the statutory reserve. After offsetting losses and allocating to the reserve fund, the remaining after-tax profits of a limited liability company shall be distributed to shareholders in proportion to their paid-in capital contributions, unless all shareholders agree otherwise. For a joint stock limited company, profits shall be distributed in proportion to shareholders' shareholdings, unless otherwise stipulated in the company's articles of association.

Under the *Arrangement Between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the 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》) promulgated by the State Taxation Administration on August 21, 2006 and effective from December 8, 2006, and related protocols, if a Hong Kong enterprise directly holds no less than 25% of the equity in a Chinese company, dividends distributed shall be taxed at a rate of 5%; otherwise, the income tax rate shall be 10%.

Transfer Pricing

According to the *Enterprise Income Tax Law of the People's Republic of China* and its implementation regulations, business transactions between an enterprise and its related parties shall follow the arm's length principle (獨立交易原則). Pursuant to the *Announcement of the State Taxation Administration on Matters Relating to the Improvement of Affiliated Declaration and Contemporaneous Documentation Administration* (《國家稅務總局關於完善關聯申報和同期資料管理有關事項的公告》) promulgated by the State Taxation Administration on June 29, 2016 and implemented on the same day, enterprises engaging in related party transactions shall prepare contemporaneous documentation (同期資料) for the tax year and submit them to the tax authorities upon request. If an enterprise fails to comply with the arm's length principle, the tax authorities have the right to make reasonable adjustments within ten years from the tax year in which the transaction occurred.

Policies on "Specialized, Refined, Peculiar and Innovative" (SRDI) Enterprises

According to the *Guiding Opinions on Promoting the Healthy Development of Small and Medium-Sized Enterprises* (《關於促進中小企業健康發展的指導意見》) issued by the General Office of the CPC Central Committee and the General Office of the State Council on April 7, 2019, the PRC government aims to cultivate a batch of "Specialized, Refined, Peculiar and Innovative" small and medium-sized enterprises (SMEs). Furthermore, pursuant to the *Interim Measures for the Administration of the Cultivation of "Specialized, Refined, Peculiar and Innovative" SMEs* (《優質中小企業梯度培育管理暫行辦法》) promulgated by the MIIT on June 1, 2022 and implemented on August 1, 2022, the MIIT establishes a cultivation system for high-quality SMEs, encompassing innovative SMEs, SRDI SMEs, and SRDI "Little Giant" enterprises. Enterprises recognized as SRDI "Little Giant" enterprises may enjoy various supportive policies, including financial subsidies, tax incentives, and financing support provided by national and local governments.

Laws and Regulations on Outbound Investment

Under the *Administrative Measures for Outbound Investment* (《境外投資管理辦法》) issued by the Ministry of Commerce on September 6, 2014 and implemented from October 6, 2014, the Ministry of Commerce and provincial-level competent commercial authorities shall implement filing or approval management for outbound investment by enterprises based on different circumstances.

Pursuant to the *Administrative Measures for Enterprise Outbound Investment* (《企業境外投資管理辦法》) issued by the National Development and Reform Commission on December 26, 2017 and effective from March 1, 2018, domestic enterprises or investors conducting outbound investments shall obtain approval or complete filing for outbound investment projects, fulfill information reporting obligations, and accept supervision and inspection. Sensitive projects, including those involving sensitive countries/regions or industries, conducted directly or through controlled overseas enterprises by the investor, require approval. Non-sensitive projects directly conducted by investment entities, i.e., non-sensitive projects in which investment entities directly invest assets, rights, or provide financing or guarantees, shall be subject to filing.

Laws and Regulations on Foreign Exchange Administration

According to the *Foreign Exchange Administration Regulation of the People's Republic of China* (《中華人民共和國外匯管理條例》) issued by the State Council on January 29, 1996, and last amended and implemented on August 5, 2008, RMB is freely convertible under the current account transactions supported by authentic and legally compliant documentation, such as foreign exchange transactions related to dividend distributions, interest and royalty payments and trade and services. However, free exchange for capital account transactions, including direction investment, loans, securities investments and repatriation of investment, remains subject to the approval or registration requirements with foreign exchange administration authorities.

