LAWS AND REGULATIONS IN THE PRC

This section sets out a summary of certain aspects of laws and regulations of the PRC, which are relevant to the business and operations of our Group.

POLICIES RELATING TO THE INDUSTRY

The industry in which the Company operates belongs to a key sector encouraged by the State for development. According to the *Catalogue for Guiding Industry Restructuring (2024 Version)*, promulgated by the National Development and Reform Commission (the "**NDRC**") on 27 December 2023 and effective from 1 February 2024, the industry in which the Company operates falls under Item 11 "Semi-solid-state and all-solid-state batteries" of "XIX. Light Industry" within the "Category I — Encouraged Category", representing an industry direction explicitly encouraged by national industrial policies.

EV Battery Sector

Under the *New Energy Vehicle Industry Development Plan (2021–2035)* issued by the General Office of the State Council on 20 October 2020 and effective from the same date, the sales volume of new energy vehicles is targeted to reach approximately 20% of the total new vehicle sales by 2025. By 2035, pure electric vehicles are projected to become the mainstream of new vehicle sales, and vehicles in the public sector are to be fully electrified. The plan incorporated solid-state batteries into the national strategy for the first time, explicitly calling for accelerating the R&D and industrialisation of solid-state EV battery technologies.

Pursuant to the *Implementation Plan for Establishing a Carbon Footprint Management System* jointly issued by 15 departments, including the Ministry of Ecology and Environment (the "**MEE**") and the NDRC, on 22 May 2024 and effective from the same date, products such as lithium batteries, new energy vehicles and photovoltaics are listed as key products prioritized for the formulation of carbon footprint accounting rules and standards. The plan also explicitly aimed to advance the formulation of international standards for product carbon footprints in the aforementioned fields.

In accordance with the *Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development* jointly issued by the Central Committee of the Communist Party of China (the "**CPC Central Committee**") and the State Council on 31 July 2024 and effective from the same date, vigorous efforts are to be made to develop non-fossil energy, with the aim of increasing the proportion of non-fossil energy consumption to approximately 25% by 2030. Low-carbon transport vehicles are to be promoted. Specifically, the opinions called for the vigorous promotion of new energy vehicles and accelerating the replacement of urban public service vehicles with electric alternatives. By 2030, the carbon emission intensity per unit of converted turnover of operating transport vehicles is targeted to decrease by approximately 9.5% compared to 2020 levels. By 2035, new energy vehicles are expected to become the mainstream of new vehicle sales.

Under the *Action Plan for Doubling the Service Capacity of EV Charging Infrastructure (2025–2027)* jointly issued by six departments, including the NDRC and the National Energy Administration (the "**NEA**"), on 24 September 2025 and effective from the same date, the purchase and use of electric vehicles on a broader scale are encouraged. The plan sets a target to construct 28 million charging facilities nationwide by the end of 2027 to meet the charging needs of over 80 million electric vehicles, thereby doubling the charging service capacity.

Pursuant to the *Notice on Implementing the Action Plan to Promote Green Consumption* jointly issued by nine departments, including the Ministry of Commerce (the "**MOFCOM**") and the NDRC, on 4 January 2026 and effective from the same date, promoting green consumption of vehicles and encouraging consumers to purchase new energy vehicles are designated as key directions for green consumption work during the "15th Five-Year Plan" period.

ESS Battery Sector

Under the *14th Five-Year Plan for Renewable Energy Development*, jointly issued by nine departments including the NDRC and the NEA on 21 October 2021 and effective from the same date, efforts are required to be intensified to achieve breakthroughs in cutting-edge technologies and core technical equipment for renewable energy. R&D was to be conducted to develop and build reserves of high energy density energy storage technologies such as sodium-ion batteries, liquid metal batteries, solid-state lithium-ion batteries, metal-air batteries and lithium-sulfur batteries. The independent market entity status of new energy storage was to be established, and the trading mechanisms and technical standards for energy storage participation in various power markets were to be improved. Furthermore, the diversified functions of energy storage, such as peak shaving, frequency regulation, emergency backup and capacity support, were to be leveraged to promote the application of energy storage across multiple scenarios on the generation side, grid side and customer side.

Pursuant to the *14th Five-Year Plan for a Modern Energy System* and the *Implementation Plan for the Development of New Energy Storage during the 14th Five-Year Plan Period*, jointly issued by the NDRC and the NEA on 29 January 2022 and effective from the same date, the large-scale application of new energy storage technologies is to be accelerated and the application scenarios broadened. The plans targeted that new energy storage should transition from the early-stage commercialization to large-scale development by 2025, and achieve comprehensive market-oriented development by 2030. Efforts were to be concentrated on achieving breakthroughs in next-generation high-energy-density energy storage technologies such as solid-state lithium-ion batteries.

In accordance with the *Action Plan for High-Quality Development of the New Energy Storage Manufacturing Industry* jointly issued by eight departments, including the Ministry of Industry and Information Technology (the "**MIIT**") and the NDRC, on 10 February 2025 and effective from the same date, it is proposed that 3 to 5 energy storage ecosystem-leading enterprises be cultivated by 2027. The plan lists solid-state batteries as a key direction for technical breakthroughs, supports the development of lithium batteries and sodium batteries towards solid-state technologies, and promotes the development of advanced high-safety materials such as highly thermally stable cathode materials, low-expansion anode materials, high-strength and high-temperature-resistant separators, and temperature-sensitive flame-retardant materials.

Under the *Special Action Plan for the Large-Scale Construction of New Energy Storage (2025–2027)* jointly issued by the NDRC and the NEA on 27 August 2025 and effective from the same date, the installed capacity of new energy storage nationwide is targeted to reach over 180 GW by 2027, driving direct investments of approximately RMB250 billion in projects. This is expected to drive new energy storage toward the basic achievement of large-scale and market-oriented development, with technological innovation and equipment manufacturing capabilities maintaining a leading position globally. The plan focuses on high-value application scenarios such as industrial parks, computing facilities and integrated solar-storage-charging-discharging stations, and encourages innovative models such as virtual power plants, smart microgrids and vehicle-grid interaction.

Pursuant to the *Recommendations for Formulating the 15th Five-Year Plan for National Economic and Social Development* issued by the CPC Central Committee on 23 October 2025 and effective from the same date, the State explicitly mandates accelerating the construction of a new energy system, vigorously developing new energy storage, promoting the green and low-carbon transformation of energy consumption, and expediting the improvement of market and pricing mechanisms that adapt to the new energy system.

According to *Carbon Peaking and Carbon Neutrality: China's Plans and Solutions* issued by the State Council Information Office (the "**SCIO**") in November 2025, energy storage is an important foundation for a new-type power system. China is integrating energy storage in all the stages of the power system. It is actively developing "new energy + energy storage", and integrating power source-grid-load-storage, as well as multi-energy complementarity. With a focus on key grid nodes or remote areas, it is establishing rational new energy storage configurations. It also encourages electric vehicles and uninterruptible power supply systems, among others, to participate in system peak shaving and frequency regulation, and promotes the diversified application of technologies, including lithium-ion batteries, flow batteries, compressed air energy storage, gravity energy storage, and flywheel energy storage. By the end of 2024, the installed capacity of new energy storage had reached 73.76 GW/168 GWh. This is 20 times the installed capacity in 2020, and represents more than 40 percent of the global total.

