REGULATIONS AND POLICIES ON INDUSTRY

National Catalog for Guidance on Industrial Restructuring

In accordance with *the National Catalog for Guidance on Industrial Restructuring (2024 Version)* (《產業結構調整指導目錄(2024年本)》) which was promulgated by the NDRC on December 27, 2023 and came into effect on February 1, 2024, big data, cloud computing, software and information technology service within the extent permitted by PRC are under the encouraged category.

Outline of the 14th Five-Year Plan for National Economic and Social Development

The Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and Outlines of Objectives in Perspective of the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), promulgated by the SCNPC on March 12, 2021 and came into effect on the same date, points out the focus of key areas include operating systems, key artificial intelligence algorithms, sensors, and PRC shall speed up technology research and development, and make breakthroughs in basic theories, basic algorithms, and equipment materials.

Policies on Artificial Intelligence

In accordance with *the Guiding Opinions on Deepening the Development of Smart Cities and Promoting the Digital Transformation of Urban Areas* (《關於深化智慧城市發展推進城市全域數字化轉型的指導意見》) which was promulgated by the NDRC, the National Data Bureau, the Ministry of Finance (hereinafter referred to as the "**MOF**"), the Ministry of Natural Resources of the People's Republic of China on May 14, 2024, it focuses on five aspects, including general requirements, promoting urban digital transformation in all fields, enhancing urban digital transformation support in all aspects, optimizing urban digital transformation ecology in the whole process, and safeguards, to promote urban digital transformation in the whole region.

Seven ministries and commissions, including the MIIT, jointly issued *the Implementation Opinions on Promoting Future Industrial Innovation and Development* (《關於推動未來產業創新發展的實施意見》), proposing the need to deepen the integration of new-generation information technology and manufacturing industry, accelerate the reconstruction of industrial chain structure, process and model, and develop new applications for future manufacturing.

On February 27, 2023, the State Council issued *the Overall Layout Plan for the Construction of Digital China* (《數字中國建設整體佈局規劃》), highlighting the need to popularize the intelligence of digital life, create a smart convenient living circle, new digital consumption patterns, and future-oriented intelligent immersive service experience; promote the intelligent governance of the ecological environment, and accelerate the construction of a smart and efficient ecological environment information system.

On August 12, 2022, the *Notice on Supporting the Development of Demonstration and Application Scenarios for New-Generation Artificial Intelligence* (《關於支持建設新一代人工智能示範應用場景的通知》) issued by the Ministry of Science and Technology of the People's Republic of China (hereinafter referred to as "**MOST**") emphasizes the need to give full play to the role of artificial intelligence in enabling economic and social development, and focus on the establishment of a whole-chain and whole-process ecological application of the artificial intelligence industry. It is also imperative to support the development of a batch of artificial intelligence application scenarios with good foundations, strengthen the cooperation of upstream and downstream of research and development and the integration of new technologies, and create a batch of benchmark demonstration application scenarios that can be replicated and promoted.

Regulations on Computer Software

In accordance with *the Regulations on the Protection of Computer Software* (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and latest amended on January 30, 2013, with the latest revision effective on March 1, 2013, Chinese citizen, legal person or other organization is entitled under the copyright of the software he/it has developed, including the right of publication, right of acknowledgement, right of alteration, right of reproduction, right of distribution, right of leasing, right of dissemination, right of translation and other rights that software copyright owners shall have, regardless of whether such software has been published.

According to *the Regulations of the People's Republic of China on the Security Protection of Computer Information System* (《中華人民共和國計算機信息系統安全保護條例》), which were issued by the State Council on February 18, 1994 and amended on January 8, 2011, securing computer information systems includes safeguarding the computer and its related and supporting sets of equipment and facilities (including network), the operating environment and information and ensuring the normal performance of computer functions, so as to maintain the safe operation of computer information systems.

In accordance with *the Measures for Registration of Computer Software Copyright* (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on April 6, 1992 and latest amended on February 20, 2002, with the latest revision effective on the same date, software copyrights, exclusive software copyright licensing contracts and transfer contracts shall be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and has certified the China Copyright Protection Center as the institution responsible for software registration. Applications that comply with the rules shall be granted registration, and a corresponding registration certificate shall be issued by the China Copyright Protection Center.

The Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries (《進一步鼓勵軟件產業和集成電路產業發展若干政策》) which was promulgated by the State Council on January 28, 2011 and came into effect on the same date, specifies a series of policies on tax preference, promotion of investment and scientific research and talent support for the software industry.