According to the *Notice of the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Administration of Funds for Overseas Listing of Domestic Enterprises* (《中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》) jointly promulgated on December 24, 2025, which will come into effect on April 1, 2026, replacing the previous 2014 regulations, the foreign exchange administration for overseas listing has been further optimized. A domestic company shall, within 15 working days after the completion of overseas listing, register the overseas listing directly with a domestic bank rather than the SAFE. Domestic companies are required to open specific capital project settlement accounts with domestic banks to handle the exchange and transfer of funds. Notably, the raised funds can be repatriated to China or, subject to relevant approvals, retained offshore for approved purposes such as outbound direct investments (ODI) and offshore lending. It also allows the direct deduction of reasonable listing expenses from the offshore raised funds.

According to the *Notice on Further Simplifying and Improving Policies on the Foreign Exchange Administration of Direct Investment* (《關於進一步簡化和改進直接投資外匯管理政策的通知》) issued on February 13, 2015 and implemented on June 1, 2015, the SAFE has canceled the confirmation of foreign exchange registration under domestic direction investment and the confirmation of foreign exchange registration under overseas direction investment, and banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment instead.

Pursuant to the *Notice on Reforming the Management of Foreign Exchange Capital Settlement for Foreign-Invested Enterprises* (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) issued by the SAFE on March 30, 2015, and implemented on June 1, 2015, foreign-invested enterprises (FIEs) may exercise voluntary FX settlement for their foreign exchange capital funds, which means foreign exchange capital in FIEs' capital account that has undergone monetary capital contribution rights verification by SAFE (or has been registered as a capital contribution deposit by an authorized bank), may be exchanged into RMB at banks based on real operational needs of FIEs. The use of capital by FIEs shall comply with the principles of authenticity and self-use within the business scope of the enterprise. FIE capital and converted RMB funds are prohibited from: (i) the direct or indirect use for expenditures that fall outside the enterprises' business scope, or the use for purposes which are not allowed by the relevant laws and regulations; (ii) the direct or indirect use for securities investments, unless otherwise stipulated by laws and regulations; (iii) the direct or indirect use for extending RMB entrusted loans (except where permitted under the business scope), repaying inter-enterprise loans (including third-party advances), or repaying bank RMB loans that have been on-lent to third parties.

The SAFE issued and implemented the *Circular on Further Promoting Cross-border Trade and Investment Facilitation* (《關於進一步深化改革促進跨境貿易投資便利化的通知》) on December 4, 2023. The Circular allows the foreign-invested enterprises to legally use FX-converted RMB capital for domestic equity investments based on the authentic and legally compliant domestically invested projects without violation of the provisions of the Special Administrative Measures for Foreign Investment Access (Negative List).

According to the *Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business* (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020 and implemented on the same day, the reform of facilitating the payment of income under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring authentic and legally compliant use of funds and compliance with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under capital account, such capital funds, foreign debts and overseas listing, for domestic payment without the need to provide proof materials for veracity to the bank beforehand for each transaction.

Laws and Regulations on Overseas Listing

Overseas Securities Offering and Listing

According to 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》) (hereinafter referred to as "**Interim Measures for the Administration**") promulgated by the CSRC on February 17, 2023 and implemented on March 31, 2023, together with its seven related guidelines, overseas offering and listing by PRC domestic enterprises shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security. Where security review is required, the relevant security review procedures shall be duly completed in accordance with applicable laws prior to submitting any listing application to overseas securities regulators or exchanges. Circumstances under which domestic enterprises are prohibited from overseas securities offerings and listings include: (1) such listing and fund-raising are explicitly prohibited by law, administrative regulations or relevant state stipulations; (2) the oversea offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (3) either the domestic company or its controlling shareholder(s), or the de facto controller(s), has/have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (4) the domestic company is suspected of committing a crime or severe violation of laws and regulations, and is under investigation in accordance with law and no clear conclusion has been made thereof yet; or (5) there is/are material ownership dispute(s) over equity interests held by the controlling shareholder(s) or the shareholder(s) that are controlled by the controlling shareholder(s) or the de facto controller(s).

In addition, the Interim Measures for the Administration provide that PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, shall file with the CSRC and submit a filing report, a legal opinion and other relevant materials. Where a PRC domestic company issuer procures an overseas initial public offering or listing, it shall file with the CSRC within three business days after submitting application documents for overseas securities offering and listing. Where a domestic company fails to complete the filing procedure or submits filing materials containing false records, misleading statements or material omissions, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines.