Pursuant to the Outline of the 15th Five-Year Plan for National Economic and Social Development of the PRC issued by the NPC on 13 March 2026 and effective from the same date, the development of strategic emerging industries such as next-generation information technology, new energy, new materials, and intelligent connected new energy vehicles will be accelerated. Innovations in key technologies such as intelligent driving, new-type solar batteries, and new energy storage will be solidly promoted.

LAWS AND REGULATIONS RELATING TO THE ESTABLISHMENT OF COMPANIES

Pursuant to the *PRC Company Law*, as latest amended by the Standing Committee of the National People's Congress (the "**NPCSC**") of the People's Republic of China on 29 December 2023 which came into effect on 1 July 2024, a limited liability company shall be established with capital contributions made by no less than one but no more than 50 shareholders. To establish a joint stock limited company, there shall be no less than one but no more than 200 promoters, of whom more than half must have their domiciles within the PRC. A joint stock company may be established by promotion or stock flotation. The registered capital of a joint stock company shall be the total share capital of the issued shares registered with the company registration authority. Promoters shall make full payment for the shares they have subscribed for prior to the establishment of the company. All shareholders shall pay their respective subscribed capital contributions in full and on time as stipulated in the articles of association.

Under the *Regulations on the Administration of Market Entity Registration of the PRC* issued by the State Council on 27 July 2021 and effective from 1 March 2022, market entities are required to register their establishment, alteration or deregistration. No entity may engage in business operations in the name of a market entity without such registration. Where a market entity changes its registered details, it must apply for alteration registration with the registration authority within 30 days from the date of the resolution or decision on the change, or the occurrence of the statutory change. If the entity fails to complete the alteration registration, the registration authority shall order rectification. If the entity refuses to rectify, a fine of no less than RMB10,000 but no more than RMB100,000 shall be imposed. In serious circumstances, the business licence shall be revoked.

LAWS AND REGULATIONS RELATING TO WORK SAFETY, ENVIRONMENTAL PROTECTION AND ENERGY CONSERVATION REVIEW

Work Safety

Pursuant to the *Work Safety Law of the PRC* (the "**Work Safety Law**"), as latest amended by the NPCSC on 10 June 2021 which came into effect on 1 September 2021, entities engaging in production and business operation activities within the PRC must comply with the *Work Safety Law* and other relevant laws and regulations concerning work safety. Production and business operation entities are required to strengthen work safety management, establish and continually refine the work safety responsibility system and work safety rules and regulations, improve work safety conditions, promote the standardization of work safety, enhance the level of work safety and ensure work safety. The principal person-in-charge of a production and business operation entity shall take full responsibility for the work safety of the entity. Violations of the *Work Safety Law* may result in fines, suspension of production and business operations, or orders to cease production and business operations, depending on the circumstances. Where a crime is committed, criminal liability shall be investigated.

Under the *Measures for the Supervision and Administration of the "Three Simultaneousness" for Safety Facilities of Construction Projects* (the "**Three Simultaneousness Measures for Safety**") issued by the former State Administration of Work Safety (the "former SAWS") on 2 April 2015 and effective from 1 May 2015, and the *Measures for the Supervision and Administration of Work Safety in Construction Projects Involving Hazardous Chemicals* (the "**Measures for Work Safety of Hazardous Chemicals**") issued by the former SAWS on 27 May 2015 and effective from 1 July 2015, the safety facilities of a construction project must be designed, constructed and put into production and use simultaneously with the principal part of the project. Specifically, construction projects for the production or storage of hazardous chemicals are required to complete procedures such as the review of safety conditions. Violations of the *Three Simultaneousness Measures for Safety* and the *Measures for Work Safety of Hazardous Chemicals* may result in fines or orders to stop construction or cease production and business operations for rectification, depending on the circumstances. Where a crime is committed, criminal liability shall be investigated.

Environmental Protection

(i) *Pollutant Discharge Permits*

Pursuant to the *Environmental Protection Law of the PRC* (the "**Environmental Protection Law**"), as latest amended by the NPCSC on 24 April 2014 which came into effect on 1 January 2015, any entity that discharges or will discharge pollutants in the course of its operations or other activities must take effective environmental protection measures to control and properly treat hazardous substances such as waste gas, wastewater, waste residue, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated during such activities. The State implements a pollutant discharge permit management system in accordance with the law.

Under the *Measures for the Administration of Pollutant Discharge Permits*, as latest amended by the MEE on 1 April 2024 which came into effect on 1 July 2024, the *Regulations on the Administration of Pollutant Discharge Permits* issued by the State Council on 24 January 2021 which came into effect on 1 March 2021, and the *Catalogue of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources* as latest amended by the MEE on 20 December 2019 and effective from the same date, the State implements a classified management system for pollutant discharge permits based on factors such as the amount of pollutants generated and discharged and the environmental impact. This system comprises prioritized management, simplified management and registration management. Enterprises, public institutions and other producers and operators subject to pollutant discharge permit management are required to discharge pollutants in accordance with the *Regulations on the Administration of Pollutant Discharge Permits*. Entities that have not obtained a pollutant discharge permit are prohibited from discharging pollutants. The competent environmental protection authorities may impose administrative penalties on individuals or enterprises that violate the *Environmental Protection Law*, including fines, orders to make corrections, restrictions on production, suspension of production for rectification, or orders to cease business operations.

(ii) *Environmental Impact Assessment of Construction Projects and Disposal of Solid Waste*

Pursuant to the *Environmental Impact Assessment Law of the PRC*, issued by the NPCSC on 29 December 2018 and effective from the same date, the *Regulations on the Administration of Environmental Protection of Construction Projects*, as amended by the State Council on 16 July 2017 which came into effect on 1 October 2017, the *Interim Measures for the Environmental Protection Acceptance of Construction Projects upon Completion* issued by the former Ministry of Environmental Protection (the "**former MEP**") on 20 November 2017 and effective from the same date, and the *Regulations on the Administration of Environmental Protection of Construction Projects* issued by the State Council on 16 July 2017 which came into effect on 1 October 2017, the PRC implements an environmental impact assessment system for construction projects. Construction entities are required to submit an environmental impact report or environmental impact report form for approval prior to the commencement of construction, or file an environmental impact registration form in accordance with the provisions of the competent authority of environmental protection under the State Council. In addition, upon completion of a construction project for which an environmental impact report or report form is required, the construction entity must conduct an acceptance check of the supporting environmental protection facilities and prepare an acceptance report in accordance with the standards and procedures stipulated by the competent authority under the State Council. For construction projects built, put into production or used in phases, the corresponding environmental protection facilities must undergo acceptance checks in phases. Supporting environmental protection facilities may only be put into production or use after passing the acceptance check. Facilities that have not undergone or have failed the acceptance check are prohibited from being put into production or use.