Regulations in relation to facial recognition

On March 13, 2025, the CAC and the Ministry of Public Security jointly issued *the Regulations on the Security Management of Facial Recognition Technology Applications* (《人臉識別技術應用安全管理辦法》). The regulations apply to activities within the territory of the PRC that use facial recognition technology to process facial information. However, the regulations do not apply to activities within the territory of the PRC that use facial recognition technology to process facial information for the purpose of developing facial recognition technology or training algorithms. The regulations specify the basic requirements and processing rules for using facial recognition technology to process facial information and the security standards and the responsibilities for supervision and management for facial recognition technology applications. They require that activities using facial recognition technology to process facial information must respect social ethics and morals, adhere to business ethics and professional ethics, act in good faith, fulfill obligations to protect personal information, assume social responsibilities, and must not endanger national security, harm public interests, or infringe upon the legitimate rights and interests of individuals.

LAWS AND REGULATIONS IN RELATION TO THE PROTECTION OF CYBER SECURITY, DATA AND PRIVACY

The Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》) (the "**Cyber Security Law**"), which was promulgated on November 7, 2016 and came into effect on June 1, 2017, requires that when constructing and operating a network, or providing services through a network, technical measures and other necessary measures shall be taken in accordance with laws, administrative regulations and the compulsory requirements set forth in national standards to ensure the secure and stable operation of the network, to effectively cope with cyber security events, to prevent criminal activities committed on the network, and to protect the integrity, confidentiality and availability of network data. In violation of the provisions and requirements under the Cyber Security Law may subject an internet service provider to rectifications, warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of qualifications, closedown of websites or even criminal liabilities.

The Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》), which was promulgated by the Ministry of Public Security, the National Administration of State Secrets Protection, the State Cryptography Administration and the IT Application Office of the State Council on June 22, 2007, and came into effect on the same day, requires that the national information security level protection adheres to the principle of independent classification and protection, and the information system operation and use units should determine the security protection level of the information system in accordance with the applicable regulations.

The Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) (the "**Data Security Law**") was passed by the SCNPC at the 29th Session on June 10, 2021 and came into effect on September 1, 2021. The Data Security Law requires the data processor to establish and improve a whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to safeguard data security. In conducting data processing activities by using the Internet or any other information network, the data processor shall perform the above data security protection obligations on the basis of the hierarchical cybersecurity protection system. In violation of the provisions and requirements under the Data Security Law may subject a data processor to rectifications, warnings, fines, suspension of the related business, revocation of licenses or even criminal liabilities.

The Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**") was passed by the SCNPC at the 30th Session on August 20, 2021 and has come into effect on November 1, 2021. The Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the corresponding requirements. It also stipulates the obligations of a personal information processor. In violation of the provisions and requirements under the Personal Information Protection Law may subject a personal information processor to rectifications, warnings, fines, suspension of the related business, revocation of licenses, being entered into the relevant credit record or even criminal liabilities.

On December 28, 2021, thirteen PRC governmental and regulatory agencies (including the CAC) promulgated *the Measures for Cyber Security Review* (《網絡安全審查辦法》), which came into effect on February 15, 2022. The Measures for Cyber Security Review specifies that the procurement of network products and services by operator of critical information infrastructure and the activities of data process carried out by Internet platform operator that raise or may raise national security concerns are subject to cyber security review by the Office of Cyber Security Review established by the CAC. Before critical information infrastructure operator purchases internet products and services, it should assess the potential risk of national security that may be caused by the use of such products and services. If such use of products and services may give rise to national security concerns, it should apply for a cyber security review by the Office of Cybersecurity Review and a report of analysis of the potential effect on national security shall be submitted when the application is made. In addition, Internet platform operators that possess the personal data of over one million users must apply for a review by the Office of Cybersecurity Review, if they plan listing of companies in foreign countries. The CAC may voluntarily conduct cyber security review if any network products and services and activities of data process affects or may affect national security. The cyber security review focuses on the assessment of risk factors which include (1) the risk of critical information infrastructure being illegally controlled, interfered or destroyed as a result of the use of the products or services; (2) the continuous harm to the business of critical information infrastructure by the interruption of provision of products or services; (3) the security, openness, transparency, diversity of sources, reliability of supply and potential supply interruptions of products and services due to political, diplomatic or trade issues; (4) whether the products and services provider comply with PRC laws, regulations and departmental rules; (5) the risk of core data, important data or a large amount of personal information being stolen, leaked, destroyed, illegally utilized or exited the country; (6) regarding to listing, there are risks of critical information infrastructure, core data, important data or a large amount of personal information being influenced, controlled or maliciously used by foreign governments, as well as network information security risks; and (7) other factors that may endanger the security of critical information infrastructure, cyber security and data security.

The Security Protection Regulations for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) which was promulgated by the State Council on July 30, 2021 and came into effect on September 1, 2021, specifies that the critical information infrastructure refer to the important network facilities and information systems in important industries and fields such as public telecommunications, information services, energy, transportation, water conservancy, finance, public services, e-government and national defense science, technology and industry, as well as other important network facilities and information systems which, in case of destruction, loss of function or leak of data, may result in serious damage to national security, the national economy and the people's livelihood and public interests. The authorities responsible for the security protection of critical information infrastructure (hereinafter referred to as the "**protection authorities**"), develop rules for the identification of critical information infrastructure, organize the identification of critical information infrastructure of respective industries and fields in accordance with identification rules, and notify the operators concerned of the identification results in a timely manner. During the Track Record Period and up to the Latest Practicable Date, we have not received any notice from protection authorities with regard to our company identified a critical information infrastructure operator.