Confidentiality and Archives Administration

Pursuant to the *Provisions on Strengthening Confidentiality and Archives Administration for Overseas Securities Offering 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》) jointly promulgated by the CSRC and three other regulatory authorities on February 24, 2023 and implemented on March 31, 2023, domestic enterprises conducting overseas securities offerings and listings shall establish a sound confidentiality and archive work system, and implement corresponding confidentiality and archives management responsibilities. A domestic enterprise must obtain approval from the competent departments with the authority to examine and approve, in accordance with the laws, and file a record with the administrative department for confidentiality at the same level, when providing or publicly disclosing, or providing or public disclosing through its overseas listed entities, documents and data involving secrets of the State and work secrets of the organizations of the State to relevant securities companies, securities service institutions, overseas regulatory authorities, and other entities and individuals. Domestic enterprises shall strictly perform relevant procedures in compliance with the relevant provisions of the State, when providing or publicly disclosing, or providing or public disclosing through its overseas listed entities, any other documents or data which, if disclosed, may adversely affect national security or public interests, to relevant securities companies, securities service institutions, overseas regulatory authorities, and other entities and individuals. The working papers generated domestically by securities companies and securities service institutions, which provide services in respect of overseas offering and listing for domestic enterprises, shall be stored within the territory. Those that need to transmit working papers outbound shall go through examination and approval formalities in accordance with the relevant provisions of the State.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN HONG KONG

Overview of the Laws and Regulations Relating to Our Business and Operations in Hong Kong.

Regulations Relating to Business Licenses

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong)

Every person, (a company or individual), who carries on a business in Hong Kong is required under the Business Registration Ordinance to apply for a business registration certificate from the Inland Revenue Department within one month from the date of commencement of the business, and to display a valid business registration certificate at the place of business. Business registration does not serve to regulate business activities and it is not a licence to trade. Business registration serves to notify the Inland Revenue Department of the establishment of a business in Hong Kong. Business registration certificate will be issued on submission of the necessary document(s) together with payment of the relevant fee. A business registration certificate is renewable every year or every three years (if business operators elect for issuance of business registration certificate that is valid for three years). Any person who fails to apply for business registration shall be guilty of an offence and shall be liable to a fine of HK$5,000 and to imprisonment for one year.

Regulations Relating to Sale of Goods

Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) ("SOGO")

The SOGO governs the formation, performance and remedies of contract for the sale of goods in Hong Kong and the transfer of title of goods sold. The SOGO also sets out certain implied terms or conditions and warranties relating to the safety and suitability of goods supplied under a contract of sale for goods in Hong Kong, including:

(a) Where there is a sale of goods by description, the goods shall correspond with the description;

(b) Where the seller sells goods in the course of a business, the goods shall be of a merchantable quality, i.e. (i) as fit for the purpose or purposes for which the goods of that kind are commonly bought; (ii) of such standard of appearance and finish; (iii) as free from defects (including minor defects); (iv) as safe; and (v) as durable, as it is reasonable to expect having regard to any description applied to them, the price (if relevant) and all other relevant circumstances; and

(c) Where the seller sells goods in the course of a business and the buyer makes known to the seller (whether expressly or by implication) any particular purpose for which the goods are being bought, the goods supplied under the contract shall be reasonably fit for that purpose.

Under section 55 of the SOGO, where there is a breach of warranty by the seller, the buyer is not, by reason of such breach of warranty, entitled to reject the goods, but he may set up against the seller the breach of warranty in diminution or extinction of the prince, or maintain an action against the seller for damages for the breach of warranty.

Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) ("TDO")

Under the TDO, (a) use of false trade descriptions; (b) false, misleading or incomplete information, (c) false marks and misstatements in respect of products, and (d) false trade descriptions in respect of services supplied are prohibited. In addition, the TDO makes certain trade practices criminal offence, namely: (a) misleading omission; (b) aggressive commercial practices; (c) bait advertising; (d) bait and switch; and (e) wrongful acceptance of payment. The TDO also provides for offences relating to forged trade mark, and falsely applying of trade mark or resembling marks.

Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong) ("SSITO")

Under the SSITO, certain terms are implied in the contracts with customers for the supply of services, including: (a) that the supplier will carry out the service with reasonable care and skill; (b) that the supplier will carry out the service within a reasonable time (if the time of service is not fixed or fixed in a manner agreed); (c) that the party contracting with the supplier will pay a reasonable charge (if the consideration is not determined by the contract or left to be determined in a manner agreed or by course of dealing between the parties).

Unconscionable Contracts Ordinance (Chapter 458 of the Laws of Hong Kong) ("UCO")

Under the UCO, if the Hong Kong court finds that a contract for sale of goods or supply of services (in which one of the parties deals as consumer) to have been unconscionable in the circumstances relating to the contract at the time it was made, the court may: (a) refuse to enforce the contract; (b) enforce the remainder of the contract without the unconscionable part; (c) limit the application of, or revise or alter, any unconscionable part to avoid unconscionable result.

Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong) ("CECO")

The CECO limits the extent to which civil liability for breach of contract, or for negligence or other breach of duty, can be avoided by means of contract terms and otherwise.

Under section 7 of the CECO, a person cannot by reference to any contract term or to a notice given to persons generally or to particular persons exclude or restrict his liability for death or personal injury resulting from negligence. Further, in the case of other loss or damage, a person cannot so exclude or restrict his liability for negligence except in so far as the term or notice satisfies the requirement of reasonableness.

Under section 8 of the CECO, as between contracting parties where one of them deals as consumer or on the other's written standard terms of business, as against that party, the other cannot by reference to any contract term (i) when himself in breach of contract, exclude or restrict any liability of his in respect of the breach; (ii) claim to be entitled to render a contractual performance substantially different from that which was reasonably expected of him; or (iii) claim to be entitled in respect of the whole or any part of his contractual obligation, to render no performance at all, except in so far as the contract term satisfies the requirement of reasonableness.

Under section 9 of the CECO, a person dealing as consumer cannot by reference to any contract term be made to indemnify another person (whether a party to the contract or not) in respect of liability that may be incurred by the other for negligence or breach of contract, except in so far as the contract term satisfies the requirement of reasonableness.

In relation to a contract term, the requirement of reasonableness for the purposes of the CECO is satisfied only if the court or arbitrator determines that the term was a fair and reasonable one to be included having regard to the circumstances which were, or ought reasonably to have been, known to or in the contemplation of the parties when the contract was made.

Misrepresentation Ordinance (Chapter 284 of the Laws of Hong Kong) ("MO")

The MO imposes a statutory liability for misrepresentation and controls the use of provisions excluding liability for misrepresentation in contracts. Liability may arise under the MO where a party to a contract is induced to enter into that contract by a misrepresentation of a material fact made by the other party. If the action is successful, the party who relied on the misrepresentation will be entitled to rescind the contract. Damages may also be granted if the misrepresentation was made fraudulently or negligently.

Regulations Relating to Importation and Exportation of Goods

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the "Import and Export Ordinance")

The Import and Export Ordinance provides for the regulation and control of the import of articles into Hong Kong, the export of articles from Hong Kong, the handling and carriage of articles within Hong Kong, which have been imported into Hong Kong or which may be exported from Hong Kong, and any matter incidental to or connected with the foregoing.

The import and export of certain articles are prohibited unless with the relevant licences issued by the Director-General of Trade and Industry. If the goods to be imported or exported are "prohibited articles" or "reserved commodities" under the Import and Export Ordinance and the Reserved Commodities (Control of Imports, Exports and Reserve Stocks) Regulations (Chapter 296A of the Laws of Hong Kong), shipping companies, airlines and transportation companies are required to deliver within 14 days to the Director-General of Trade and Industry the import/export licences together with the relevant manifests of the vessel, aircraft or vehicle.

Pursuant to the Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong), every person who imports/exports any article other than an exempted article shall lodge with the Commissioner an accurate and complete import/export declaration relating to such article using services provided by a specified body, in accordance with the requirements that the Commissioner of Customs and Excise may specify. Every declaration required to be lodged shall be lodged within 14 days after the importation/exportation of the article to which it relates.

Hong Kong is a free port and does not levy any customs tariff on imports and exports.