Under the *Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste* (the "**Solid Waste Law**"), as latest amended by the NPCSC on 29 April 2020 which came into effect on 1 September 2020, any entity or individual that generates, collects, stores, transports, utilises or disposes of solid waste must take measures to prevent or reduce environmental pollution, and bears responsibility for any pollution caused in accordance with the law. Where solid waste contains hazardous waste, it must be managed as hazardous waste. The *Solid Waste Law* also introduced the extended producer responsibility (EPR) system for products such as EV batteries into law for the first time. The EPR system requires producers of EV batteries to establish a waste product recycling system matching their product sales volume, either through self-construction or entrustment arrangements, marking an important top-level design arrangement for building a comprehensive recycling and treatment system for waste EV batteries.

Regarding the EPR system under the *Solid Waste Law:* (1) the *Interim Measures for the Administration of Recycling and Utilisation of EV Batteries*, jointly issued by eight departments including the MIIT, the Ministry of Science and Technology (the "**MOST**") and the Ministry of Transport (the "**MOT**") on 26 January 2018 and effective from the same date, stipulates that automobile manufacturers bear the primary responsibility for EV battery recycling, while EV battery manufacturers must fulfill corresponding responsibilities in design and production, among other stages. For instance, product designs should adopt standardized, versatile and easily disassemblable structures, and make use of recycled materials wherever possible; in production, EV battery manufacturers must cooperate with automobile manufacturers to code EV batteries in accordance with national standards and timely upload battery codes and relevant new energy vehicle information via the traceability information system; (2) the *Opinions on Accelerating the Construction of a Waste Recycling System*, issued by the General Office of the State Council on 6 February 2024 and effective from the same date, emphasizes the importance of resource recycling and advocated promoting the recycling of waste EV batteries; (3) the *Specifications for the Comprehensive Utilisation of Waste EV Batteries*, issued by the MIIT on 16 December 2024, refines the technical indicator system, guiding enterprises to strengthen technical innovation and improve processes. Furthermore, standards for the disassembly and coding of waste EV batteries were introduced, regulating the entire process of comprehensive utilisation of new energy vehicles.

(iii) *Prevention and Control of Environmental Pollution*

Pursuant to the *Law of the PRC on Prevention and Control of Water Pollution*, as latest amended by the NPCSC on 27 June 2017 which came into effect on 1 January 2018, enterprises, public institutions and other production and business operators that directly or indirectly discharge into water bodies industrial wastewater, medical sewage, or other wastewater and sewage for which a pollutant discharge permit is required, must obtain such a permit. Furthermore, newly constructed, renovated or expanded construction projects and other water facilities that directly or indirectly discharge pollutants into water bodies must undergo environmental impact assessments in accordance with the law. Water pollution prevention and control facilities must be designed, constructed and put into use simultaneously with the principal part of the project.

Under the *Law of the PRC on Prevention and Control of Atmospheric Pollution*, as latest amended by the NPCSC on 26 October 2018 and effective from the same date, enterprises, public institutions and other production and business operators are required to monitor the industrial waste gas they discharge and the toxic and harmful atmospheric pollutants listed in the catalogue published pursuant to Article 78 of the *Law of the PRC on Prevention and Control of Atmospheric Pollution*, in accordance with relevant national regulations and monitoring specifications. Original monitoring records must be preserved. Enterprises and public institutions discharging industrial waste gas or toxic and harmful atmospheric pollutants listed in the said catalogue, and other entities subject to pollutant discharge permit management, must obtain a pollutant discharge permit. Moreover, enterprises, public institutions and other production and business operators constructing projects that affect the atmospheric environment must conduct environmental impact assessments and disclose the relevant documents in accordance with the law. When discharging pollutants into the atmosphere, they must comply with the atmospheric pollutant discharge standards and observe the total discharge control requirements for key atmospheric pollutants.

Fire Prevention Review

Pursuant to the *Fire Protection Law of the PRC*, as latest amended by the NPCSC on 29 April 2021 and effective from the same date, the emergency management department of the State Council and the emergency management departments of local people's governments at or above the county level shall supervise and administer fire protection work. The fire protection design and construction of construction projects must comply with national fire protection technical standards.

Under the *Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects*, as latest amended by the Ministry of Housing and Urban-Rural Development (the "**MOHURD**") on 21 August 2023 which came into effect on 30 October 2023, special construction projects must undergo fire protection design review and fire protection acceptance. For construction projects other than special construction projects, fire protection acceptance is required to be filed with the competent authorities.

Energy Conservation Review

Pursuant to the *Energy Conservation Law of the PRC*, as latest amended by the NPCSC on 26 October 2018 and effective from the same date, the State implements an energy conservation assessment and review system for fixed asset investment projects. Construction entities are prohibited from commencing construction on projects that do not meet mandatory energy conservation standards. If such projects have already been constructed, they must not be put into production or use. For government investment projects failing to meet mandatory energy conservation standards, the authority responsible for project approval shall not approve the construction.

Under the *Measures for Energy Conservation Review and Carbon Emission Assessment of Fixed Asset Investment Projects*, issued by the NDRC on 17 July 2025 which came into effect on 1 September 2025, the energy conservation review opinion for a fixed asset investment project serves as an important basis for the commencement of construction, completion acceptance and operational management. For government investment projects, the construction entity must obtain an energy conservation review opinion issued by the relevant review authority before submitting the project feasibility study report. For enterprise investment projects, the construction entity must obtain an energy conservation review opinion issued by the review authority prior to commencing construction. Where a project has not undergone or has failed the energy conservation review, the construction entity is prohibited from commencing construction, and any completed facilities must not be put into production or use.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

Pursuant to the *Law of the PRC on the Protection of Consumer Rights and Interests* (the "**Consumer Rights Protection Law**"), as latest amended by the NPCSC on 25 October 2013 which came into effect on 15 March 2014, business operators must guarantee that the goods they sell meet the requirements for personal and property safety, provide consumers with truthful information, and guarantee the quality, function, usage and validity period of the goods. Business operators that violate the *Consumer Rights Protection Law* shall bear civil liabilities including refunding the purchase price, replacing or repairing goods, mitigating damages, providing compensation and restoring reputation. Where the infringement of the legitimate rights and interests of consumers constitutes a crime, the business operator or the responsible person shall be subject to criminal liability.