In addition, *the Regulations on Network Data Security Management* (《網絡數據安全管理條例》) (the "**Regulations on Network Data Security**") which was promulgated by the State Council on September 30, 2024 and came into effect on January 1, 2025. The Regulations on Network Data Security stipulates that the State protects network data by category and by grade, according to the importance of network data in economic and social development, as well as the extent of the damage caused to national security, public interests or the legitimate rights and interests of individuals and organizations by network data once the network data are tampered with, destroyed, leaked, illegally acquired or illegally utilized. The Regulations on Network Data Security has further stipulates detailed requirements in terms of personal information protection, important data security, cross-border security management of network data, and the obligations of network platform service providers. When network data handlers carry out network data processing activities that affect or may affect national security, they shall undergo a national security review in accordance with relevant national regulations. Those who violate the Regulations on Network Data Security may be subject to orders for correction, warnings, confiscation of illegal gains, fines, orders to suspend related businesses, business rectification, revocation of relevant business licenses or business licenses, and even be held criminally responsible.

The Administrative Provisions on Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》) (the "**Administrative Provisions**") was jointly promulgated by the CAC, the MIIT, the Ministry of Public Security and the State Administration for Market Regulation on December 31, 2021 and came into effect on March 1, 2022. The Administrative Provisions is applicable to algorithm recommendation service providers, i.e. enterprises that provide internet information services to users by applying algorithm technologies such as generation-synthesis, personalized push, sorting and selection, retrieval and filtering, and scheduling and decision-making.

In view of our business operation involving operating networks and processing data, we are required to comply with relevant laws and regulations on cyber security and data protection in the PRC.

During the Track Record Period and up to the Latest Practicable Date, our algorithm does not have public opinion attribute or social mobilization ability and we do not need to go through record-filing formalities.

During the Track Record Period and up to the Latest Practicable Date, we have implemented comprehensive internal policies and measures on protection of cybersecurity, data privacy and personal information to ensure continuous regulatory compliance. See "Business — Data Protection."

During the Track Record Period and as of the Latest Practicable Date, we have not received any investigation, notice, warning, or sanction from applicable government authorities (including the CAC) with regard to our business operations concerning any issues related to cybersecurity and data security. In addition, we have not been involved in any review, investigation, enquiry, penalty, or other legal proceedings initiated by applicable governmental or regulatory authorities or third parties in relation to cyber security or data protection.

REGULATIONS ON OVERSEAS LISTING

On February 17, 2023, the CSRC promulgated *the Trial Administrative Measures 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》) (the "**Trial Administrative Measures**") and five supporting guidelines, which has become effective on March 31, 2023. Pursuant to the Trial Administrative Measures, PRC domestic enterprises that directly or indirectly offer or list their securities in an overseas market, which include (1) any PRC company limited by shares, and (2) any offshore company that conducts its business operations primarily in China and contemplates to offer or list its securities in an overseas market based on its onshore equities, assets or similar interests, are required to file with the CSRC within three business days after its application for overseas listing is submitted. Failure to complete the filing under the Trial Administrative Measures may subject a PRC domestic enterprise to rectification ordered by the CSRC, warning, and fine of RMB1 million to RMB10 million.

REGULATIONS ON ESTABLISHMENT OF COMPANIES AND FOREIGN INVESTMENT

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》) (the "**Foreign Investment Law**") which was promulgated by the NPC on March 15, 2019 and came into effect on January 1, 2020, and *the Implementation Regulations for 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》) (the "**Foreign Investment Implementation Regulations**"), any discrepancy between the Foreign Investment Law and the Foreign Investment Implementation Regulations and the provisions on foreign investments formulated before January 1, 2020, the provisions of the Foreign Investment Law and the Foreign Investment Implementation Regulations shall prevail. Investments by foreign investors in fields for which investment is restricted by the Negative List shall comply with the restrictive admission special administrative measures such as equity requirements, senior management personnel requirements stipulated by the Negative List.