Under the *Product Quality Law of the PRC*, as latest amended by the NPCSC on 29 December 2018 and effective from the same date, the market supervision and administration department of the State Council is responsible for nationwide product quality supervision. Producers are prohibited from producing or selling products that do not meet the standards and requirements for safeguarding human health and personal and property safety. Products must not pose unreasonable dangers threatening personal and property safety. Where personal or property damage is caused to others due to product defects, the victim may claim compensation from the producer or seller. Producers and sellers of products that do not meet national or industry standards for safeguarding human health and personal and property safety may be ordered to cease production or sales, and may have their products confiscated and/or be fined. Any illegal gains shall be confiscated. In serious circumstances, business licences may be revoked. Where a crime is committed, criminal liability shall be investigated in accordance with the law.

In accordance with the *Civil Code of the PRC* issued by the National People's Congress on 28 May 2020 which came into effect on 1 January 2021, where a product defect causes damage to others, the infringed party may request compensation from the producer or the seller. Where the product defect is caused by the producer, the seller has the right of recourse against the producer after making compensation. Conversely, where the defect is caused by the fault of the seller, the producer has the right of recourse against the seller after making compensation.

LAWS AND REGULATIONS RELATING TO REAL ESTATE MANAGEMENT

Land

Pursuant to the *Land Administration Law of the PRC*, as latest amended by the NPCSC on 26 August 2019 which came into effect on 1 January 2020, and the *Implementing Regulations of the Land Administration Law of the PRC*, as latest amended by the State Council on 2 July 2021 which came into effect on 1 September 2021, land in the PRC is either State-owned or collectively owned. Except for land stipulated by law to be State-owned or land that has been lawfully expropriated as State-owned, all land is collectively owned. Third parties may acquire rights to use State-owned land through means such as grant, allocation, leasing or capital contribution. Such third parties may legally use, benefit from and dispose of the State-owned land use rights within the statutory term of use and the scope of planned usage.

Under the *Interim Regulations of the PRC on Grant and Transfer of Right to the Use of State-owned Urban Land*, as latest amended by the State Council on 29 November 2020 and effective from the same date, and the *Measures for the Disposal of Idle Land* issued by the former Ministry of Land and Resources on 1 June 2012 which came into effect on 1 July 2012, the grant of land use rights refers to the State, in its capacity as land owner, granting land use rights to land users for a certain period, with the land users paying a grant premium to the State. A grant contract must be entered into for the grant of land use rights. Land users are required to develop, utilise and manage the land in accordance with the provisions of the grant contract and urban planning requirements. Where a land user fails to develop or utilise the land in accordance with the time limit and conditions stipulated in the contract, the land administration department shall order rectification. Depending on the circumstances, the department may issue warnings, impose fines or, in extreme cases, recover the land use rights without compensation. If a land user needs to change the land usage stipulated in the grant contract, consent must be obtained from the grantor, and approval must be secured from the land administration department and the urban planning department. A new grant contract must be signed, the grant premium adjusted and registration procedures completed.

In accordance with the *Interim Regulations on Real Estate Registration*, as latest amended by the State Council on 10 March 2024 which came into effect on 1 May 2024, the PRC implements a unified real estate registration system. The competent natural resources authority of the State Council is responsible for guiding and supervising nationwide real estate registration work.

Urban and Rural Planning

Pursuant to the *Urban and Rural Planning Law of the PRC*, as latest amended by the NPCSC on 23 April 2019 and effective from the same date, construction entities or individuals undertaking the construction of buildings, structures, roads, pipelines or other engineering projects within city or town planning areas must apply for a Construction Work Planning Permit from the competent urban and rural planning authority of the city or county people's government, or the town people's government designated by the people's government of provinces, autonomous regions or municipalities directly under the Central Government.

Engineering Construction

Pursuant to the *Construction Law of the PRC*, as latest amended by the NPCSC on 23 April 2019 and effective from the same date, prior to the commencement of construction works, the construction entity must apply for a Construction Permit from the competent construction authority of the people's government at or above the county level in the locality of the project. Small-scale projects below the threshold set by the competent construction administrative authority under the State Council are exempted. A completed construction project may only be delivered for use after passing an acceptance check. Projects that have not undergone or have failed the acceptance check are prohibited from being delivered for use.

Leased Properties

Under the *Civil Code of the PRC* (the "**Civil Code**"), as amended by the National People's Congress on 28 May 2020 which came into effect on 1 January 2021, owners of real estate or movable property are entitled by law to possess, use, benefit from and dispose of such real estate or movable property. With the consent of the lessor, the lessee may sublease the leased premises to a third party. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. If the lessee subleases the premises without the lessor's consent, the lessor has the right to terminate the lease.

In accordance with the *Administrative Measures for Commodity Housing Leasing* issued by the MOHURD on 1 December 2010 which came into effect on 1 February 2011, and the *Regulations on Housing Leasing* issued by the State Council on 16 July 2025 which came into effect on 15 September 2025, lessors and lessees are required to complete property lease registration and filing procedures with the competent construction (real estate) authority at the municipal or county level where the leased property is located within 30 days of signing the lease contract. Where parties fail to do so, the competent authority shall order rectification within a prescribed period. If an entity fails to rectify within the time limit, a fine of no less than RMB1,000 but no more than RMB10,000 shall be imposed.

LAWS AND REGULATIONS RELATING TO THE IMPORT AND EXPORT OF GOODS

Filing of Consignees and Consignors of Imported and Exported Goods

Pursuant to the *Customs Law of the PRC*, as latest amended by the NPCSC on 29 April 2021 and effective from the same date, Customs is the State organ responsible for supervision and administration of entry into and exit from the customs territory. It is empowered to supervise inbound and outbound transport vehicles, goods, luggage, postal items and other articles; collect customs duties and other taxes and fees; combat smuggling; compile customs statistics; and handle other customs operations in accordance with relevant laws and administrative regulations. Customs declaration entities refer to consignees and consignors of imported and exported goods and customs declaration enterprises that have filed with Customs. Consignees and consignors of imported and exported goods may handle customs declaration procedures themselves or entrust a customs declaration enterprise to do so.

Pursuant to the *Provisions of the PRC on the Administration of Filing of Customs Declaration Entities* issued by the General Administration of Customs (the "**GACC**") on 19 November 2021 and effective from 1 January 2022, customs declaration entities refer to consignees or consignors of imported or exported goods, or customs declaration enterprises, filed with Customs in accordance with the provisions. Consignees and consignors of imported and exported goods and customs declaration enterprises applying for filing shall obtain market entity qualifications. Under these provisions, consignees and consignors applying for filing were also required to obtain filing as foreign trade operators.

However, pursuant to the *Foreign Trade Law of the PRC*, as latest amended by the NPCSC on 27 December 2025 which came into effect on 1 March 2026, the competent foreign trade authority of the State Council is responsible for nationwide foreign trade work. In addition, this amendment abolishes the requirement for the filing and registration of foreign trade operators.

Inspection Application Procedures

Pursuant to the *Law of the PRC on Import and Export Commodity Inspection*, as latest amended by the NPCSC on 29 April 2021 and effective from the same date, and the *Regulations for the Implementation of the Law of the PRC on Import and Export Commodity Inspection*, as latest amended by the State Council on 29 March 2022 which came into effect on 1 May 2022, the General Administration of Customs of the People's Republic of China (the "**GACC**") is responsible for nationwide import and export commodity inspection work. Its affiliated entry-exit inspection and quarantine authorities conduct inspections on import and export commodities listed in the catalogues, as well as other import and export commodities subject to inspection by such authorities as stipulated by laws and administrative regulations. For import and export commodities other than those subject to the above inspection, the entry-exit inspection and quarantine authorities may conduct random inspections in accordance with national regulations. Import commodities subject to mandatory inspection that have not been inspected are prohibited from being sold or used. Export commodities subject to mandatory inspection that have not been inspected or have failed inspection are prohibited from being exported. Consignees and consignors of import and export commodities may apply for inspection on their own behalf or entrust inspection declaration enterprises to handle the inspection application procedures.

Import and Export Licensing

Pursuant to the *Export Control Law of the PRC* promulgated by the NPCSC on 17 October 2020 which came into effect on 1 December 2020, and the *Regulations of the PRC on the Administration of the Import and Export of Goods* promulgated by the State Council on 10 December 2001 and latest amended on 10 March 2024 which came into effect on 1 May 2024, enterprises engaged in importing goods into or exporting goods from the PRC customs territory must comply with regulations governing the administration of the import and export of goods. Goods classified as prohibited from import or export must not be imported or exported. Goods classified as restricted from import or export are subject to licensing or quota management systems, while goods classified as freely importable or exportable are not subject to such restrictions. A licensing system applies to export-controlled items, including dual-use items, military items, nuclear materials and other goods, technologies, services and items related to safeguarding national security and interests or fulfilling international obligations such as non-proliferation.

LAWS AND REGULATIONS RELATING TO TECHNOLOGY IMPORT AND EXPORT

Pursuant to the *Regulations of the PRC on the Administration of Technology Import and Export* issued by the State Council on 29 November 2020 and effective from the same date, and the *Administrative Measures for the Registration of Technology Import and Export Contracts* issued by the State Council on 1 February 2009 which came into effect on 1 March 2009, exports of technologies under restriction are subject to a licensing system, while exports of technologies not under restriction are subject to contract registration administration.

Pursuant to the *Catalogue of Technologies Prohibited or Restricted from Export of the PRC* jointly issued by the MOFCOM and the MOST on 21 December 2023 and effective from the same date and the *Announcement on the Adjustment and Publication of the Catalogue of Technologies Prohibited or Restricted from Export of the PRC* issued on 15 July 2025 and effective from the same date, preparation technologies for battery cathode materials meeting specific technical indicators have been classified as technologies restricted from export.

LAWS AND REGULATIONS RELATING TO LABOUR, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Labour Protection

Pursuant to the *Labour Law of the PRC*, as latest amended by the NPCSC on 29 December 2018 and effective from the same date, the *Labour Contract Law of the PRC*, as latest amended on 28 December 2012 which came into effect on 1 July 2013, and the *Regulations for the Implementation of the Labour Contract Law of the PRC*, as issued on 18 September 2008 and effective from the same date, employers shall enter into written labour contracts when establishing labour relationships with employees. Employers are prohibited from compelling employees to work overtime and must pay overtime wages in accordance with national regulations. Furthermore, employees' wages shall not be lower than the local minimum wage standard and must be paid in a timely manner.

Social Insurance and Housing Provident Fund

Pursuant to the *Social Insurance Law of the PRC*, as latest amended by the NPCSC on 29 December 2018 and effective from the same date, employers in the PRC are required to make contributions to social insurance schemes for their employees, covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance. Where an employer fails to pay social insurance contributions in full and on time, the social insurance collection authority shall order it to make payment or make up the shortfall within a prescribed period. A daily late payment surcharge of 0.05% of the outstanding amount shall accrue from the date of default. If payment remains outstanding after the prescribed period, a fine of no less than one time but no more than three times the outstanding amount shall be imposed.

Pursuant to the *Regulations on the Administration of Housing Provident Fund*, as latest amended by the State Council on 24 March 2019 and effective from the same date, employers shall register for housing provident fund contributions with the local housing provident fund management centre within 30 days of employing new staff. Where an employer fails to complete registration or open housing provident fund contribution accounts for its employees, the management centre shall order the employer to make corrections within a prescribed period. Failure to do so may result in a fine of no less than RMB10,000 but no more than RMB50,000. Where an employer fails to make full and timely housing provident fund contributions, the management centre shall order payment within a prescribed period. If payment remains outstanding after such period, the management centre may apply to the People's Court for compulsory enforcement.

According to the Interpretation (II) of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases issued by the Supreme People's Court on July 31, 2025 and effective from September 1, 2025, where an employer and an employee agree, or an employee pledges to the employer, that social insurance premiums need not be paid, the People's Court shall determine such agreement or pledge as void; where an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and demands the employer to pay economic compensation on such basis, the People's Court shall support such request in accordance with the law; where an employer has retroactively paid the social insurance premiums in accordance with the law and requests the employee to return the social insurance compensation already paid, the People's Court shall support such request in accordance with the law.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Patents

Pursuant to the *Patent Law of the PRC*, as latest amended by the NPCSC on 17 October 2020 which came into effect on 1 June 2021, the *Rules for the Implementation of the Patent Law of the PRC*, as latest amended by the State Council on 11 December 2023 which came into effect on 20 January 2024, and the *Transitional Measures for the Handling of Examination Operations Related to the Implementation of the Amended Patent Law and Its Implementing Rules* issued by the China National Intellectual Property Administration (the "**CNIPA**") on 21 December 2023 which came into effect on 20 January 2024, patents are divided into three categories: invention patents, utility model patents and design patents. The duration of an invention patent right is 20 years, and the duration of a utility model patent right is 10 years. For design patents, the duration is 10 years if the application date is prior to 1 June 2021, and 15 years if the application date is on or after 1 June 2021. All terms are calculated from the date of application.

Trademarks

Pursuant to the *Trademark Law of the PRC*, as latest amended by the NPCSC on 23 April 2019 which came into effect on 1 November 2019, and the *Regulations for the Implementation of the Trademark Law of the PRC*, as latest amended by the State Council on 29 April 2014 which came into effect on 1 May 2014, trademarks approved and registered by the Trademark Office of the CNIPA are referred to as registered trademarks. The validity period of a registered trademark is 10 years, calculated from the date of approval of registration. Where a registrant intends to continue using the registered trademark upon expiry of the validity period, renewal procedures must be completed in accordance with regulations within 12 months prior to expiration. The validity period of each renewal is 10 years, calculated from the day following the expiration date of the previous validity period.