In accordance with *the Measures on Reporting of Foreign Investment Information* (《外商投資信息報告辦法》), which was promulgated by MOFCOM and State Administration for Market Regulation on December 30, 2019 and came into effect on January 1, 2020, foreign investors or foreign investment enterprises shall submit investment information to the commerce administrative authorities through the Enterprise Registration System and the National Enterprise Credit Information Publicity System. In accordance with *the Measures for the Security Review of Foreign Investments* (《外商投資安全審查辦法》), which was promulgated by the NDRC and MOFCOM on

December 19, 2020 and came into effect on January 18, 2021, the office of the working mechanism for the security review of foreign investments is set up under the NDRC, which is led by the NDRC and the MOFCOM to undertake he routine work of the security review of foreign investments.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patent

In accordance with *the Patent Law of the People's Republic of China* (《中華人民共和國專利法》) which was promulgated by the SCNPC on March 12, 1984 and latest amended on October 17, 2020, with the latest revision effective on June 1, 2021, *the Implementation Regulations for the Patent Law of the People's Republic of China* (《中華人民共和國專利法實施細則》) which was promulgated by the State Council on December 21, 1992, January 9, 2010 and latest amended on December 11, 2023, with the latest revision effective on January 20, 2024, and *the Public Announcement on Measures on Filing of Patent Licensing Contracts* (《專利實施許可合同備案辦法》) which was promulgated by the State Intellectual Property Office on June 27, 2011 and came into effect on August 1, 2011, patent in PRC shall be categorized as invention, utility model and design. The duration of patent rights for an invention shall be 20 years, the duration of patent rights for a utility model shall be 10 years and the duration of patent rights for a design shall be 15 years, commencing from the filing date. Any organization or individual proposing to implement the patent of others shall enter into a licensing contract with the patentee for implementation and pay royalties to the patentee. And the State Intellectual Property Office shall be responsible for filing of patent licensing contracts nationwide. The parties concerned shall complete filing formalities within three months from the effective date of a patent licensing contract.

Trademark

In accordance with *the Trademark Law of the People's Republic of China* (《中華人民共和國商標法》) which was promulgated by the SCNPC on August 23, 1982, and was latest amended on April 23, 2019, with the latest revision effective on November 1, 2019, and *the Implementation Regulations for the Trademark Law of the People's Republic of China* (《中華人民共和國商標法實施條例》) which was promulgated by the State Council on August 3, 2002 and was latest amended on April 29, 2014, with the latest revision effective on May 1, 2014, trademarks approved and registered by the trademark bureau are registered trademarks, including commodity trademarks, service marks and collective trademarks, certification marks; trademark registrants are entitled to exclusive rights to use trademark and are protected by the law. A registered trademark shall be valid for 10 years, commencing from the date of registration. Use of a trademark identical or similar to a registered trademark on the same type of commodities without licensing by the trademark registrant shall be deemed as infringement of exclusive rights to use registered trademarks.

Domain Name

In accordance with *the Administrative Measures on Internet Domain Names* (《互聯網域名管理辦法》) which was promulgated by the MIIT on August 24, 2017 and came into effect on November 1, 2017, *the Implementing Rules for the Registration of National Top-level Domain Names* (《國家頂級域名註冊實施細則》) and *the Procedural Rules for Resolution of Disputes over National Top-level Domain Names* (《國家頂級域名爭議解決程序規則》) which were promulgated by China Internet Network Information Center on June 18, 2019 and came into effect on the same date, the domain name registration services shall in principle implement "first apply first register"; where the corresponding detailed rules for domain name registration stipulate otherwise, such provisions shall prevail. The applicant shall be deemed as domain name holder via registration.

In accordance with *the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services* (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) (hereinafter referred to as "**Notice of the Use of Domain Names**"), which was promulgated by the MIIT on November 27, 2017 and came into effect on January 1, 2018, the Internet access service provider concerned shall check the real identity information of the domain name registrant via the Record-filing System, and shall not provide access services if the Internet-based information service provider fails to provide real identity information or the identity information provided is inaccurate or incomplete, with the exception of domain names that have been filed for record with the Record-filing System prior to the effectiveness of this Notice of the Use of Domain Names.

Copyright

In accordance with *the Copyright Law of the People's Republic China* (《中華人民共和國著作權法》) which was promulgated by the SCNPC on September 7, 1990 and latest amended on November 11, 2020, with latest revision effective on June 1, 2021, Chinese citizens, legal persons or organizations without legal personality enjoy copyright over their works, whether published or not. Copyright shall include the following personal rights and property rights: publication right, right of authorship, right of revision, right to preserve the integrity of work, reproduction right, distribution right, rental right, exhibition right, performance right, screening right, broadcasting right, information network transmission right, filming right, adaptation right, translation right, compilation right, and any other rights enjoyed by a copyright holder.

REGULATIONS IN RELATION TO TAX

Enterprise Income Tax

In accordance with the EIT Law which was promulgated by the SCNPC on March 16, 2007, and was latest amended on December 29, 2018, with the latest revision effective on the same date and *the Implementation Regulations for 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》) (the "**EIT Implementation Regulations**") which was promulgated by the State Council on December 6, 2007, and was latest amended on April 23, 2019, with the latest revision effective on the same date, a uniform income tax rate of 25% will be applied to resident enterprises and non-resident enterprises that have established institutions and premises in China. Besides enterprises established within the PRC, enterprises established in accordance with the laws of other judicial districts whose "de facto management bodies" are within the PRC are considered "resident enterprises" and subject to the uniform 25% enterprise income tax rate for their income derived from both inside and outside the PRC. Corporate income tax for key advanced and new technology enterprises supported by PRC shall be at a reduced tax rate of 15%.