Copyright

Pursuant to the *Copyright Law of the PRC*, as latest amended by the NPCSC on 11 November 2020 which came into effect on 1 June 2021, works created by PRC citizens, legal persons or unincorporated organisations (defined as intellectual achievements in the fields of literature, art and science that are original and capable of being expressed in a certain form) enjoy copyright protection under the law, regardless of whether they are published. Copyright comprises a range of personal and property rights, including the rights of publication, authorship, alteration, integrity and reproduction. For works created by legal persons or unincorporated organisations, or for works made for hire where the copyright (excluding the right of authorship) is owned by such entities, the term of protection for the right of publication is 50 years, ending on 31 December of the fiftieth year after the completion of the work.

Pursuant to the *Measures for the Registration of Computer Software Copyright* issued by the National Copyright Administration (the "**NCAC**") on 20 February 2002 and effective from the same date, and the *Regulations on Computer Software Protection*, as latest amended by the State Council on 30 January 2013 which came into effect on 1 March 2013, the NCAC is responsible for the nationwide administration of software copyright registration and designates the Copyright Protection Centre of China (CPCC) as the software registration agency. The CPCC issues registration certificates to computer software copyright applicants that comply with the relevant provisions of the *Measures for the Registration of Computer Software Copyright* and the *Regulations on Computer Software Protection*.

Domain Names

Pursuant to the *Administrative Measures for Internet Domain Names* issued by the MIIT on 24 August 2017 which came into effect on 1 November 2017, domain name registration is processed by domain name service agencies established in accordance with relevant regulations, and applicants become domain name holders upon successful registration.

Trade Secrets

Pursuant to the *Civil Code of the PRC* issued by the National People's Congress on 28 May 2020 which came into effect on 1 January 2021, and the *Anti-Unfair Competition Law of the PRC*, as latest amended by the NPCSC on 27 June 2025 which came into effect on 15 October 2025, trade secrets are recognized as objects of intellectual property rights, and trade secrets right holders enjoy exclusive rights over their trade secrets in accordance with the law. A trade secret refers to technical, operational or other commercial information that is not known to the public, has commercial value, and for which the rights holder has taken appropriate confidentiality measures. No entity may acquire, disclose, use or permit others to use a rights holder's trade secrets by improper means, nor may any entity incite, induce or assist others in committing such acts.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

The *Enterprise Income Tax Law of the PRC* (the "**EIT Law**"), as latest amended by the NPCSC on 29 December 2018 and effective from the same date, and the *Regulations for the Implementation of the Enterprise Income Tax Law of the PRC*, as latest amended by the State Council on 6 December 2024 which came into effect on 20 January 2025, are the principal laws and regulations governing enterprise income tax in the PRC. Under the *EIT Law* and its implementing regulations, enterprises are classified as resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises established within the PRC in accordance with the law, or established under the laws of foreign countries (regions) but with their de facto management bodies located within the PRC. Non-resident enterprises refer to enterprises established under the laws of foreign countries (regions) with de facto management bodies located outside the PRC, but which have established institutions or establishments within the PRC, or which have not established institutions or establishments within the PRC but derive income from the PRC. A uniform enterprise income tax rate of 25% applies to resident enterprises and to non-resident enterprises that have established institutions or establishments within the PRC in respect of income derived from the PRC, or income generated overseas that is effectively connected with such institutions or establishments. High and new technology enterprises that receive key support from the State are subject to a reduced enterprise income tax rate of 15% upon recognition in accordance with the *Administrative Measures for the Recognition of High and New Technology Enterprises*.

Pursuant to the *Administrative Measures for the Recognition of High and New Technology Enterprises*, as latest amended by the MOST, the Ministry of Finance (the "**MOF**") and the State Taxation Administration (the "**STA**") on 29 January 2016 and effective from 1 January 2016, the validity period of a high and new technology enterprise certificate is three years. Non-resident enterprises that have not established institutions or establishments within the PRC, or that have established institutions or establishments but whose income is not effectively connected with them, are subject to enterprise income tax at a rate of 10% on income derived from the PRC.

Value-Added Tax

Pursuant to the *Value-Added Tax Law of the PRC*, as latest amended by the NPCSC on 25 December 2024 which came into effect on 1 January 2026, and the *Regulations for the Implementation of the Value-Added Tax Law of the PRC*, issued by the State Council on 25 December 2025 which came into effect on 1 January 2026, all entities engaged in the sale of goods, services, intangible assets or immovable property, or in the importation of goods within the PRC are required to pay value-added tax. Unless otherwise provided in the foregoing regulations, the general value-added tax rate applicable to the sale or importation of goods is 13%, 9% and 6%.

Dividend Distribution

Pursuant to the *PRC Company Law*, as latest amended by the NPCSC on 29 December 2023 which came into effect on 1 July 2024, when distributing after-tax profits for the current year, a company shall allocate 10% of such profits to the statutory reserve fund. Allocation may cease once the accumulated balance of the statutory reserve fund reaches 50% or more of the company's registered capital. Where the statutory reserve fund is insufficient to cover losses from previous years, the current year's profits shall be used to offset such losses before making any further appropriation to the statutory reserve fund in according with the preceding paragraph.

Pursuant to the *Individual Income Tax Law of the PRC*, as latest amended by the NPCSC on 31 August 2018 which came into effect on 1 January 2019, and the *Regulations for the Implementation of the Individual Income Tax Law of the PRC*, as latest amended on 18 December 2018 which came into effect on 1 January 2019, dividends distributed by PRC enterprises are subject to individual income tax at a flat rate of 20%. Foreign individuals who are not PRC residents are generally subject to individual income tax at a rate of 20% on dividends derived from PRC enterprises, unless exempted by the taxation authority of the State Council or reduced or exempted pursuant to applicable tax treaties.

Pursuant to the *EIT Law* as latest amended by the NPCSC on 29 December 2018 and effective from the same date, and the *Regulations for the Implementation of the Enterprise Income Tax Law of the PRC*, as latest amended by the State Council on 6 December 2024 which came into effect on 20 January 2025, equity investment income derived by a resident enterprise from direct investment in other resident enterprises is exempt from enterprise income tax. Likewise, equity investment income, such as dividends and bonuses, derived by a non-resident enterprise that has established an institution or establishment within the PRC from a resident enterprise, where such income is effectively connected with that institution or establishment, is exempt from enterprise income tax. The aforementioned equity investment income such as dividend does not include investment income derived from holding publicly offered and listed shares of resident enterprises for a continuous period of less than 12 months.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT AND FOREIGN EXCHANGE ADMINISTRATION

Foreign Investment

Pursuant to the *PRC Company Law*, as latest amended by the NPCSC on 29 December 2023 which came into effect on 1 July 2024, a company established within the PRC may take the form of a limited liability company or a joint stock company. A company possesses legal person status and independent property. The *Company Law* applies equally to foreign-invested enterprises.

Pursuant to the *Foreign Investment Law of the PRC* issued by the National People's Congress on 15 March 2019 which came into effect on 1 January 2020, and the *Regulations for the Implementation of the Foreign Investment Law of the PRC* issued by the State Council on 26 December 2019 which came into effect on 1 January 2020, the State implements a management system of pre-establishment national treatment plus a negative list for foreign investment. Foreign investors are prohibited from investing in fields designated as prohibited in the negative list, and for fields designated as restricted, foreign investors shall satisfy the specified investment conditions. Foreign investment in fields outside the negative list is administered in accordance with the principle of equal treatment for domestic and foreign investment. In addition, the competent government authorities, based on the needs of national economic and social development, formulate a catalogue of encouraged industries for foreign investment, specifying the industries, sectors and regions in which foreign investment is encouraged and guided.

The current industry access regulations governing foreign investment activities in the PRC are set out in two catalogues: the *Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version)* jointly issued by the NDRC and the MOFCOM on 6 September 2024 which came into effect on 1 November 2024, and the *Catalogue of Encouraged Industries for Foreign Investment (2025 Version)* jointly issued by the NDRC and the MOFCOM on 15 December 2025 which came into effect on 1 February 2026. These two catalogues further classify foreign investment industries into three categories: "encouraged", "restricted" and "prohibited". Industries not listed in these categories are generally regarded as the fourth category — "permitted" industries for foreign investment, unless otherwise restricted by other PRC laws and regulations. Pursuant to the *Catalogue of Encouraged Industries for Foreign Investment (2025 Version)*, the manufacturing of EV batteries and ESS batteries falls under the encouraged category.

Pursuant to the *Measures for Foreign Investment Information Reporting* jointly issued by the MOFCOM and the State Administration for Market Regulation (the "**SAMR**") on 30 December 2019 which came into effect on 1 January 2020, foreign investors that directly or indirectly conduct investment activities in the PRC are required to submit investment information to the competent commerce authorities by filing initial, alteration, deregistration and annual reports. Foreign-invested listed companies are only required to report changes in investors and their shareholdings when the cumulative change in the foreign shareholding exceeds 5%, or when such change results in a variation in foreign control or relative control status.

Foreign Exchange Administration

Pursuant to the *Regulations of the PRC on Foreign Exchange Administration*, issued by the State Council on 5 August 2008 and effective from the same date, except as otherwise provided by law or regulation, the circulation of foreign currency is prohibited within the PRC, and the pricing or settlement of transactions in foreign currency is not permitted. Foreign exchange is classified into current account items and capital account items. International payments and transfers under the current account (such as the payment of dividends or interest) are not subject to restriction. Current account items refer to transactions in the balance of payments involving goods, services, income and current transfers. Foreign exchange expenditures under the current account shall be made with self-owned foreign exchange or with foreign exchange purchased from financial institutions authorized to conduct settlement and sale of foreign exchange, upon presentation of valid supporting documents and in accordance with the provisions of the foreign exchange administration authority under the State Council regarding foreign exchange payment and settlement. Domestic institutions and individuals engaging in outbound direct investment or the issuance and trading of overseas securities or derivatives shall register in accordance with the requirements of the foreign exchange administration authority under the State Council.

Pursuant to the *Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listings* issued by the State Administration of Foreign Exchange (the "**SAFE**") on 26 December 2014 and effective from the same date, a domestic company shall register its overseas listing with the local foreign exchange bureau at its place of registration within 15 working days after the completion of its overseas offering. Proceeds raised from the overseas listing by the domestic company may be repatriated to the PRC or deposited overseas, and the use of proceeds shall be consistent with the disclosures in the document and other publicly disclosed documents.

Pursuant to the *Notice on Further Simplifying and Improving the Foreign Exchange Administration Policies for Direct Investment* issued by the SAFE on 13 February 2015 and effective from 1 June 2015 (partially abolished in December 2019), banks are authorized to directly review and process foreign exchange registration for overseas direct investment, while the SAFE and its branches exercise indirect supervision over such foreign exchange registration and review through the banks.

Pursuant to the *Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Administration Policies for the Settlement of Foreign Exchange under Capital Accounts*, issued by the SAFE on 9 June 2016 and partially revised on 4 December 2023, the foreign exchange income under the capital accounts of domestic institutions is subject to the policy of discretionary foreign exchange settlement. This allows foreign exchange income under capital accounts subject to discretionary settlement based on relevant policies (including foreign exchange capital, foreign debt funds, and repatriated funds from overseas listings) to be settled at banks based on the actual operational needs of domestic institutions. The discretionary settlement ratio of foreign exchange income under the capital accounts of domestic institutions is tentatively set at 100%, but the SAFE may adjust the aforementioned ratio from time to time based on balance of payments conditions. While implementing discretionary settlement of foreign exchange income under the capital accounts, domestic institutions may still choose to use their foreign exchange income under the payment-based settlement system. However, when processing each settlement transaction under the payment-based settlement principle, banks shall verify the authenticity and compliance of the domestic institution's use of funds from the previous settlement. The foreign exchange income under the capital accounts of domestic institutions and the RMB proceeds from the settlement of such income may be used for current account expenditures within the scope of their business operations and capital account expenditures permitted by laws and regulations, but shall not be used for expenditures outside the scope of the enterprise's business operations or those prohibited by national laws and regulations.

Pursuant to the *Notice on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business* issued by the SAFE on 10 April 2020 and effective from the same date, provided that the use of funds is genuine, compliant, and meets current administrative regulations on the use of capital account income, eligible enterprises are permitted to use capital account income (such as registered capital, foreign debt, and proceeds from overseas listings) for domestic payments without prior submission of authenticity documentation on a transaction-by-transaction basis to the bank. The handling banks shall conduct post-transaction spot checks in accordance with relevant requirements.

Pursuant to the *Guidelines for Foreign Exchange Business under the Capital Account (2024 Version)* issued by the SAFE on 3 April 2024 which came into effect on 6 May 2024, proceeds raised from overseas listings by domestic companies shall, in principle, be repatriated to the PRC in a timely manner, and may be repatriated in RMB or foreign currency. The use of proceeds shall be consistent with the disclosures in publicly disclosed documents such as the document, corporate bond offering memorandum, shareholders' circular and resolutions of the board of directors or shareholders' meeting. The use of proceeds raised from overseas listings by domestic companies to carry out activities such as overseas direct investment, overseas securities investment, and offshore lending shall comply with relevant foreign exchange administration regulations.

LAWS AND REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION

Pursuant to the *Anti-Unfair Competition Law of the PRC* (the "**Anti-Unfair Competition Law**"), as latest amended by the NPCSC on 27 June 2025 which came into effect on 15 October 2025, business operators shall adhere to the principles of voluntariness, equality, fairness and integrity in market transactions, and comply with laws and business ethics. According to the *Anti-Unfair Competition Law*, acts of unfair competition refer to conduct by business operators in their production and business activities that violates the provisions of the *Anti-Unfair Competition Law*, disrupts the order of market competition and infringes upon the lawful rights and interests of other business operators or consumers. Supervision and inspection authorities are empowered to investigate suspected acts of unfair competition and may take measures such as conducting inspections, questioning parties, reviewing and copying documents, or sealing and seizing property. Business operators that violate the *Anti-Unfair Competition Law* shall bear civil, administrative or criminal liability, depending on the circumstances.