According to *the Circular of Ministry of Finance and State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Small and Micro Enterprises* (《財政部、稅務總局關於實施小微企業普惠性稅收減免政策的通知》) (hereinafter referred to as the "**Notice No. 13**") promulgated on January 17, 2019, during January 1, 2019 to December 31, 2021, the annual taxable income of a small low-profit enterprise that is not more than RMB1 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%; and the annual taxable income that is more than RMB1 million nor more than RMB3 million shall be included in its taxable income at the reduced rate of 50%, with the applicable enterprise income tax rate of 20%.

According to *the Announcement on Implementation of Income Tax Incentives for Micro and Small Enterprises and Individually-owned Businesses* (《關於實施小微企業和個體工商戶所得稅優惠政策的公告》) promulgated on April 2, 2021, during January 1, 2021 to December 31, 2022, for the portion of annual taxable income amount of micro and small enterprises which does not exceed RMB1 million, corporate income tax shall be reduced by 50%, in addition to the incentives stipulated in the article above of Notice No. 13.

According to *the Announcement of Ministry of Finance and State Administration of Taxation on Further Implementation of Income Tax Preferential Policies for Small and Micro Enterprises* (《財政部、稅務總局關於進一步實施小微企業所得稅優惠政策的公告》) promulgated on March 3, 2022, during January 1, 2022 to December 31, 2024, the portion of annual taxable income amount of a small meager-profit enterprise, which exceeds RMB1 million but not exceeds RMB3 million, shall be computed at a reduced rate of 25% as taxable income amount, and subject to corporate income tax at 20% tax rate.

According to *the Announcement on Preferential Income Tax Policies for Small Enterprises with Meager Profit and Individually-owned Businesses* (《關於小微企業和個體工商戶所得稅優惠政策的公告》) promulgated on March 26, 2023, during January 1, 2023 to December 31, 2024, the portion of annual taxable income amount of a small enterprise with meager profit, which does not exceed RMB1 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to corporate income tax at a tax rate of 20%.

In accordance with *the Administrative Measures on Accreditation of High-tech Enterprises* (《高新技術企業認定管理辦法》) which was promulgated by the MOST, the MOF and the SAT on April 14, 2008 and amended on January 29, 2016 and came into effect on January 1, 2016, high-tech enterprises referred to in these Measures shall mean resident enterprises registered in China (excluding Hong Kong, Macau and Taiwan) which are continuously engaging in research and development and technology commercialization within the realm of the Regions of Advanced Technologies Strongly Supported by PRC, forming the core independent intellectual property of the enterprise, and carrying out business activities on such basis, which accredited pursuant to these Measures may declare and claim tax incentives. Upon obtaining the qualification as a high-tech enterprise, the enterprise shall complete tax reduction and exemption formalities with the tax authorities in charge and the qualifications of an accredited high-tech enterprise shall be valid for three years from the date of issuance of the certificate.

Value-added Tax

In accordance with *the Provisional Regulations of the People's Republic of China on Value-added Tax* (《中華人民共和國增值稅暫行條例》) which was promulgated by the State Council on December 13, 1993, and was latest amended on November 19, 2017, with the latest revision effective on the same date, *the Detailed Rules for the Implementation Rules for the Provisional Regulations the People's Republic of China on Value-added Tax* (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the MOF on December 25, 1993, and was latest amended on October 28, 2011, with the latest revision effective on November 1, 2011, *the Decisions on Abolishing the PRC Provisional Regulations on Business Tax and Amending the PRC Provisional Regulations on Value-Added Tax* (《國務院關於廢止〈中華人民共和國營業稅暫行條例〉和修改〈中華人民共和國增值稅暫行條例〉的決定》) which was promulgated by the State Council and effective on November 19, 2017 and *the Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates* (《財政部、稅務總局關於調整增值稅稅率的通知》) which was promulgated by the MOF and the SAT on April 4, 2018 and came into effect on May 1, 2018, entities and individuals selling goods, services and intangible assets in the PRC are VAT taxpayers and shall pay VAT. Taxpayers selling services and intangible assets are subject to a tax rate of 6%, except in particular circumstances. If a taxpayer is engaged in sale subject to VAT at the previously applicable rate of 17% and 11%, the tax rate is reduced to 16% and 10%, respectively. In accordance with *the Announcement on Policies for Deepening the VAT Reform* (《關於深化增值稅改革有關政策的公告》) which was issued by the MOF, SAT and General Administration of Customs on March 20, 2019 and came into effect on April 1, 2019, if a general VAT taxpayer is engaged in a VAT taxable sale or imports goods at the previously applicable rate of 16%, the tax rate is reduced to 13%. And in accordance with *the Notice of Ministry of Finance and State Administration of Taxation on Value-added Tax Policies for Software Products* (關於軟件產品增值稅政策的通知) which was promulgated by the MOF and the SAT on October 13, 2011 and came into effect on January 1, 2011, a VAT general taxpayer selling software products developed and produced by itself shall be subject to levying and collection of VAT at the tax rate of 13%, and the policy of forthwith levy and forthwith refund shall be implemented for the portion of VAT actually paid which exceeds 3%.