LAWS AND REGULATIONS RELATING TO ANTI-MONOPOLY

Pursuant to the *Anti-Monopoly Law of the PRC* (the "**Anti-Monopoly Law**"), as latest amended by the NPCSC on 24 June 2022 which came into effect on 1 August 2022, the *Anti-Monopoly Law* applies to monopolistic conduct in economic activities within the PRC, as well as to monopolistic conduct outside the PRC that has the effect of eliminating or restricting competition in the domestic market. Monopolistic conduct under the *Anti-Monopoly Law* includes the conclusion of monopoly agreements by business operators, the abuse of a dominant market position, and concentrations of undertakings that have or may have the effect of eliminating or restricting market competition. The authority designated by the State Council to be responsible for anti-monopoly enforcement shall perform such duties in accordance with the provisions of the *Anti-Monopoly Law*. Based on operational needs, this anti-monopoly enforcement authority designated by the State Council may authorize the corresponding agencies of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government to undertake relevant anti-monopoly enforcement work. Business operators that violate the *Anti-Monopoly Law* may be subject to fines, confiscation of illegal gains, and orders to cease illegal conduct, as imposed by the anti-monopoly enforcement authority.

REGULATIONS RELATING TO OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC COMPANIES

Pursuant to the *PRC Securities Law*, as latest amended by the NPCSC on 28 December 2019 which came into effect on 1 March 2020, the PRC securities market is comprehensively regulated, covering securities offering and trading, listed companies, stock exchanges, acquisitions of securities companies and the duties of securities regulatory authorities. The *Securities Law* further stipulates that domestic enterprises directly or indirectly offering securities or listing securities overseas shall comply with relevant provisions of the State Council. Specific measures for the subscription and trading of shares of domestic companies using foreign currency shall be separately prescribed by the State Council. The China Securities Regulatory Commission (the "**CSRC**") is the securities supervision and administration authority established under the State Council and is responsible for supervising and regulating the securities market, maintaining market order and ensuring lawful market operation. Currently, the offering and trading of H shares are primarily governed by the rules and regulations issued by the State Council and the CSRC.

On 17 February 2023, the CSRC issued regulations on the filing-based administration of overseas offering and listing by domestic companies, including the *Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies* and five supporting guidelines (collectively, the "**Overseas Listing Trial Measures**"). Under the *Overseas Listing Trial Measures*, domestic companies that directly or indirectly offer and list securities in overseas markets shall file the required documents with the CSRC within three working days following the submission of their overseas listing applications.

Pursuant to the *Overseas Listing Trial Measures*, overseas offering and listing are prohibited under any of the following circumstances: (i) where such offering or financing is explicitly prohibited by laws, administrative regulations or relevant national provisions; (ii) where the overseas offering and listing may endanger national security as determined by the competent authorities of the State Council in accordance with the law; (iii) where the domestic enterprise, its controlling shareholder or actual controller has, within the past three years, committed criminal offences involving corruption, bribery, embezzlement, misappropriation of property or disruption of the socialist market economy order; (iv) where the domestic enterprise is currently under investigation for suspected crimes or material violations of laws and regulations, and no conclusive opinion has yet been rendered; (v) where material ownership disputes exist with respect to the equity held by the controlling shareholder or by shareholders controlled by the controlling shareholder or actual controller.

Furthermore, under the *Overseas Listing Trial Measures*, issuers shall submit a report to the CSRC within three working days following the occurrence and public disclosure of any of the following circumstances after offering and listing securities in an overseas market: (i) a change in control; (ii) being subject to investigation, sanction or other measures imposed by overseas securities regulatory authorities or other competent authorities; (iii) a change in listing status or board; or (iv) voluntary or mandatory delisting. Domestic companies conducting overseas offerings and listings shall strictly comply with relevant laws, administrative regulations and provisions concerning foreign investment, cybersecurity, data security and other matters related to national security, and shall faithfully fulfil their obligations to safeguard national security.

Pursuant to the *Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies* jointly issued by the CSRC and other relevant authorities on 24 February 2023 and effective from 31 March 2023, domestic enterprises, as well as securities companies and securities service providers providing relevant services for overseas offering and listing activities, shall strictly comply with applicable PRC laws and regulations and the requirements set out in these Provisions. They shall enhance their legal awareness of maintaining State confidentiality and strengthening archives administration, establish and improve internal systems for confidentiality and archives management, and take necessary measures to implement their confidentiality and archives administration responsibilities. They shall not disclose State secrets or the work secrets of State organs, nor jeopardize national or public interests. Where domestic enterprises provide or publicly disclose documents or materials involving State secrets or the work secrets of State organs to securities companies, securities service institutions, overseas regulatory authorities or other entities and individuals, or provide or publicly disclose such materials through their overseas listing entities, they shall obtain approval from the competent authorities with approval power in accordance with the law and file with the confidentiality administrative authority at the same level.

LAWS AND REGULATIONS RELATING TO THE FULL CIRCULATION OF H SHARES

Pursuant to the *Guidelines for the Application for the Full Circulation of the Domestic Unlisted Shares of H Share Companies* issued by the CSRC on 10 August 2023 and effective from the same date, "full circulation" refers to the listing and trading on the Hong Kong Stock Exchange of the domestic unlisted shares of H share companies. This includes domestic unlisted shares held by domestic shareholders prior to overseas listing, domestic unlisted shares newly issued after overseas listing, and unlisted shares held by foreign shareholders. Subject to compliance with relevant laws, regulations and policy requirements concerning state-owned asset management, foreign investment and industry supervision, shareholders holding domestic unlisted shares may independently negotiate and determine the number and proportion of shares to be circulated, and entrust the H share company to file with the CSRC. Unlisted domestic joint stock companies may file for "full circulation" with the CSRC concurrently with their initial public offering and listing overseas.

Pursuant to the *Implementing Rules for H Share "Full Circulation" Business* jointly issued by the China Securities Depository and Clearing Corporation Limited (CSDCC) and the Shenzhen Stock Exchange on 31 December 2019 and effective from the same date, shareholders applying to participate in H share "full circulation" (the "**Participating Shareholders**") shall complete cross-border transfer registration for the conversion of the relevant unlisted shares into H shares prior to trading. Specifically, the CSDCC, as the nominal holder, shall deposit the relevant securities held by the Participating Shareholders with China Securities Depository and Clearing (Hong Kong) Company Limited (CSDC Hong Kong). CSDC Hong Kong shall then deposit such securities in its own name with HKSCC and shall exercise the rights relating to the securities issuer through HKSCC. Consequently, HKSCC Nominees Limited, as the ultimate nominal shareholder, shall be registered as a shareholder on the register of members of the H share listed company.