REGULATIONS ON LABOR

Labor Relations

The Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) which was promulgated by the SCNPC on June 29, 2007, and was latest amended on December 28, 2012, with the latest revision effective on July 1, 2013, governs the establishment of labor relationships between enterprises, individual economic organizations, private non-enterprise entities etc., in the PRC and their workers and the conclusion, performance, variation, rescission or termination of labor contracts, specifies relevant detailed requirements on terms and contents of labor contracts signed between the parties, and stipulates the maximum working hours per day and week and the monthly minimum wage.

Social Insurance and Housing Provident Fund

In accordance with *the Social Insurance Law of the People's Republic of China* (《中華人民共和國社會保險法》) which was promulgated by the SCNPC on October 28, 2010 and was latest amended on December 29, 2018, with the latest revision effective on the same date, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, and maternity insurance. Employers failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

In accordance with Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases 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. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer in accordance with *the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》)*, 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.

In accordance with *the Regulations on the Administration of Housing Provident Fund* (《住房公積金管理條例》) which was promulgated by the State Council on April 3, 1999, and was latest amended on March 24, 2019, with the latest revision effective on the same date, an employer shall make registration of contribution to the housing provident fund with the housing provident fund management center, and go through the formalities of opening housing provident fund accounts on behalf of its employees. And an employer fails to undertake contribution registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. An employer is overdue in the contribution of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the contribution within a prescribed time limit; where the contribution has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

REGULATIONS ON FOREIGN EXCHANGE ADMINISTRATION

The Foreign Exchange Control Regulations of the People's Republic of China (《中華人民共和國外匯管理條例》), promulgated by the State Council on January 29, 1996, and latest amended on August 5, 2008, with the latest revision effective on the same date, is a fundamental legal basis for foreign exchange supervision and regulation by relevant authorities in PRC, according to which, RMB may be freely converted into other currencies for current account items (such as foreign exchange transactions in relation to commodity, trade and service, and dividend distribution), based on real and lawful transactions; but capital account items (such as share capital transfer, direct investment, securities investment, derivatives or loan) unless it is approved by the relevant foreign exchange administration department and it has completed the pre-registration with the relevant foreign exchange administration department.

In accordance with *the Circular of State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment* (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (hereinafter referred to as "**Circular 59**") was promulgated by SAFE on November 19, 2012, became effective on December 17, 2012, and was further amended on May 4, 2015, approval is not required for the opening of an account entry in foreign exchange accounts under direct investment. Circular 59 also simplifies the capital verification and confirmation formalities for foreign invested enterprises (the "**FIEs**"); the foreign capital and foreign exchange registration formalities required for the foreign investors to acquire equities from Chinese party and further improve the administration on exchange settlement of FIEs.

The Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (hereinafter referred to as "**Circular 19**") was promulgated by SAFE on March 30, 2015, came into effect on June 1, 2015 partially repealed on December 30, 2019 and partially amended by *the Notice of the State Administration of Foreign Exchange of Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account* (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated by SAFE on June 9, 2016, partially repealed and nullified on March 23, 2023, and superseded *the Notice from the State Administration of Foreign Exchange on Improving Business Operational Issues relating to Administration of Sale of Foreign Currency for Payment of Foreign Currency Capitals Funds of Foreign Investment Enterprises* (《國家外匯管理局關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》) (hereinafter referred to as "**Circular 142**") from the effective date. Circular 19 specifies that foreign exchange settlement by foreign-invested enterprise is subject to supervision under foreign exchange settlement policies, and cancels certain foreign exchange restrictions under Circular 142. However, Circular 19 restates that the use of capital of FIEs should follow the principle of truthfulness and self-use within the business scope of an enterprise.

In accordance with *the Notice from the State Administration of Foreign Exchange on Reforming and Regulating the Policies of Administration of Foreign Exchange Settlement for Capital Items* (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (hereinafter referred to as "**Circular 16**") which was promulgated by the SAFE on June 9, 2016 and came into effect on the same date, an enterprise registered in China may, at its sole discretion, convert its foreign debts in a foreign currency to RMB. Circular 16 provides a unified standard for foreign exchange under capital items (including but not limited to foreign currency capital and foreign debt) which may be convertible at the sole discretion of the enterprise. Such standard is applicable to all enterprises registered in the PRC. In addition, Circular 16 restates that, unless otherwise specified, an enterprise shall not directly or indirectly use RMB funds obtained as a result of conversion of foreign currency funds, for purposes outside the business scope, or for investments wealth management other than securities investment or capital protected products of banks in China. Moreover, except within the business scope, RMB funds obtained as a result of conversion shall not be used as loans to non-related companies; save for investment in a real estate enterprise, RMB funds obtained as a result of conversion shall not be used for construction or purchase of real estate which will not be used by the enterprise.

On October 23, 2019, the SAFE released *the Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment* (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which was amended on December 4, 2023, according to which, besides foreign-invested enterprises engaged in investment business, non-investment foreign-invested enterprises are also permitted to make domestic equity investments with their capital funds in accordance with the laws provided that such investments do not violate *the Special Administrative Measures (Negative List) for Foreign Investment Access* (《外商投資准入特別管理措施(負面清單)》) (hereinafter referred to as "**Negative List**") and the target investment projects are genuine and in compliance with laws. According to the Notice of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without submitting the evidentiary materials concerning authenticity of such capital for banks in advance; provided that their capital use is authentic and in compliance with administrative regulations on the use of income under capital accounts. The bank in charge shall follow the principle of prudential business development to manage and control relevant business risks, and conduct post spot checking on the facilitation of payment for the income under capital accounts in accordance with relevant requirements.

DIVIDEND DISTRIBUTION

In accordance with *the Company Law of the People's Republic of China* (《中國公司法》), which was promulgated by the SCNPC on December 29, 1993, October 26, 2018, and was amended on December 29, 2023, and the Foreign Investment Law, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profit, if any, determined in accordance with PRC accounting standards and regulations. A PRC company, including foreign-invested enterprise, is required to set aside as statutory reserves at least 10% of its after-tax profit, until the cumulative amount of statutory reserves reaches 50% of its registered capital unless the provisions of laws regarding foreign investment otherwise provided, and shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

REGULATIONS RELATED TO THE "FULL CIRCULATION" OF H-SHARE

In accordance with *the Guidelines for the Application by H-share Companies for "Full Circulation" of Unlisted Shares* (《H股公司境內未上市股份申請「全流通」業務指引》) which was promulgated by the CSRC on November 14, 2019 and came into effect on the same date, which was partly revised on August 10, 2023 according to *the Decision on Revising and Abolishing Part of Securities and Futures Policy Documents* by CSRC (《中國證券監督管理委員關於修改、廢止部分證券期貨制度文件的決定》), the term "full circulation" means the circulation of domestically unlisted shares (including domestically unlisted shares held by domestic shareholders prior to the listing abroad, additional domestically unlisted shares issued domestically after listing abroad and unlisted shares held by holders of foreign shares) of H-share companies on the Hong Kong Stock Exchange. On the premise of complying with relevant laws and regulations as well as policies governing state-owned asset management, foreign investment and industrial supervision, the shareholders of domestically unlisted shares may determine the number and proportion of shares under application for circulation through negotiation at their discretion and entrust a H-share company to file an application for "full circulation." After the domestically unlisted shares are listed for circulation on the Hong Kong Stock Exchange, they shall not be transferred back to the Mainland China. A shareholder of domestically unlisted shares may reduce or increase its holding of the shares involved that are circulating on the Hong Kong Stock Exchange according to relevant business rules. H share companies shall submit a report on the relevant information to the CSRC within 15 days from completion of re-registration of the shares involved in the application to CSDC.

In accordance with *the Notice on Promulgation of the Implementing Rules for "Full Circulation" of H-shares* (《關於發佈〈H股「全流通」業務實施細則〉的通知》) which was promulgated by CSDC and Shenzhen Stock Exchange on December 31, 2019 and came into effect on the same date, it shall apply to the relevant businesses involved in "full circulation" of H-shares, such as cross-border re-registration, custodian and maintenance of holding details, entrustment of transactions and order routing, settlement, management of clearing participants, services of nominee holders etc. Upon completion of information disclosure by a H-share listed company approved by the CSRC to participate in "full circulation" of H-shares, such company shall register anew its fully tradable H-shares free from pledge, freezing, restriction of transfer and other restrictive status with the Hong Kong share registration authorities to have them become shares that can be listed and circulated on the Hong Kong Stock Exchange. The relevant securities shall be deposited centrally with CSDC in China. CSDC, as the nominee of the aforesaid securities, shall handle the business such as the depository and maintenance of holding details as well as cross-border clearing and settlement involved in the "full circulation" of H-shares, and provide services of nominee for investors. H-share listed companies shall obtain the authorization from investors and select a domestic securities company to participate in the "full circulation" of H-shares. Investors submit the trading orders for the "full circulation" of H-shares through a domestic securities company. The domestic securities company shall select a Hong Kong securities company through which investors' trading instructions shall be reported to the Hong Kong Stock Exchange for trading. After transactions are concluded, CSDC and China Securities Depository and Clearing (Hong Kong) Co. Ltd shall handle cross-border clearing and settlement of relevant shares and funds. The settlement currency of H-share "full circulation" transaction business is Hong Kong dollars. Where an H-share listed company entrusts CSDC to distribute cash dividends, it shall file an application with CSDC. The H-share listed company, when distributing cash dividends, may claim the details of the shares held by relevant investors on the equity registration date for cash dividends from CSDC. If an investor obtains "fully tradable" non-H-shares listed on the Hong Kong Stock Exchange due to the equity distribution or conversion of H-shares under full circulation, the investor may sell but cannot purchase such securities; if the investor obtains the right to subscribe for shares listed on the Hong Kong Stock Exchange and such right is listed on the Hong Kong Stock Exchange, the investor may sell but shall not exercise such right.

In accordance with *the Notice of China Securities Depository and Clearing Co., Ltd Shenzhen Branch on the Release of China Securities Depository and Clearing Co., Ltd Shenzhen Branch H-shares "Full Circulation" Business Guidelines* (《中國結算深圳分公司關於發佈〈中國證券登記結算有限責任公司深圳分公司H股「全流通」業務指南的通知》) which was promulgated by CSDC Shenzhen Branch on September 20, 2024 and came into effect on September 23, 2024, it specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc. And *China Securities Depository and Clearing (Hong Kong) Co., Ltd also promulgated the Guide to the Program for Full Circulation of H-shares* (《中國證券登記結算(香港)有限公司H股「全流通」業務指南》) to specify the relevant escrow, custody, agent service of China Securities Depository and Clearing (Hong Kong) Co., Ltd, arrangement for settlement and delivery and other relevant matters.

REGULATIONS RELATED TO EXPORT AND TRADE CONTROLS

U.S. Export Controls and Restrictions on Chips

The U.S. export control regime regulates the export, transfer or disclosure of U.S. products, software, and technology to non-U.S. jurisdictions and non-U.S. persons based on the nature of the product, software or technology, as well as the destination, transferee, or end use of a specific export or transfer.

The Export Administration Regulations ("**EAR**"), 15 C.F.R. Parts 730–774, et seq., establish the substantive and procedural rules for administering U.S. export controls on dual use products, software and technology. The Bureau of Industry Security ("**BIS**") of the Department of Commerce administers the EAR. The U.S. jurisdiction applies to commodities, software, and technology that are subject to the EAR and located anywhere in the world.

The EAR applies to all items (i.e., commodities, software, and technology) "subject to the EAR," which includes not just U.S.-made items or items physically in the U.S. but also to certain foreign-made commodities that meet the "foreign direct product rules" rule or "de minimis" rule.

In October 2022, BIS imposed a first set of controls on advanced computing integrated circuits ("**IC**") and certain semiconductor manufacturing equipment ("**SME**") used to manufacture advanced computing ICs and other advanced-node ICs restricting access by destinations. In October 2023, BIS updated the technological parameters on its advanced computing controls and broadened the scope of destinations in the 2022 controls. BIS also imposed worldwide license requirements for advanced computing ICs and certain semiconductor end-uses when conducted on behalf of entities headquartered in certain destinations. In April, October, December 2024, BIS made clarifications to the scope of the advanced computing and SME controls.

On January 15, 2025, BIS issued an interim final rule on the Framework for Artificial Intelligence Diffusion ("**IFR**"). The IFR amends the EAR adding new controls to regulate the global diffusion of the most advanced artificial intelligence ("**AI**") models and amending existing controls on advanced computing ICs. The IFR has been effective since January 13, 2025.

The IFR is implemented through a three-pronged strategy to controlling the proliferation of AI model and aims to ensure that the model weights of the most advanced U.S. AI models outside of the United States are stored under stringent security conditions and advanced ICs necessary to train those models are built in. First, the Framework updates controls for advanced computing ICs by requiring a license to export, reexport, or transfer (in-country) to a broad set of additional countries, subject to license exceptions and authorizations. For example, ICs having a total processing performance of 4800 or more, or a total processing performance of 1600 or more and a performance density of 5.92 or more are subject to the worldwide licensing requirement. The license review policy of a transfer to China is a policy of denial. Notwithstanding the IFR and its potential rescission, the EAR still controls many aspects of AI chips and those controls have largely been in place since October 2022.

Second, new controls are instituted on the model weights of the most advanced closed-weight AI models, initially applying to the weights of models trained with 10^26 computational operations or more.

Third, security conditions are imposed to safeguard the storage of the most advanced models in destinations that pose heightened risks of diversion and to mitigate the risk of diversion for advanced ICs.

The IFR aims to prevent China's access to advanced computing IC and certain AI model weights. Exports, reexports, and transfers of these technologies to China and to entities headquartered in or having an ultimate parent in China will require licenses. License applications will be reviewed under a presumption of denial.

However, in May 2025, reports indicated that the President of the U.S. plans to rescind the IFR formulated by the Biden Administration. As of the Latest Practicable Date, the current administration has not formally rescinded the IFR through administrative agency rulemaking or taken steps to update the EAR to eliminate the provisions established by the IFR, and the recent reporting indicates the U.S. administration is deliberating the appropriate measures regarding replacement or modification of the IFR.